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If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vanke Overseas Investment Holding Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 7 to 19 of this circular. A letter from the Independent Board Committee is set out on page 20 of this circular. A letter from the IFA, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 34 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 22/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 October 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 to this circular. Whether or not you are able to attend and/or vote at the extraordinary general meeting in person, you are requested to complete the enclosed proxy form and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from subsequently attending and voting at the extraordinary general meeting or any adjournment thereof in person should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page 1 of this circular for measures to be implemented at the EGM to safeguard the health and safety of Shareholders and to prevent the spread of the Novel Coronavirus (COVID-19) pandemic including, without limitation:

- Compulsory temperature screening/checks and health declaration
- Compulsory wearing of your own surgical face masks
- NO distribution of refreshments, drinks, cake coupons or corporate gifts
- Be seated as indicated
- To keep social distancing at the EGM venue, seats shall be limited and will be available on a first-come-first served basis

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue or be required to leave the EGM venue. The Company reminds all Shareholders that physical attendance in person at the EGM is NOT necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM, instead of attending the EGM in person.

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PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection including, without limitation:

- (i) compulsory body temperature checks will be conducted on every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue;
- (ii) each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue;
- (iii) each attendee must wear a surgical face mask inside the meeting venue at all times. Please note that NO mask will be provided at the meeting venue and attendees should wear their own masks;
- (iv) NO refreshments or drinks will be served or taken away, and NO cake coupons or corporate gifts will be distributed; and
- (v) be seated as indicated and to maintain a safe distance between seats.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines issued by the Government of Hong Kong (available at www.chp.gov.hk/en/features/102742.html), the Company reminds Independent Shareholders that physical attendance in person at the EGM is NOT necessary for the purpose of exercising voting rights. As an alternative, by using the form of proxy attached to this circular with voting instructions inserted, Independent Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person. The form of proxy should be returned to the Company's branch share registrar and transfer office in Hong Kong by the time specified, as set out in this circular.

DEFINITIONS

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

“affiliate”	in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being
“Announcement”	the announcement of the Company dated 7 September 2020 in relation to the New Management Services Framework Agreement
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding a Saturday or Sunday 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 Group
“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 (stock code: 1036)
“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

DEFINITIONS

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	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 on Friday, 30 October 2020 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 Services 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 Independent Third Parties and its subsidiaries))
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps

DEFINITIONS

“IFA” or “Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the appointed independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps
“Independent Shareholders”	the Shareholders 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
“Latest Practicable Date”	9 October 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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 Independent Third Parties 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

DEFINITIONS

“New Annual Caps”	the proposed annual caps in relation to the transactions contemplated under the New Management Services Framework Agreement for the three years 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 the VPHK Parties in relation to the provision of the 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 Independent Third Parties and its subsidiaries)
“NY Property”	the property located at 25 Park Row, New York, the US
“PRC”	the People’s Republic of China and for the purposes of the matters referred to in this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SF Property”	the property located at 657 and 663–667 Mission Street, San Francisco, California, the US
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder”	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
“USD”	United States dollar(s), the lawful currency of the US

DEFINITIONS

“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 Group”	VPHK and its subsidiaries
“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*

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)

Executive Directors:

Mr. ZHANG Xu (*Chairman*)

Ms. QUE Dongwu (*Chief Executive Officer*)

Mr. LEE Kai-Yan

Non-executive Director:

Mr. CHAN Chi Yu

Independent Non-executive Directors:

Mr. CHAN Wai Hei, William

Ms. LAW Chi Yin, Cynthia

Mr. ZHANG Anzhi

Registered office:

P.O. Box 309,

Ugland House,

Grand Cayman,

KY1-1104,

Cayman Islands

*Principal place of business
in Hong Kong:*

55/F, Bank of China Tower,

1 Garden Road, Central,

Hong Kong

12 October 2020

To: The Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
ENTERING INTO NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

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 and the Announcement in relation to the New Management Services Framework Agreement.

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 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.

LETTER FROM THE BOARD

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.

The purpose of this circular is to provide you with (i) the 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 to the Independent Shareholders regarding the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps; and (iv) the notice of the EGM.

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

Term

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

Services

Pursuant to the New Management Services Framework Agreement, the VPHK Parties will 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.

LETTER FROM THE BOARD

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). 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 management fee charged by the VOI Parties to the VPHK Parties is no less favourable than the fee charged by the Company to Independent Third Parties.

On top of the aforementioned 1.25% fee, in circumstances where third parties (other than VPHK or such other subsidiaries of China Vanke) hold certain interests in the project holding companies (which are subsidiaries of VPHK Group) for projects in Hong Kong, an additional management fee shall also be payable to VOI HK.

The additional management fee (if applicable) represents the management fee charged for a proportionate share of the Management Services received by those third parties through the project holding companies. It is calculated 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 then prevailing market standard is determined with reference to the Management Team's experience and market knowledge in similar project management and sale management fees charged for the real estate development and/or investment projects in the market in Hong Kong. Therefore, the additional management fee comprises project management fee and sales and marketing fee which are based on (i) 1.5% of the total construction costs; and (ii) 1.0% sales proceeds generated from the real estate development projects in Hong Kong; and/or half months' rental proceeds for any tenancy, lease or licence with a term of no less than 1 year generated from the property investment projects in Hong Kong, as the case may be.

The VPHK Parties and/or their subsidiaries which act as project managers and deal with the third parties directly will receive such sum equal to the additional management fee from the third parties and then pay towards the relevant VOI Parties on a dollar-to-dollar basis as the additional management fee. Under the New Management Services Framework Agreement, the VOI Parties are entitled to receive and review financial information of the project holding companies on a quarterly basis to ensure that the total management fee received by the relevant VPHK Parties and/or their subsidiaries from the third parties is the same as the amount received by the VOI Parties from the relevant VPHK Parties and/or their subsidiaries. The VOI Parties are also entitled to raise any queries or dispute concerning the management fees.

The above management fees arrangement is subject to the internal control measures as provided in the paragraph headed "Internal Control Measures" below. Based on the foregoing, the Company considers that the additional management fee under the New Management Services Framework Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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 Independent Third Parties 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.

Historical Transaction Amount

Pursuant to the Existing Management Services Framework Agreement, the annual caps for the three years ending 31 December 2019, 2020 and 2021 are HK\$105 million, HK\$215 million and HK\$215 million respectively.

The actual historical transaction amount of the transactions under the Existing Management Services Framework Agreement for the year ended 31 December 2019 and for the period from 1 January 2020 to the Latest Practicable Date was approximately HK\$82,898,000 and HK\$180,247,000 respectively.

New Annual Caps and basis of determination

The New Annual Caps for the transactions under the New Management Services Framework Agreement are set out below:

	From the Effective Date to 31 December 2020 (HK\$ in millions)	For the year ending 31 December 2021 (HK\$ in millions)	For the year ending 31 December 2022 (HK\$ in millions)
New Annual Caps	48	263	263

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 Independent Third Parties and its subsidiaries) based on the expected committed/invested capital of approximately HK\$19.5 billion 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 of 10%, 7.5% and 7.5%, respectively, in the United Kingdom, the US and Hong Kong.

