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**China Jinmao Holdings Group Limited**  
**中國金茂控股集團有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 00817)**



**China VAST Industrial Urban Development Company Limited**  
**中國宏泰產業市鎮發展有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 6166)**

## **JOINT ANNOUNCEMENT**

- (1) PRE-CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF  
CHINA VAST BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT**
- (2) PROPOSED WITHDRAWAL OF LISTING OF CHINA VAST**
- (3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT,  
CONTROLLING SHAREHOLDER CANCELLATION PRICE AND  
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**Financial Adviser to China Jinmao**



## **INTRODUCTION**

China Jinmao and China VAST jointly announce that on 9 June 2022, in response to the Proposal of China Jinmao put forward to the China VAST Board, China VAST provided the Implementation Undertaking in favour of China Jinmao, pursuant to which China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders which, if approved and implemented, will result in China VAST being privatised by China Jinmao by way of a scheme of arrangement under section 86 of the Companies Act and the withdrawal of the listing of the China VAST Shares on the Stock Exchange, and to take all such actions to implement the Proposal on the terms and subject to the Pre-Conditions and Conditions and to give effect to the matters specified in this announcement, the Scheme Document and any order of the Court.

## **THE PROPOSAL**

### **The Scheme**

The Scheme comprises the cancellation of approximately 60.20% of the total number of issued China VAST Shares as at the date of this announcement, comprising the Non-Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders), which represent approximately 26.02% of the total number of issued China VAST Shares as at the date of this announcement) and the Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the China VAST Controlling Shareholders (excluding the Rollover Shares), which represent approximately 34.18% of the total number of issued China VAST Shares as at the date of this announcement). If the Scheme becomes effective and is implemented:

- (a) all of the Non-Controlling Shareholder Scheme Shares will be cancelled in exchange for the payment of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 in cash per Non-Controlling Shareholder Scheme Share;
- (b) all of the Controlling Shareholder Scheme Shares will be cancelled in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 in cash per Controlling Shareholder Scheme Share; and
- (c) immediately after the cancellation of the Scheme Shares, the issued share capital of China VAST will be increased and restored to its former amount by the new issuance of China VAST Shares at par (credited as fully paid) to China Jinmao, and as a result, immediately upon the implementation of the Scheme, approximately 90.10% of the total number of issued China VAST Shares will be held by China Jinmao, and approximately 9.90% of the total number of issued China VAST Shares will continue to be held by Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party.

### **Comparisons of value**

The Non-Controlling Shareholder Cancellation Price represents:

- (a) a premium of approximately 30.43% over the closing price of HK\$1.84 per China VAST Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a premium of approximately 29.17% over the average closing price of approximately HK\$1.86 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (c) a premium of approximately 31.39% over the average closing price of approximately HK\$1.83 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 36.90% over the average closing price of approximately HK\$1.75 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 42.07% over the average closing price of approximately HK\$1.69 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 45.78% over the average closing price of approximately HK\$1.65 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- (g) a discount of approximately 45.23% over the audited consolidated net asset value attributable to China VAST Shareholders per issued China VAST Share of approximately RMB3.73 (equal to approximately HK\$4.38, using an exchange rate of RMB1 = HK\$1.1746 as at the date of this announcement) as at 31 December 2021.

### **The Option Offer**

As at the date of this announcement, there are an aggregate number of 39,750,000 outstanding China VAST Options granted under the China VAST Share Option Scheme, each relating to one China VAST Share and exercisable at an exercise price of HK\$3.02.

The full exercise of all outstanding China VAST Options would result in the issuance of 39,750,000 new China VAST Shares, representing approximately 2.41% of the issued share capital of China VAST as at the date of this announcement and approximately 2.35% of the issued share capital of China VAST as enlarged by the issuance of new China VAST Shares upon such full exercise of the outstanding China VAST Options.

To the extent that the outstanding China VAST Options have not otherwise lapsed, been cancelled or exercised, China Jinmao will make (or procure to be made on its behalf) the Option Offer to the China VAST Optionholders in accordance with Rule 13 of the Takeovers Code to cancel every vested and unvested outstanding China VAST Option (regardless of whether they are exercisable on, before or after the Scheme Record Date), subject to the Scheme becoming effective.

As the exercise price of the outstanding China VAST Options exceeds the Non-Controlling Shareholder Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.0001 will be made by China Jinmao for the cancellation of each outstanding China VAST Option held.

## **The Convertible Note Offer**

On 9 January 2018, China VAST issued to Chance Talent the Chance Talent Convertible Notes in the principal amount of US\$50 million with a coupon rate of 6% per annum, which will mature on 31 December 2022. Based on the conversion price as at the date of this announcement of HK\$2.82 per China VAST Share, the Chance Talent Convertible Notes can be converted into an aggregate of 138,297,873 China VAST Shares. As at the date of this announcement, Chance Talent has not exercised its conversion right under the Chance Talent Convertible Notes, and hence the outstanding principal amount of the Chance Talent Convertible Notes remains at US\$50 million.

