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# vanke

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

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

**(Stock Code: 01036)**

**MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
LITHIUM REAL ESTATE (JERSEY) LIMITED**

**THE DISPOSAL**

The Board announces that on 21 January 2022 (after trading hours), the Seller, the Purchaser and the Purchaser Guarantor entered into the SPA, pursuant to which the Seller has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Seller, the Sale Shares at the Consideration subject to the terms of the SPA. The Sale Shares represent the entire issued share capital of the Target Company, which directly holds the Property.

Upon Completion, the Target Company will cease to be a subsidiary of the Group and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) set out in Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the Company is aware after making reasonable enquiries, none of the Shareholders has a material interest in, and would be required to abstain from voting on, the resolutions to approve the Disposal and the transactions contemplated under the SPA and none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the SPA upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. The written approval of Wkland Investments Company Limited, holding 292,145,949 Shares in aggregate, representing 75% of the issued share capital of the Company as at the date of this announcement, have been obtained in respect of the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

A circular containing, among other things, (i) further details of the Disposal; and (ii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or around 16 February 2022.

## **THE DISPOSAL**

The Board announces that on 21 January 2022 (after trading hours), the Seller, the Purchaser and the Purchaser Guarantor entered into the SPA, pursuant to which the Seller has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Seller, the Sale Shares at the Consideration subject to the terms of the SPA. The Sale Shares represent the entire issued share capital of the Target Company, which directly holds the Property.

The principal terms of the SPA are set out below.

## **THE SPA**

### **Date**

21 January 2022

### **Parties**

- (a) Seller: Lithium Concept Limited, an indirect subsidiary of the Company
- (b) Purchaser: M&G TS Ryder Limited
- (c) Purchaser Guarantor: M&G TS Europe Pte. Ltd.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Purchaser, the Purchaser Guarantor and their respective ultimate beneficial owner(s) is a third party independent of and not connected with the Company and its connected persons.

The Purchaser Guarantor shall guarantee to the Seller the performance by the Purchaser of its obligations in connection with the Rent Guarantee Monies under the SPA.

## **Assets to be disposed of**

The Sale Shares represent the entire issued share capital of the Target Company. The Target Company directly holds 100% legal and beneficial ownership of the Property.

## **Consideration**

The Consideration payable under the SPA shall be the Estimated NAV as adjusted by the Net Asset Value Adjustment.

Upon Completion, the Purchaser shall procure that the Purchaser's solicitors shall pay the amount equal to the Estimated NAV less the Rent Guarantee Monies and the Seller's Title Indemnity Policy Contribution in cash by electronic transfer of immediately available funds to the bank account of the Seller's solicitor.

The Consideration was arrived at following arm's length negotiations with the Seller having regard to (i) the preliminary valuation of the Property of approximately £125 million as at 30 November 2021 conducted by an independent property valuer; and (ii) a premium on the Property of approximately £7 million.

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

Assuming that the Estimated NAV is equal to the Completion NAV, the Consideration comprises the consideration for the Sale Shares being approximately £38 million.

Upon Completion, the Seller will receive the amount equal to the Estimated Shareholder's Loan as the Purchaser shall procure the Target Company to repay all such loan on a dollar-to-dollar basis.

On a date falling not more than 10 Business Days after the final agreement or determination of the Completion Accounts:

- (1) if the Completion NAV is greater than the Estimated NAV, the Purchaser shall pay to the Seller in cash an amount equal to the Net Asset Value Adjustment;
- (2) if the Completion NAV is less than the Estimated NAV, the Seller shall pay to the Purchaser in cash an amount equal to the Net Asset Value Adjustment;
- (3) if the Completion Shareholder's Loan is greater than the Estimated Shareholder's Loan, the Purchaser shall procure that the Target Company shall pay to the Seller the amount equal to the Shareholder's Loan Adjustment; and
- (4) if the Completion Shareholder's Loan is less than the Estimated Shareholder's Loan, the Seller shall pay to the Purchaser (on behalf of the Target Company) an amount equal to the Shareholder's Loan Adjustment.