LETTER FROM THE BOARD

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 VPHK

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 Independent Third Parties and its subsidiaries) in the US, the United Kingdom, and Hong Kong.

TERMINATION OF 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.

LETTER FROM THE BOARD

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 Services 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 expire on 31 December 2021, would be exceeded before the end of 2020. The expected revenue to be generated from managing the development of the Tai Po Land for the years ending 31 December 2020, 2021 and 2022 are HK\$11 million, HK\$27 million and HK\$28 million, respectively. 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 (including the independent non-executive Directors) 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.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

For purpose of monitoring the transactions under the New Management Services Framework Agreement, the following key internal control measures will be adopted by the Company to the extent that they have not been adopted by the Company for the Existing Management Services Framework Agreement:

- (i) any individual overseas management services agreement should be reviewed by an executive Director and relevant legal and/or compliance personnel to ensure that the terms and the management fee are in accordance with the New Management Services Framework Agreement which will be no less favourable than the fee charged by the Company to Independent Third Parties (if applicable, or otherwise the rate of management fees charged by real estate fund managers (who are Independent Third Parties) for providing similar services) and that the New Annual Caps will not be exceeded. In particular, (i) to ensure the management fee to be received by the Company from time to time is no less favourable than those offered by the Independent Third Parties, the Company will review the management fee to be received by the Company annually by referring to the trend of the management fee in the market based on no less than three market comparables to the extent available, namely statistics of management fee rates of real estate funds globally provided by financial data company and fees charged by listed issuers providing similar services and may enter into amended agreement to adjust the percentage of management fee to be received by the Company where necessary; and (ii) to ensure that the additional management fee received by the VOI Parties is no less than the equivalent fee charged by the VPHK Parties to the relevant project companies, the Company will review the additional management fees received by the Company annually by referring to the financial information of the relevant VPHK Parties obtained under the New Management Services Framework Agreement;
- (ii) the Company will designate certain members of the management to closely monitor, and will periodically review the subsisting agreements and pricing terms (at least once every quarter) to ensure that the transactions contemplated under the New Management Services Framework Agreement will be conducted on normal commercial terms or terms which are no less favourable to the VOI Parties than those that the VOI Parties may transact with Independent Third Parties in similar services;
- (iii) the independent non-executive Directors will conduct annual review of and confirm whether the transactions contemplated under the New Management Services Framework Agreement are entered into in the ordinary course of business of the Group, on normal commercial terms or better and according to the New Management Services Framework Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole and ensure that the Group has complied with the Listing Rules in respect of the New Management Services Framework Agreement and the transactions contemplated thereunder; and

LETTER FROM THE BOARD

- (iv) the Company will engage its auditors to conduct annual review of the New Management Services Framework Agreement and report on the Continuing Connected Transactions every year. The auditors will confirm to the Board in writing annually as to whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the New Management Framework Services Agreement; and (iv) the actual amounts of which have exceeded the annual caps as set out therein. The Company will allow, and ensure that the counterparties to the New Management Services Framework Agreement will allow the auditors sufficient access to their records for the purpose of reporting on the transactions.

The Directors are of the view that the above internal controls and measures are adequate to assist the Company in monitoring, in a reasonable and effective manner, the transactions contemplated under the New Management Services Framework Agreement will not be exceeding the New Annual Caps.

REVENUE CONTRIBUTION FROM VPHK PARTIES/CHINA VANKE GROUP

Despite the fact that a significant portion of the revenue of the Group may be derived from the VPHK Parties or other members of the China Vanke Group out of the provision of the Management Services based on the New Annual Caps with reference to the consolidated revenue of the Company as at 31 December 2019, the Directors do not consider this as an issue of extreme reliance on the China Vanke Group on the following grounds:

Several new and ongoing property development and investment projects of the VPHK Parties

Compared to the annual caps under the Existing Management Services Framework Agreement, there is an upward trend of the amount of management fee income because it is expected that there will be an additional need of the Management Services by the VPHK Parties in managing the property interests and development in respect of the Tai Po Land. However, the increase in the number of projects which the VOI Parties will manage for the VPHK Parties will also increase the revenue of the Group which will increase the denominator of the percentage of revenue that the Group will generate from providing Management Services to the VPHK Parties as a percentage of the Group's revenue. Based on the New Annual Caps for the three years ending 31 December 2020, 2021 and 2022, the expected percentages of revenue to be generated from the provision of the Management Services to the VPHK Group are expected to respectively account for approximately 52.3%, 52.4% and 44.7% of the total consolidated revenues to be generated by the Group for the terms of the Continuing Connected Transactions, on the assumptions that the total revenue would comprise of (i) the revenue to be generated from Regent Centre (the investment property of the Group located in Hong Kong) (with reference to its revenue for six months ended 30 June 2020); (ii) the revenue to be generated from the London Property (the property of the Group located in the United Kingdom) (with reference to its revenue for six months ended 30 June 2020); (iii) the interest income to be generated from the investment instruments held by the Company in respect of funding the development of the NY Property (the further details of which are disclosed in the circular of the Company dated 21 May 2019) (with reference to its revenue for the six months ended 30 June 2020); and (iv) the revenue anticipated to be generated from the Management Services, and disregarding the revenue to be generated from the provision of Management Services to third party customers and any projects that the Group may acquire.

LETTER FROM THE BOARD

Sizeable projects with substantial amount of invested capital

The management fee is calculated as 1.25% per annum of the invested capital of the relevant projects from the VPHK Group. It is not uncommon for a single asset/project, in particular those sizeable asset/project, to have a large invested capital. As a result of the sizeable projects with substantial amount of invested capital, the VPHK Group or other customers would easily become the major customers of the Group even when the number of properties/projects to be managed by the Group (through the VOI Parties) is minimal. This is especially the case for the China Vanke Group, as one of the largest residential companies in China since its founding in 1984 and one of the world's largest real estate companies as a Fortune Global 500 company, which has various properties/projects with sizeable invested capital.

Penetration into the Global Market through solid business relationship between the Group and VPHK Group

The business relationship and transaction amount between the Group and the VPHK Group for the purpose of the Management Services are unlikely to substantially decrease in the near future, at least for purpose of management of the existing real estate development and investment projects including the development the Tai Po Land as VPHK or China Vanke will be retaining interests in these real estate development and investment projects. The provision of the Management Services to the VPHK Group/China Vanke Group are essential for continuation of the existing property asset management for the existing portfolio of properties which will be required to be carried out on normal commercial terms in the ordinary course of business. The continuation of the provision of the Management Services to the VPHK Group will allow the Management Team to continue to manage the properties and thus minimizing disruption to the businesses of both the Group and the VPHK Group, and enhance the experience, reputation and business profile of the Group for attracting more third party customers. Accordingly, the benefit is mutual and complementary to both the Group and the VPHK Group/or China Vanke Group as such arrangement can enable both the Group and the VPHK Group or the China Vanke Group to achieve synergy, and the Group can better interact with the business of other members of the VPHK Group with enhanced efficiency.

Under to the terms of the New Management Services Framework Agreement, the Group is not restricted to provide services to independent third party customers. In formulating the business policy of the Group, in addition to the terms of management services to be provided, the Group also takes into account the creditworthiness and reputation of the customers. While the Group may selectively diversify its services to independent third party customers so as to expand its customer base, such diversification may also result in increased risk of certain risks of the Group, for example, reputational risk and settlement risk. As VPHK is the indirect controlling shareholder of the Company, in light of the secured and steady relationship between the Group and the VPHK Group, the level of such risk associated with the transactions with the VPHK Parties is generally lower than those with independent third party customers.

The Group is able to generate a stable revenue stream from the continuing connected transactions between the Group and the VPHK Group in respect of the provision of management services by the Group to the VPHK Group and at the same time, leverage on the network of the VPHK Group to penetrate into the global market with a view to expanding its customer base both locally and overseas.

LETTER FROM THE BOARD

Customer concentration is not uncommon

The Board believes that customer concentration is not uncommon for property asset management companies/teams as it is an industrial norm that proven track record, experience, reliability and reputation of the property management personnel are crucial considerations by property investors/project owners when they engage property management services providers. It is not uncommon for a single property asset management services provider to provide management services to various properties or projects of a single property investor customer given the relationship, trust and mutual understanding of the respective business practices established, in addition to the reputation, experience, reliability and proven track record of the property management personnel. Furthermore, most property asset management companies/teams are inclined to manage more properties or sizeable properties for a few customers instead of various customers, hence giving rise to perceived customer concentration, for easy management and/or more efficient use of available financial or human resources. Such arrangement or common market phenomenon is mutually beneficial to the management services provider and property investors/owners.

Best endeavours to generate revenue from third parties

The Directors are confident that the Group would use its best endeavors to generate its revenue from third parties in the future, as it is an industrial norm in the United States, the United Kingdom and Hong Kong that property asset and development managers and property equity investors/project owners are separate persons, and proven track record, experience and reputation of the property asset and development management personnel are crucial considerations by property equity investors/project owners when they engage property management services providers.

The Group has been exploring investment opportunities in the property market. In November 2019, the Group acquired a property comprising pieces or parcels of ground located at 62, 64, 66 and 68 Chun Yeung Street, Hong Kong (the “**Chun Yeung Street Property**”) which will be redeveloped into a hospitality-related property. The Chun Yeung Street Property is expected to begin generating revenue for the Group in 2023. In addition, in April 2020, Best Wealth Limited (a wholly-owned subsidiary of the Company) submitted a tender for a residential site located at the junction of Soy Street and Shanghai Street, Mong Kok, Kowloon to the Hong Kong Government but was not awarded the tender. The Group will continue to explore other investment opportunities with Independent Third Parties.

Independent Management Team

There is no issue of management, financial or operational reliance on the VPHK Group/China Vanke Group in relation to the provision of the Management Services on the basis that (i) the day-to-day management of the business of the Group rests primarily with the Board and the senior management of the Group; (ii) the Group will have an independent accounting, financial and internal controls system, and will make financial decisions according to its own business needs; and (iii) the Group possesses a well-established Management Team, which has all the necessary human capital and expertise that are necessary to carry on and operate its business and has sufficient operational capacity in terms of capital and employees to operate independently from the VPHK Group or China Vanke Group to provide the Management Services and has direct and independent access to suppliers and customers.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

Information on the Group and the VOI Parties

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

Information on the VPHK Parties

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

Each of the VPHK Parties is principally engaged in property development and property investment. 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 as at the Latest Practicable Date, based on the publicly available information, 27.91% 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.

LISTING RULES IMPLICATIONS

Given that VPHK is an indirect wholly-owned subsidiary of China Vanke, the controlling shareholder of the Company, and each of the other VPHK Parties is a subsidiary or fellow subsidiary of VPHK, all of them are connected persons of the Company, and 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.

None of the Directors have any material interest in the New Management Services Framework Agreement. Save for the independent non-executive Directors who expressed their views after considering the advice from the Independent Financial Adviser, none of the Directors have abstained from voting on the Board resolutions approving the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 22/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 October 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 to this circular.

At the EGM, ordinary resolutions will be proposed to approve the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps.

Whether or not you are able to attend and/or vote at the extraordinary general meeting in person, you are requested to complete the enclosed proxy form and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from subsequently attending and voting at the extraordinary general meeting or any adjournment thereof in person should you so wish.

Only Independent Shareholders will be entitled to vote at the EGM on the resolutions to approve the New Management Services Framework Agreement, the transactions contemplated thereunder and the New Annual Caps. To the best of the 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 Latest Practicable Date, and will abstain from voting on such resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the EGM will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM.

After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 27 October 2020 to Friday, 30 October 2020, both dates inclusive, during which period no transfer of the Shares will be effected. In order to be eligible to attend and vote at the EGM, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 23 October 2020.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 20 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 21 to 34 of this circular in connection with the New Management Services Framework Agreement and reasons considered in arriving at such advice.

The Independent Board Committee, having taken into account the advice of Independent Financial Adviser, considers that the New Management Services Framework Agreement were entered into on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated under the New Management Services Framework Agreement are in the ordinary and usual course of business of the Group. In addition, the Independent Board Committee considers that the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of resolution(s) approving the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps at the EGM. The Board (including the independent non-executive Directors) also recommends the Independent Shareholders to vote in favour of the approving the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps at the EGM.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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.

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

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)

12 October 2020

To the Independent Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 12 October 2020 issued by the Company of which this letter forms part (the “**Circular**”). Capitalised terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to give recommendation to the Independent Shareholders on the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps. We wish to draw your attention to the letter from the Board set out on pages 9 to 19 of the Circular and the letter from the IFA set out on pages 21 to 34 of the Circular.

Having considered the factors and reasons considered by and the opinion of the IFA as stated in its letter, we are of the view that the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated under the New Management Services Framework Agreement are in the ordinary and usual course of business of the Group, and the entering into of the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) approving the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps at the EGM.

Yours faithfully,

Independent Board Committee

Chan Wai Hei, William
Independent
Non-Executive Director

Law Chi Yin, Cynthia
Independent
Non-Executive Director

Zhang Anzhi
Independent
Non-Executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



ASIAN CAPITAL LIMITED
Suite 1405-09, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

12 October 2020

*To: the Independent Board Committee and the Independent Shareholders of
Vanke Overseas Investment Holding Company Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS ENTERING INTO NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Management Services Framework Agreement (the “**Transactions**”), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 12 October 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

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 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.

As at the Latest Practicable Date, given that VPHK (an indirect wholly-owned subsidiary of China Vanke) is the controlling shareholder of the Company and each of the other VPHK Parties is a subsidiary or fellow subsidiaries of VPHK, each of the VPHK Parties is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The Transactions will therefore 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 are subject to reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, being all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the Transactions are on normal commercial terms, fair and reasonable, and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with or interest in the Company, China Vanke Group and any of their respective associates that can reasonably be regarded as relevant to our independence. We did not act as an independent financial adviser and did not provide any other services to the Company in the last two years. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company. As such, we consider that we are independent of the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, *inter alia*, the annual report for the year ended 31 December 2019, the Existing Management Services Framework Agreement, the New Management Services Framework Agreement and other information as set out in the Circular.