The Completion NAV will be determined on the basis of the value of the Property being fixed at £132,000,000 as agreed by the parties under the SPA.

The Directors (including the independent non-executive Directors) are of the view that (1) the terms of the Disposal are on normal commercial terms and fair and reasonable; (2) the Disposal is a good exit opportunity; and (3) in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is not subject to any conditions precedent.

### **Guarantee by Purchaser Guarantor**

Pursuant to the SPA, the Purchaser shall endeavour to secure a lease for the vacant ground floor area at the Property (the “**Vacant Unit**”) as soon as reasonably practicable following Completion from either of the two potential tenants (the “**Potential Tenants**”), both of which are Independent Third Parties. In the event that the Purchaser has successfully rented out the Vacant Unit to either Potential Tenants before the date falling two years after the Completion, a portion of the Rent Guarantee Monies calculated based on the terms of the SPA (the “**Rent Refund**”) will be paid to the Seller.

The Purchaser Guarantor unconditionally and irrevocably guarantees to the Seller, the due and punctual performance and observance by the Purchaser of all of its obligations under or pursuant to the SPA in connection with the Rent Guarantee Monies (the “**Guaranteed Obligations**”).

If the Purchaser defaults in the performance of any of the Guaranteed Obligations, the Purchaser Guarantor shall within five Business Days following demand unconditionally perform (or procure performance of) and satisfy (or procure the satisfaction of) the Guaranteed Obligations and so that the same benefits shall be conferred on the Seller as it would have received if the Guaranteed Obligations had been duly performed and satisfied by the Purchaser.

If there is any failure by the Purchaser to perform the Guaranteed Obligations, the Purchaser Guarantor shall itself perform them and indemnify the Seller from and against all losses incurred by the Seller arising out of such failure provided that such indemnity shall not exceed the lower of (i) the amount that the Seller would otherwise have been entitled to recover; and (ii) the amount below.

The aggregate amount of the liability of the Purchaser Guarantor under or in connection with the Guaranteed Obligations or the SPA shall not in aggregate exceed an amount equal to the Rent Refund.

### **Seller’s maximum liability**

Under the SPA, the Purchaser agrees that in respect of any and all claims (including tax claims) other than any Alternative Claim, it shall make a claim under the W&I Insurance Policy and that the Seller shall not be liable for any matters for which the Purchaser does not procure any insurance policy.

Pursuant to the SPA, the Seller's maximum liability for all Alternative Claims shall not in aggregate exceed an amount equal to the Consideration.

## **Completion**

Completion shall take place on the Completion Date. Upon Completion, in relation to the Bank Loan, the Purchaser shall procure the repayment by the Target Company of the Bank Loan and the release and/or discharge of certain security documents in relation to the Bank Loan; and the Purchaser shall procure that the Target Company repay the Estimated Shareholder's Loan.

Upon Completion, the Target Company will cease to be a subsidiary of the Group and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

## **INFORMATION ON THE TARGET COMPANY AND THE PROPERTY**

The Target Company, a company incorporated in Jersey with limited liability, is a direct wholly-owned subsidiary of the Seller. The Target Company is the sole legal and beneficial owner of the Property. As at the date of this announcement, the Target Company is owned as to 99.95% indirectly by the Company and 0.05% by a co-investment arrangement owned by certain employees (and a former employee) of China Vanke.

The Property was valued as at 30 November 2021 at £125 million by an independent property valuer. The Company indirectly owns approximately 99.95% effective interest in the Property as at the date of this announcement.

### **Financial information of the Target Company**

Set out below is a summary of the audited financial information of the Target Company for the years ended 31 December 2019 and 2020 (prepared in accordance with the generally accepted accounting principles of the United Kingdom):

	For the year ended 31 December 2019 £'000	For the year ended 31 December 2020 £'000
Net loss before taxation and extraordinary items	2,536	4,855
Net loss after taxation and extraordinary items	2,670	5,135

The audited net asset value of the Target Company as at 31 December 2020 was approximately £14.5 million.

## **INFORMATION ON THE COMPANY AND THE SELLER**

The Company and its subsidiaries are principally engaged in asset management, as well as property development and property investment. The Seller is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

## **INFORMATION ON THE PURCHASER AND THE PURCHASER GUARANTOR**

The principal business activity of the Purchaser is investment holding. The Purchaser is a company incorporated in the United Kingdom with limited liability.

The principal business activity of the Purchaser Guarantor is investment holding. The Purchaser Guarantor is a company incorporated in the Republic of Singapore with limited liability.

## **REASONS AND BENEFITS OF THE DISPOSAL**

The Group completed the acquisition of the Property on 30 June 2019 with a view to investing and expanding its business in the United Kingdom and thus minimising the risk of solely investing in Hong Kong.

The Company is currently of the view that it is more beneficial to the Company and its Shareholders as a whole to dispose of the Property by way of disposal of the Sale Shares at the Consideration. Taking into consideration of the proceeds from the Disposal, the Board considers that the Disposal provides an optimal opportunity for the Company to realise cash and unlock the value of its investment in the Property at fair market value. In light of the above, the Company considers the Disposal to be a good exit opportunity.

## **FINANCIAL IMPACT ON THE GROUP**

Assuming that the Estimated NAV is equal to Completion NAV, based on the Consideration less the unaudited net asset value of the Target Company as at 30 November 2021, for illustrative purpose, an unaudited gain before taxation of approximately £4 million will be recognised from the Disposal.

The actual gain or loss arising from the Disposal shall be determined based on the net asset value of the Target Company and the amount of the Sale Loan as at the date of Completion, and also the amount of expenses actually incurred incidental to the Disposal.

The above calculation and accounting treatment are subject to review by the auditors of the Group. The actual financial impact to the Group arising from the Disposal to be recorded in the Group's consolidated accounts will be recalculated based on the net asset value of the Target Company as at the date to which Completion Accounts are drawn up.

Upon Completion, (i) the Target Company will cease to be a subsidiary of the Group; (ii) the Company will no longer be interested in the Property; and (iii) and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

## **USE OF PROCEEDS FROM THE DISPOSAL**

The net proceeds from the Disposal (after deducting the expenses directly related to the Disposal) are estimated to be approximately £56 million. The Group intends to apply the net proceeds from the Disposal for the following:

- (a) portion of the net proceeds will be applied to satisfy part of the consideration for the acquisition of the entire issued share capital of Enigma Company Limited as disclosed in the announcement of the Company dated 22 November 2021; and
- (b) the remaining net proceeds will be used for general working capital of the Group.

Following the Disposal, the Group will have one remaining investment property which is located in Hong Kong.

The Group will continue to conduct its existing business while it is exploring new investment opportunities with a view to maximising return to its Shareholders. Nevertheless, the Group has no intention to change its principal business of asset management, as well as property development and property investment.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under the Listing Rules) set out in Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the Company is aware after making reasonable enquiries, none of the Shareholders has a material interest in, and would be required to abstain from voting on, the resolutions to approve the Disposal and the transactions contemplated under the SPA and none of the Shareholders would be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the SPA upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. The written approval of Wkland Investments Company Limited, holding 292,145,949 Shares in aggregate, representing 75% of the issued share capital of the Company as at the date of this announcement, will be obtained in respect of the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal.

A circular containing, among other things, (i) further details of the Disposal; and (ii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or around 16 February 2022.

## DEFINITIONS

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

“Affiliate”	in relation to any person, any other person controlling, controlled by or under common control with that person or persons
“Alternative Claim”	any other claim made pursuant to the SPA or in connection with the SPA other than a claim for breach of the warranties and/or any claim under the tax covenant or breach of the tax warranties, all set forth under the SPA and any claim of which would be covered by the W&I Insurance
“Bank Loan”	all indebtedness owed by the Target Company under the Finance Documents immediately prior to Completion, including any principal, accrued interest, break or termination costs and fees or pre-payment costs and fees and other costs and fees payable by or outstanding from the Target Company
“Board”	the board of Directors
“Business Days”	a day (not being a Saturday or a Sunday) on which banks generally are open in London, United Kingdom, Jersey and the BVI and Hong Kong for the transaction of normal, non-automated, banking business
“BVI”	the British Virgin Islands
“China Vanke”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock company established in the PRC with limited liability, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“Company”	Vanke Overseas Investment Holding Company Limited (萬科海外投資控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the Disposal in accordance with the SPA
“Completion Accounts”	the unaudited balance sheet of the Target Company which sets out, among others, the Completion NAV as at the Completion Date