We have also relied on (i) our discussions with the management of the Company (the “**Management**”); (ii) our research on market data; and (iii) statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Management. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us are true and accurate at the time they were made and continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects.

We consider that we have been provided with, and we have reviewed all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Transactions to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Management nor have we conducted any independent investigation into the business, financial conditions and affairs or future prospect of the Group.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transactions, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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, and the Announcement in relation to the New Management Services Framework Agreement.

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 is expiring on 31 December 2021, will be exceeded before the end of 2020. The expected revenue to be generated from managing the development of the Tai Po Land for the years ending 31 December 2020, 2021 and 2022 are HK\$11 million, HK\$27 million and HK\$28 million, respectively. Therefore, the VOI Parties and the VPHK Parties entered into the New Management Services Framework Agreement with a new term commencing from Effective Date and ending on 31 December 2022 with the New Annual Caps.

New Management Services Framework Agreement

The principal terms of the New Management Services Framework Agreement are set out 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 as at the Latest Practicable Date, based on the publicly available information, 27.91% 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Services

Pursuant to the New Management Services Framework Agreement, the VPHK Parties will 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 consist of the management fee calculated at 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 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 management fee charged by the VOI Parties to the VPHK Parties is no less favourable than the fee charged by the Company to Independent Third Parties.

On top of the aforementioned 1.25% fee, in circumstances where third parties (other than VPHK or such other subsidiaries of China Vanke) hold certain interests in the project holding companies (which are subsidiaries of VPHK Group) for projects in Hong Kong, an additional management fee shall also be payable to VOI HK.

The additional management fee (if applicable) represents the management fee charged for a proportionate share of the Management Services received by those third parties through the project holding companies. It is calculated 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 then prevailing market standard is determined with reference to the Management Team's experience and market knowledge in similar project management and sale management fees charged for the real estate development and/or investment projects in the market in Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Therefore, the additional management fee comprises project management fee and sales and marketing fee which are based on (i) 1.5% of the total construction costs; and (ii) 1.0% of the sales proceeds generated from the real estate development projects in Hong Kong and/or half months' rental proceeds for any tenancy, lease or license with a term of no less than one year generated from the property investment projects in Hong Kong, as the case may be.

The VPHK Parties and/or their subsidiaries which act as project managers and deal with the third parties directly will receive such sum equal to the additional management fee from the third parties and then pay towards the relevant VOI Parties on a dollar-to-dollar basis as the additional management fee. Under the New Management Services Framework Agreement, the VOI Parties are entitled to receive and review financial information of the project holding companies on a quarterly basis to ensure that the total management fee received by the relevant VPHK Parties and/or their subsidiaries from the third parties is the same as the amount received by the VOI Parties from the relevant VPHK Parties and/or their subsidiaries. The VOI Parties are also entitled to raise any queries or dispute concerning the management fees.

The above management fees arrangement is subject to the internal control measures as provided in the paragraph headed "Internal Control Measures" in the Letter from the Board. Based on the foregoing, the Company considers that the additional management fee under the New Management Services Framework Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Independent Third Parties 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.

Historical Transaction Amount

Pursuant to the Existing Management Services Framework Agreement, the annual caps for the three years ending 31 December 2019, 2020 and 2021 are HK\$105 million, HK\$215 million and HK\$215 million respectively.

The actual historical transaction amount of the transactions under the Existing Management Services Framework Agreement for the year ended 31 December 2019 and for the period from 1 January 2020 to the Latest Practicable Date was approximately HK\$82,898,000 and HK\$180,247,000 respectively.

New Annual Caps and basis of determination of the Management Services

The New Annual Caps for the transactions under the New Management Services Framework Agreement are equivalent to approximately HK\$48 million, HK\$263 million and HK\$263 million for the three years ending 31 December 2020, 2021 and 2022, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 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 Independent Third Parties and its subsidiaries) based on the expected committed/invested capital of approximately HK\$19.5 billion to be incurred by them for the three years ending 31 December 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 of 10%, 7.5% and 7.5%, respectively, in the United Kingdom, the US and Hong Kong.

For terms related to the conditions precedent, please refer to section headed “Conditions precedent” under the section headed “New Management Services Framework Agreement” in the Letter from the Board.

To assess the fairness and reasonableness of the terms of the New Management Services Framework Agreement, we have considered the following key terms:

1. Management fee rate analysis

As advised by the Management, the Management Services shall offer similar scope of services as those under the Existing Management Services Framework Agreement, which include management of the property projects in the United Kingdom, the US and Hong Kong, as well as provision of the down-to-earth project execution services, such as construction progress monitoring, construction costs analysis and control as well as sales and market activities management. The management fee shall cover employee salary, year-end bonus and operating cost incurred during the provision of the Management Services. We were provided by the Management with, (i) the Existing Management Services Framework Agreement showing the current management fee rate charged to the VPHK Parties for the Management Services; (ii) the estimated cost for managing the relevant projects in Hong Kong, the United Kingdom and the US by the Management Team for the three years ending 31 December 2022; and (iii) the historical cost for managing the relevant projects by the Management Team under the Existing Management Services Framework Agreement. It is noted that the estimated cost for managing the relevant projects in Hong Kong, the United Kingdom and the US by the Management Team apply a similar cost structure as compared to the historical cost. It is also noted when determining the estimated cost, several factors such as the expected inflation rate of employee salary and operating expenses for the three years ending 31 December 2020, 2021 and 2022 have been taken into account.

Furthermore, as advised by the Management, the margin on top of the aforesaid estimated cost is adopted taking into account (i) a reasonable profit to the Group on the basis that the fee shall be on normal commercial terms or on terms which are no less favourable than those provided to Independent Third Parties for similar services; (ii) any unexpected increase in the operating cost of the Management Team (which may outpace the increase in the invested capital of the projects to be incurred in Hong Kong, the United Kingdom and the US in the future); (iii) the existing and proposed property portfolio held by the VPHK Parties; and (iv) the current business relationship with the VPHK Parties and their timely settlement of the management fee in the past under the Existing Management Services Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also conducted a research on the website of the Stock Exchange on a best effort basis with respect to the provision of asset/investment management services as announced on the Stock Exchange's website during the period covered, from 6 September 2019 to 6 September 2020 (being the 12-month period prior to the date of the New Management Services Framework Agreement) by other companies which meet the criteria that (a) the companies are listed on the Stock Exchange; (b) the companies are either the receiver or provider of asset/investment management related services; and (c) the scope of business/services contemplated under the subject agreement is similar to the Management Services under the New Management Services Framework Agreement. In selection of our comparable transactions, we review our observations for each and every six-month period, starting from the most recent period, and depending on the results of selection, we will continue such process for the next six-month period until and unless sufficient comparable transactions are located. Based on our research and as far as we are aware of, we have identified an exhaustive and complete list of five companies. Shareholders should be aware that such companies may not be able to represent a direct comparison to the Company due to the difference in assets size, scope of services offered, financial performance, investment objectives and portfolio, operation and prospects of the investment companies.

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We have identified an exhaustive and complete list of companies as comparable which meet our selection criteria mentioned above (the “**Comparables**”). Although the identified Comparables are primarily related to investment in private equity funds/partnerships and the services to be provided by the fund manager/general partner that might not be exactly the same as the Group, we notice that they share similarity in investment objectives in general, such as (i) identification of investment opportunities; and (ii) optimisation and realisation of investments in relation to real estate development projects and/or properties. The table below illustrates the details of the Comparables transactions:

Date of announcement	Company (stock code)	Investment target segment	Brief details of services provided	Size and capital commitment (approximately)	Management fee basis
13 November 2019	Shougang Concord International Enterprises Company Limited (697)	Property	Provision of investment management services in relation to carpark spaces in the PRC	RMB500 million	1.5% per annum of the paid-in capital
27 November 2019	Beijing Capital Land Ltd. (2868)	Property	Provision of investment management services in relation to commercial properties in the PRC	RMB1,041 million	1.85% per annum of the total capital commitment
24 December 2019	Legend Holdings Corporation (3396)	Property	Provision of investment management, administrative management and daily operation management services in relation to value-added investment properties in the PRC (primarily commercial properties)	RMB4,000 million	2.00% per annum of the total capital commitment during the first two years of the investment period; 2.00% of unrealised investments per annum thereafter
7 February 2020	Beijing Capital Land Ltd. (2868)	Real estate	Provision of investment management, industrial investment, asset management, project investment and investment consultation in relation to real estate project in the PRC	RMB2,536 million	0.10% per annum based on the balance of the paid-in capital contribution
10 August 2020	China Everbright Limited (165)	Real estate	Provision of investment management services in relation to real estate projects in the PRC (primarily urban renewal projects)	RMB4,000 million	0.50% per annum of the capital commitments which remains outstanding
				Maximum	2.00%
				Minimum	0.10%
				Mean	1.19%

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According to table above, we note that the pricing approach of charging a fixed percentage of the invested capital/capital commitments is not an uncommon practice. Based on the above analysis, we are of the view that it is fair and reasonable to (i) set the management fee structure of the Group with reference to invested capital; and (ii) charge a management fee at a certain percentage of the invested capital or capital commitments, being the similar basis to that adopted by the Comparables. Based on our review of the Comparables, we note that (i) the Comparables charge a management fee rate ranging from 0.10% to 2.00% per annum based on their respective invested capital or capital commitments; and (ii) the management fee rate under the New Management Services Framework Agreement falls within the management fee range and is slightly above the mean of 1.19% of the Comparables.

Taking into account, among other things, (i) the major terms of the New Management Services Framework Agreement (in particular the rate of management fee) remaining the same as those contemplated under the Existing Management Services Framework Agreement; and (ii) the current business relationship between the Group and VPHK Parties, we consider that the management fee of 1.25% to be charged by VOI Parties, which is in the range of management fee of the Comparables and slightly above the average management fee of the Comparables, are fair and reasonable.

2. *Additional management fee analysis*

The additional management fee (if applicable) represents the management fee charged for a proportionate share of the Management Services received by those third parties through the project holding company. We are given to understand that such fee is calculated 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. As advised by the Management, the additional management fee comprises the project management fee and sales and marketing fee for the Hong Kong projects invested by the VPHK Parties and their subsidiaries. The project management fee is based on 1.5% of the total construction costs while the sales and marketing fee is based on 1.0% of the sale proceeds generated from the Hong Kong property projects; and/or half months' rental proceeds for any tenancy, lease or license with a term of no less than one year generated from the property investment projects in Hong Kong, as the case may be, whereby such terms are common in agreements for project management services.

As discussed with the Management, we are given to understand that certain project holding companies are non-wholly owned subsidiary of VPHK with minority interests held by the independent third parties, set up solely for the purpose of the property development projects in Hong Kong, and the VPHK Parties will enter into property management agreements with those project companies for the management services to be provided by the VOI Parties. As such, the VOI Parties will also charge an additional management fee, reflecting the proportionate share interest of the project companies held by those minority interests, in accordance with the New Management Services Framework Agreement. The VPHK Parties and/or their subsidiaries which act as project managers and deal with the third parties will receive the additional management fee from the third parties and then pay the VOI Parties on a dollar-to-dollar basis as the additional management fee. In this regard, we have reviewed the additional management fee received by the VOI Parties under the Existing Management Services Framework Agreement and two standard property management agreements to be entered into between subsidiaries of VPHK and the project company in relation to the provision of project management services in Hong Kong and noted that the project manager shall be entitled to receive from the project company (i) a project management fee equivalent to 1.5% of total construction costs; and (ii) a further 1.0% of sale proceeds generated from such property development project; and/or half months' rental proceeds for any

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tenancy, lease or license with a term of no less than one year generated from the property investment projects in Hong Kong, as the case may be. It is also noted that the additional management fee to be charged by the VOI Parties under the New Management Services Framework Agreement is equivalent to that under the Existing Management Services Framework Agreement and the standard agreements, and the relevant terms of the New Management Services Framework Agreement are no less favourable than those under the Existing Management Services Framework Agreement and the standard agreements. In addition, we are given to understand that the additional management fee will be insignificant, being no more than 1.0% of the New Annual Caps. Based on the foregoing, we consider that the additional management fee terms under the New Management Services Framework Agreement (which states that such fees will be charged based on the third party's interest in the relevant projects and the prevailing market terms) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The parties agree that the VOI Parties shall provide the Management Services to the VPHK Parties on normal commercial terms or on terms which are no less favourable to the VOI Parties than the VOI Parties may transact with Independent Third Parties from time to time. As advised by the Management, the entering into of the New Management Services Framework Agreement was to ensure fairness and reasonableness of the fee charging of the Management Services offered to the VPHK Parties' and their subsidiaries, the management fee and contractual terms for each individual management services agreement shall be, from the Group's perspective, on normal commercial terms or on terms no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to Independent Third Parties in similar services. As advised by the Management, prior to entering into the New Management Services Framework Agreement, the Group did not enter into any similar asset management services arrangements with the VPHK Parties, nor with any external third parties since 2012 (save for the Existing Management Services Framework Agreement). In order to safeguard the interests of the Company and the Shareholders as a whole, the Group will adopt certain measures in monitoring the transactions under the New Management Services Framework Agreement, and we note that (i) any individual overseas management services agreement should be reviewed by an executive Director and relevant legal and/or compliance personnel to ensure that the terms and the management fee are in accordance with the New Management Services Framework Agreement which will be no less favourable than the fee charged by the Company to Independent Third Parties (if applicable, or otherwise the rate of management fees charged by real estate fund managers (who are Independent Third Parties) for providing similar services) and that the New Annual Caps will not be exceeded; (ii) the Company has designated certain members of the management to closely monitor, and will periodically review the subsisting agreements and pricing terms (at least once every quarter) to ensure that the transactions contemplated under the New Management Services Framework Agreement will be conducted on normal commercial terms or terms which are no less favourable to the VOI Parties than those that the VOI Parties may transact with Independent Third Parties in similar services; (iii) the independent non-executive Directors will conduct annual review of and confirm whether the transactions contemplated under the New Management Services Framework Agreement are entered into in the ordinary course of business of the Group, on normal commercial terms or better and according to the New Management Services Framework Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole and ensure that the Group has complied with the Listing Rules in respect of the New Management Services Framework Agreement and the transactions contemplated thereunder; and (iv) the Company will engage its auditors to report on the Continuing Connected Transactions every year, the details of the internal control measures are set out in the sub-section headed "Internal control measures" in the Letter from the Board. The above-mentioned measures will also help the Group monitor its pricing policy to the VPHK Parties and their subsidiaries and Independent Third Parties.