“Completion Date”	28 January 2022 (or such other date as the parties agree in writing), being the date on which the Completion takes place
“Completion NAV”	the unaudited net asset value of the Target Company as at the Completion Date as shown in the Completion Accounts
“Completion Shareholder’s Loan”	the unaudited amount of the loan owing by the Target Company to the Seller’s Group as at the Completion Date as shown in the Completion Accounts
“connected person(s)”	has the meaning as ascribed under the Listing Rules
“Consideration”	the consideration of the Disposal which is equal to the Estimated NAV as adjusted by the Net Asset Value Adjustment
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares by the Seller to the Purchaser pursuant to the SPA
“Estimated Completion Account”	the unaudited balance sheet in an agreed form which sets out, among others, the Estimated NAV
“Estimated NAV”	£38,515,365, being the Seller’s best estimate of the Completion NAV and as set forth in the Estimated Completion Account
“Estimated Shareholder’s Loan”	£19 million, being the Seller’s best estimate of the Completion Shareholder’s Loan
“Facility Agreement”	the facility agreement in the principal amount of £72,785,854.56 between the Target Company (as borrower) and China Construction Bank Corporation London Branch (as lender) dated 22 December 2016 as amended and restated pursuant to the amendment and restatement agreement dated 14 January 2022
“Finance Documents”	the finance documents as set out in the Facility Agreement
“GBP” or “£”	British pound sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries from time to time (excluding the Target Company)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and its subsidiaries and its connected persons
“Knight Frank”	Knight Frank Petty Limited, a firm of qualified valuer engaged by the Company, and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value Adjustment”	the amount (if any) by which the Estimated NAV is greater or less than the Completion NAV (expressed, in either case, as a positive figure)
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Property”	Ryder Court located at 13-17 Bury Street and 12, 14, 16 Ryder Street, London, SW1Y 6QB, United Kingdom
“Purchaser”	M&G TS Ryder Limited, a company registered in the United Kingdom with limited liability
“Purchaser Guarantor”	M&G TS Europe Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability
“Rent Guarantee Monies”	£1,630,466, being the amount deducted from the Consideration and retained by the Purchaser in relation to the letting of the ground floor of the Property subject to the terms of the SPA
“Sale Shares”	27,420,000 ordinary shares of £1.00 each in the capital of the Target Company, being all the issued shares of the Target Company
“Seller”	Lithium Concept Limited, a company incorporated in the BVI with limited liability and an indirect subsidiary of the Company in which the Company indirectly owns 99.95%
“Seller’s Group”	the Seller and its Affiliates for the time being other than the Target Company
“Seller’s Title Indemnity Policy Contribution”	£13,245.86, being the Seller’s contribution towards the payment of the premium for the title indemnity policy taken out in respect of the Property
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholders”	holder(s) of the Shares
“Shareholder’s Loan Adjustment”	the amount (if any) by which the Estimated Shareholder’s Loan is greater or less than the Completion Shareholder’s Loan (expressed, in either case, as a positive figure)
“SPA”	the agreement relating to the Disposal entered into among the Seller, the Purchaser and the Purchaser Guarantor on 21 January 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Lithium Real Estate (Jersey) Limited, a company incorporated in Jersey with limited liability and an indirect subsidiary of the Company
“WKland Investments”	Wkland Investments Company Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of China Vanke
“W&I Insurance”	the warranty and indemnity insurance policy purchased by, and issued to the Seller by the W&I Insurer
“W&I Insurer”	the insurer agent of the W&I Insurance who is an Independent Third Party
“%”	per cent.

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

Hong Kong, 21 January 2022

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

*Executive Directors:*

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

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

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

\* *For identification purpose only*