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In light of the above, and in particular considering (i) the fee arrangements adopted by the Comparables vary with different structures; (ii) the management fee rate falls within the range of management fees charged by the Comparables; (iii) the additional management fee to be charged for services provided to third party investors in Hong Kong property projects; and (iv) the principal terms of the New Management Services Framework Agreement shall be on normal commercial terms or on terms which are no less favourable than the terms offered by the Group to any Independent Third Parties, we are of the view that the basis of the management fee rate under the New Management Services Framework Agreement is commercially justifiable and the terms of the New Management Services Framework Agreement are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

3. *New Annual Caps*

The table below sets out the (i) historical transaction amount for the year ended 31 December 2019 and the period from 1 January 2020 to the Latest Practicable Date and the respective utilisation rates in terms of the annual caps under the Existing Management Services Framework Agreement; and (ii) the New Annual Caps under the New Management Services Framework Agreement for each of the three years ending 31 December 2022:

	For the year ended 31 December 2019 <i>(HK\$ in millions)</i>	For the year ending 31 December 2020 <i>(HK\$ in millions)</i>	For the year ending 31 December 2021 <i>(HK\$ in millions)</i>	For the year ending 31 December 2022 <i>(HK\$ in millions)</i>
Historical transaction amount	83	180 (From 1 January 2020 to the Latest Practicable Date)	–	–
Existing annual caps	105	215	215	–
Utilisation rate	Approximately 79.0%	Approximately 83.7% ^{Note}	–	–
New Annual Caps	–	48 (From the Effective Date to 31 December 2020)	263	263

Note: The utilisation rate was calculated by dividing the transaction amount for the period from 1 January 2020 to the Latest Practicable Date against the total existing annual caps for the year ending 31 December 2020.

The New Annual Caps for the transactions under the New Management Services Framework Agreement are equivalent to approximately HK\$48 million, HK\$263 million and HK\$263 million for the three years ending 31 December 2020, 2021 and 2022, respectively. For the Existing Management Services Framework Agreement, the Group utilised approximately 79.0% and 83.7% of the existing annual caps for the year ended 31 December 2019 and for the period from 1 January 2020 to the Latest Practicable Date.

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We have reviewed the relevant calculations and have been given to understand that the New Annual Caps are derived with reference to, among other things, (i) the estimated management 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) based on the expected committed/invested capital of approximately HK\$19.5 billion to the VOI Parties for the three years ending 31 December 2022; (ii) the estimated amount of additional management fee payable to the VOI Parties based on third parties interest in the relevant projects; and (iii) a buffer for contingency for each of the years 2020, 2021 and 2022 of 10%, 7.5% and 7.5%, respectively.

In order to assess the fairness and reasonableness of the New Annual Caps, in particular, the annual caps for the management fee charged for the Management Services for each of the three years ending 31 December 2022, we have taken into account the following factors:

- (i) *Estimated management fee and additional management fee payable by VPHK Parties and its subsidiaries*

In this regard, we have reviewed the list of properties projects in Hong Kong, the United Kingdom and the US to be managed under the New Management Services Framework Agreement and noted that the total invested capital of those projects in Hong Kong, the United Kingdom and the US is about HK\$20.2 billion as at the Latest Practicable Date. As advised by the Management, the estimated management fee is determined with reference to the actual and expected investment amount in respect of the property projects in Hong Kong, the United Kingdom and the US for the year ending 31 December 2020, and calculated based on the assumption that the invested amount will remain at the same level for the two years ending 31 December 2022. We have reviewed the property projects investment plan in Hong Kong, the United Kingdom and the US by the VPHK Parties for the period from the Latest Practicable Date to 31 December 2020 and noted that the expected committed/invested capital will be approximately HK\$19.5 billion for the three years ending 31 December 2022.

We have also reviewed the estimated additional management fee, which is based on the estimated construction costs and sales and rental proceeds of the property projects to be invested in Hong Kong according to the abovementioned property projects investment plan by the VPHK Parties for the three years ending 31 December 2022. We are advised by the Management that it is expected to receive additional management fees of about HK\$1.00 million for the year ending 31 December 2020, and expected to increase for the two years ending 31 December 2022.

Based on our discussion with the Management, we were given to understand that the expected property projects investment plan in Hong Kong, the United Kingdom and the US by the VPHK Parties for the three years ending 31 December 2022 is determined in consideration of the VPHK Parties' current strategy in Hong Kong, the United Kingdom and the US. Based on the above, we consider the estimated management fee and additional management fee based on existing projects in Hong Kong, the United Kingdom and the US and the estimated invested amounts or estimated construction costs (as the case may be) under the property projects investment plan of VPHK Parties in Hong Kong, the United Kingdom and the US for the three years ending 31 December 2022 applied to the New Annual Caps calculations to be reasonable.

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(ii) *Estimated buffer*

As advised by the Management, they have included a buffer of around 10% for determining the annual caps for the three years ending 31 December 2021 under the Existing Management Services Framework Agreement and for the year ending 31 December 2020 under the New Management Agreement, and given the lower-than-expected utilisation rate for the year ended 31 December 2019, a buffer of 7.5% for each of the two years ending 2022 on top of the aforementioned total estimated management fee and additional management fee under the New Management Services Framework Agreement was adopted. It is noted that the buffer allows for contingency situations where the management fee and additional management fee may increase, such as (a) change in economic conditions and performance of the property market in Hong Kong, the United Kingdom and the US; (b) change in the construction costs for development of property projects and sales and rental proceeds from projects in Hong Kong, the United Kingdom and the US; and (c) change in the VPHK Parties' investment strategy in Hong Kong, the United Kingdom and the US. We were advised by the Management that the Group and the VPHK Parties have to keep adjustments to their business strategy in a timely manner in order to cope with the possible unanticipated property investment opportunities which may require substantial increase in the provision of the asset management services. For this reason, we consider that it is acceptable for the Group to maintain a buffer at a reasonable level in the New Annual Caps for the three years ending 31 December 2022 for the Management Services based on the capacity of provision of the Management Services and the possible unanticipated increase in the investment amounts of the property investment projects in Hong Kong, the United Kingdom and the US. Therefore, we consider the buffer to be reasonable and commercially justifiable.

Having studied (i) the detailed breakdown of the calculation for the management fee in respect of the Management Services to be provided by the Group, illustrating the estimated management fee; (ii) the detailed estimations and calculation for the additional management fee in respect of the Management Services to be provided by the Group, illustrating the estimated additional management fee; and (iii) the basis of determination of the New Annual Caps for the fees payable by the VPHK Parties to the Group, we consider that the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Notwithstanding the above, it should be noted that the New Annual Caps do not represent the amounts that will actually be paid to the Company. The actual management fee and additional management fee payable to the Company for each of the three years ending 31 December 2020, 2021 and 2022 shall be determined based on the terms of the New Management Services Framework Agreement. Accordingly, the management fee and additional management fee payable for each of the three years ending 31 December 2020, 2021 and 2022 may not correspond to the New Annual Caps. Further, in the event that fees payable to the Company during the three years ending 31 December 2022, calculated pursuant to the terms of the New Management Services Framework Agreement, exceed the New Annual Caps, the Group will have to comply with the relevant provisions under Chapter 14A of the Listing Rules, including without limitation making further announcement and obtaining further approval from the Independent Shareholders at that point in time before making the payments.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the entering into of the New Management Services Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company; (ii) the terms of the New Management Services Framework Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (iii) the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend that the Independent Board Committee advise the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the EGM to approve the New Management Services Framework Agreement and the transaction contemplated thereunder and the New Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
ASIAN CAPITAL LIMITED
Joseph Lam
Executive Director

Note: Mr. Joseph Lam is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of the Directors and chief executives

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Interests in an associated corporations

Name of Director	Name of associated corporation	Type of shares	Number of ordinary shares held					Total interests	Percentage of issued share capital (Note)
			Interest held as beneficial owner	Interest held by spouse	Interest held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives		
Zhang Xu	China Vanke	A shares	904,039	—	—	—	—	904,039	0.0093%
								(Note 1)	
Que Dongwu	China Vanke	A shares	60,700	—	—	—	—	60,700	0.0006%
								(Note 1)	
Chan Chi Yu	China Vanke	H shares	—	—	500,203	—	—	500,203	0.0264%
								(Note 1)	
Lee Kai-Yan	Vanke US Management LLC (“Vanke US”)	Ordinary	—	—	20%	—	—	20%	20%
								(Note 2)	

Notes:

1. The total number of ordinary A shares of China Vanke in issue as at Latest Practicable Date was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at Latest Practicable Date was 1,893,535,668. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.
2. Mr. Lee Kai-Yan has 49% membership interest in Minerva US LLC, which in turn has 20% membership interest in Vanke US. Accordingly, Minerva US LLC is a controlled corporation of Mr. Lee Kai-Yan and Mr. Lee Kai-Yan is deemed interested in Vanke US.

All the interests in the shares disclosed under this section represent long position in the shares of the Company or its associated corporations. Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and/or short positions of substantial shareholders

As at the Latest Practicable Date, so far as is known to any of the Directors, the following persons (other than a person who is a Director or chief executive of the Company) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company (the “**Register**”) under section 336 of the SFO:

Name of substantial Shareholder	Long position/ short position	Capacity of interest	Total number of shares in which the shareholder is interested	Percentage of shareholding
China Vanke (<i>Note 1</i>)	Long position	Held by controlled corporations	292,145,949	75.0%
CITIC Securities Company Limited (<i>Note 2</i>)	Long position	Held by controlled corporations	30,080,000	7.72%

Notes:

1. As recorded in the Register, the 292,145,949 Shares are held by China Vanke through Wkland Investments. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of VPHK. VPHK is a direct wholly-owned subsidiary of Shanghai Vanke Enterprise Company Limited. Shanghai Vanke Enterprise Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.
2. As recorded in the Register, the 30,080,000 Shares are held by CSI Capital Management Limited (“CSI”), which is a direct wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a wholly-owned subsidiary of CITIC Securities Company Limited.

As at the Latest Practicable Date, so far as is known to any of the Directors, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the Register pursuant to section 336 of the SFO.

III. COMPETING INTEREST

The following Directors are also directors and/or officers of China Vanke and/or its subsidiaries and affiliates as set out in the table below.

Name of Director	Position held in China Vanke and/or its subsidiaries and affiliates
Mr. Zhang Xu	Executive Director and General Manager of Logistics Business Unit
Ms. Que Dongwu	A staff representative supervisor of the 10th session of the supervisory committee
Mr. Chan Chi Yu	Director of certain subsidiaries and affiliates of China Vanke
Mr. Lee Kai-Yan	Director of certain subsidiaries of China Vanke

The Company and its subsidiaries are principally engaged in asset management, property development and property investment. As at the Latest Practicable Date, the Group owns property development and property investment projects in Hong Kong, the United Kingdom and the US. The VPHK Group (excluding the Group) also own property development and property investment projects in Hong Kong, the United Kingdom and the US. Depending on circumstances, either the Group or the VPHK Group (excluding the Group) participates in acquisitions of land or property development projects in Hong Kong from the Hong Kong Government or entities controlled by the Hong Kong Government through public auction or tender on a sole basis or by way of a joint venture arrangement with independent third parties, or acquire property development and property investment projects in Hong Kong, the United Kingdom and the US on a sole basis or by way of a joint venture arrangement.

VPHK is an indirect wholly-owned subsidiary of China Vanke. Mr. Zhang Xu and Ms. Que Dongwu, both being executives of China Vanke, are common directors of the Company and VPHK. Mr. Chan Chi Yu is closely connected to China Vanke by virtue of his positions as a former director of China Vanke from May 1997 to April 2008 and a former consultant of China Vanke from April 2008 to April 2016 and his current position as director of certain subsidiaries and affiliates of China Vanke. Mr. Lee Kai-Yan is connected to China Vanke by virtue of his current position as a director of certain subsidiaries of China Vanke. Mr. Zhang Xu, Ms. Que Dongwu and Mr. Chan Chi Yu have beneficial interests in the issued shares of China Vanke.

Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, the independent non-executive Directors, do not participate in the routine business of VPHK. The independent non-executive Directors, with the assistance of the chief financial officer and company secretary of the Company, exercise due care and skills in ensuring that the Group is capable of carrying on its business at arm's length and independently from VPHK.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not (i) aware of any other business of China Vanke which competes or is likely to compete, either directly or indirectly, with the Group's businesses; or (ii) aware that any of them had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

IV. INTERESTS IN CONTRACT OR ARRANGEMENT AND ASSETS

On 31 December 2018, the Group renewed the agreement relating to the sharing of administrative services with VPHK on a cost basis for a period of three years commencing from 1 January 2019, which is terminable by either party on giving no less than one month's notice.

The Company is an indirect 75% owned subsidiary of VPHK, which in turn is an indirect wholly-owned subsidiary of China Vanke. Mr. Zhang Xu and Ms. Que Dongwu are directors of VPHK and each of them is an executive of China Vanke and beneficially interested in the issued shares of China Vanke. Mr. Lee Kai-Yan commonly serves as director of the subsidiary of China Vanke. Mr. Chan Chi Yu is a director of certain subsidiaries and affiliates of China Vanke and is beneficially interested in the issued shares of China Vanke.

The followings are the interests of the Directors in certain co-investment arrangement of the Group:

- (a) approximately 0.295% of the effective interest in the SF Property is indirectly owned by certain employees of China Vanke including Mr. Lee Kai-Yan;
- (b) approximately 0.83% of the effective interest in the investment instruments for funding the development of NY Property is indirectly owned by certain employees of China Vanke including Ms. Que Dongwu and Mr. Lee Kai-Yan, respectively; and
- (c) approximately 20% of the effective interest in Vanke US Management LLC, an 80%-owned subsidiary of the Company, is indirectly owned by key members of the Management Team in the US including Mr. Lee Kai-Yan.

Save as disclosed above, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

Save as disclosed above, none of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

V. LITIGATION

As at the Latest Practicable Date, no litigation or claim which may be of material importance is known to the Directors to be pending or threatened against any member of the Group.

VI. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

VII. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

VIII. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (a) the agreement dated 7 March 2019 entered into between Vanke UK Investment Company Limited and VPHK in respect of the acquisition of Lithium TopCo Limited at a consideration of approximately £42.38 million (subject to adjustment);
- (b) the agreement dated 7 March 2019 entered into between Vanke US Investment Company Limited and VPHK in respect of the acquisition of 657–667 Mission Street Venture LLC at a consideration of approximately US\$22.22 million (subject to adjustment);
- (c) the agreement dated 7 March 2019 entered into between Vanke US Investment Company Limited and Chogori Investment (Hong Kong) Limited in respect of the acquisition of Supreme J Limited at a consideration of approximately US\$67.07 million (subject to adjustment);
- (d) the agreement dated 5 June 2019 entered into between, among others, V-Win Achieve Limited as purchaser and an Independent Third Party as vendor for the acquisition of Realty Asset Limited at a consideration of approximately HK\$580 million (subject to adjustment);

- (e) the supplemental agreement dated 16 July 2019 entered into between, among others, V-Win Achieve Limited as purchaser and an Independent Third Party as vendor to supplement and amend the sale and purchase agreement as detailed in sub-paragraph (d) above; and
- (f) the agreement dated 29 August 2019 entered into between Vanke Hong Kong Investment Company Limited as purchaser and Wkinv Holdings Limited as vendor for the acquisition of certain shares and shareholders' loan of V-Win Achieve Limited at a consideration of approximately HK\$594.8 million (subject to adjustment).

IX. EXPERT AND CONSENT

The name and qualification of the professional adviser who has been named in this circular or given its opinion or advice which is contained in this circular are set forth below:

Name	Qualification
Asian Capital Limited	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 as defined under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date:

- (a) the expert above did not have any direct or indirect interests in any assets which have been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group; and
- (b) the expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

X. GENERAL

- (a) The company secretary of the Company is Ms. Yip Hoi Man, who a member of the Hong Kong Institute of Certified Public Accounts and is currently the chief financial officer of the Company.
- (b) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The principal place of business of the Company is situated at 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (e) The English texts of this circular shall prevail over the Chinese texts in case of inconsistency.

XI. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours of the Company at the place of business of the Company at 55/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the agreement dated 7 March 2019 entered into between Vanke UK Investment Company Limited and VPHK in respect of the acquisition of Lithium TopCo Limited;
- (b) the agreement dated 7 March 2019 entered into between Vanke US Investment Company Limited and VPHK in respect of the acquisition of 657–667 Mission Street Venture LLC;
- (c) the agreement dated 7 March 2019 entered into between Vanke US Investment Company Limited and Chogori Investment (Hong Kong) Limited in respect of the acquisition of Supreme J Limited;
- (d) the agreement dated 5 June 2019 entered into between, among others, V-Win Achieve Limited as purchaser and an Independent Third Party as vendor for the acquisition of Realty Asset Limited at a consideration of approximately HK\$580 million (subject to adjustment);
- (e) the supplemental agreement dated 16 July 2019 entered into between, among others, V-Win Achieve Limited as purchaser and an Independent Third Party as vendor to supplement and amend the sale and purchase agreement as detailed in sub-paragraph (d) above;
- (f) the Existing Management Services Framework Agreement;

- (g) the agreement dated 29 August 2019 entered into between Vanke Hong Kong Investment Company Limited and Wkinv HK Holdings Limited in relation to the acquisition of certain shares and shareholders' loan of V-Win Achieve Limited;
- (h) the New Management Services Framework Agreement;
- (i) the letter from the Independent Board Committee dated 12 October 2020, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (j) the letter from the IFA dated 12 October 2020, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- (k) the written consent of the expert referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (l) this circular.

NOTICE OF EGM

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders of Vanke Overseas Investment Holding Company Limited (the “**Company**”) will be held at 22/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 October 2020 at 11:00 a.m. for the purposes of considering and, if thought fit, approving the matters set out below.

ORDINARY RESOLUTIONS

“**THAT**

- (a) the agreement (the “**New Management Services Framework Agreement**”) dated 7 September 2020 entered into among (i) Vanke Overseas UK Management Limited, (ii) Vanke US Management LLC, (iii) Vanke Holdings (Hong Kong) Company Limited, (iv) Vanke Overseas Management Holding Company Limited, (v) Vanke Property (Hong Kong) Company Limited, (vi) Chogori Investment (Hong Kong) Limited and (vii) Vanke Holdings USA LLC, a copy of which is marked “A” and initialled by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder and the proposed annual caps for the three years commencing the date on which the condition precedent therein has been satisfied and ending on 31 December 2022, be and are hereby confirmed and approved; and
- (b) each and every executive director of the Company (the “**Executive Director**”) (either singly or jointly with another Executive Director) be and is hereby authorised to sign and execute such other documents and supplemental agreements and deeds (including the affixation of the common seal of the Company where execution under seal is required) for and on behalf of the Company and to do all such things and take all such actions as he/she may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the New Management Services Framework Agreement and/or the transactions contemplated thereunder.”

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

Hong Kong, 12 October 2020

NOTICE OF EGM

Notes:

- (i) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote instead of him. A proxy does not need to be a member of the Company.
- (ii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney of authority, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.
- (iii) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 27 October 2020 to Friday, 30 October 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 October 2020.
- (iv) All votes at the meeting are to be taken by poll.
- (v) To safeguard the health and safety of Shareholders, staff and other stakeholders and to prevent the spreading of the Novel Coronavirus (COVID-19) pandemic, the following precautionary measures will be implemented at the EGM including, without limitation:
 - (i) Compulsory temperature screening/checks and health declaration
 - (ii) Compulsory wearing of your own surgical face masks
 - (iii) No distribution of refreshments, drinks, cake coupons or corporate gifts
 - (iv) Be seated as indicated
 - (v) To keep social distancing at the EGM venue, seats shall be limited and will be available on a first-come-first served basisAny person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the EGM venue or be required to leave the EGM venue, at the absolute discretion of the Company as permitted by law.
- (vi) For the health and safety of Shareholders and all attendees, the Company reminds all Shareholders that physical attendance in person at the EGM is NOT necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM according to their indicated voting instructions as an alternative and to return their forms of proxy by the time specified above.
- (vii) In view of the travelling restrictions imposed by various jurisdictions including Hong Kong SAR to prevent the spread of COVID-19, certain Director(s) of the Company may attend the EGM through conference call or similar electronic means.
- (viii) Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

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), 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