To the extent the outstanding Chance Talent Convertible Notes have not otherwise been redeemed and the conversion rights of which have not been exercised, China Jinmao will make (or procure to be made on its behalf) the Convertible Note Offer to Chance Talent in accordance with Rule 13 of the Takeovers Code to acquire all of the outstanding Chance Talent Convertible Notes, subject to the Scheme becoming effective.

In accordance with Practice Note 6 to the Takeovers Code, the offer price under the Convertible Note Offer for the Chance Talent Convertible Notes is HK\$165,957,447.60 for every US\$25,000,000 face value of the Chance Talent Convertible Notes, being the “see-through” consideration for each Chance Talent Convertible Note with a face value of US\$25,000,000, and hence the total Convertible Note Offer is valued at HK\$331,914,895.20, which is calculated by multiplying the number of China VAST Shares into which the Chance Talent Convertible Notes are convertible (being 138,297,873 China VAST Shares for all of the Chance Talent Convertible Notes at the prevailing conversion price of HK\$2.82 per China VAST Share) by the Non-Controlling Shareholder Cancellation Price per Non-Controlling Shareholder Scheme Share (being HK\$2.40 per Non-Controlling Shareholder Scheme Share).

The Chance Talent Convertible Notes to be acquired under the Convertible Note Offer shall be acquired free from all liens, charges, encumbrances and any other third party rights of any nature and together with all rights accruing or attaching to them as at the Effective Date or subsequently becoming attached to them. Any interest or fees accruing to the Chance Talent Convertible Notes the record date of which is before the Effective Date will be paid by China VAST to Chance Talent who is qualified for such interest or fees.

China VAST does not have any declared but unpaid dividend as at the date of this announcement, and does not intend to declare, make or pay any dividend or other distribution (whether in cash or in kind) to the China VAST Shareholders between the date of this announcement and the Effective Date. If, after the date of this announcement, any dividend or other distribution (whether of profit or capital) is made or paid in respect of the Scheme Shares, China Jinmao reserves the right to reduce the Non-Controlling Shareholder Cancellation Price, the Controlling Shareholder Cancellation Price, the Option Offer Price and the offer price under the Convertible Note Offer by an amount equal to the amount of such dividend or other distribution made or paid on each Scheme Share.

**China Jinmao will not increase the Non-Controlling Shareholder Cancellation Price, the Controlling Shareholder Cancellation Price, the Option Offer Price or the offer price under the Convertible Note Offer and does not reserve the right to do so. China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders, Chance Talent and/or potential investors should be aware that, following the making of this statement, China Jinmao will not be allowed to increase the Non-Controlling Shareholder Cancellation Price, the Controlling Shareholder Cancellation Price, the Option Offer Price or the offer price under the Convertible Note Offer.**

### **Pre-Conditions to the Proposal and the Scheme**

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the following Pre-Conditions:

- (a) the reporting, filing, registration or approval, as applicable and to the extent required, with or by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the PRC or its delegate on China Jinmao's acquisition of China VAST Shares under the Proposal having been made or obtained;
- (b) China Jinmao having received antitrust approval from the State Administration for Market Regulation on terms satisfactory to China Jinmao, or the statutory review period pursuant to Anti-Monopoly Law, including any extension of such period, having lapsed;
- (c) the reporting, filing, registration or approval, as applicable and to the extent required, with or by the National Development and Reform Commission (NDRC) on China Jinmao's acquisition of China VAST Shares under the Proposal having been made or obtained;
- (d) all other Authorisations (if any) in connection with the Proposal or the Scheme having been obtained from the relevant Governmental Authorities in the PRC;
- (e) no default having occurred or occurring (or any event or circumstance having occurred or occurring that, with the delivery of notice or passage of time, could become a default) under the Chance Talent Convertible Notes, the Chance Talent Notes or any other note instrument or material debt facility of the China VAST Group which has not been irrevocably consented to or waived by the relevant lenders or noteholders, and (if applicable) (i) the required consents or waivers from such lender(s) who are owed 50% of the aggregate outstanding onshore borrowing amount of the China VAST Group as of the date of this announcement and (ii) the required consents or waivers with respect to the Chance Talent Convertible Notes and the Chance Talent Notes each having been obtained in respect of any default or any event of default that may have occurred or that may occur as a result of the Proposal, and (iii) the agreement with respect to the Security Release having been obtained, in each case under or with respect to the relevant notes or material debt facilities of the China VAST Group, and such consents, waivers and agreement remaining in full force and effect and not having been rescinded; and
- (f) the Proposal and the Scheme not triggering any default provision under the Chance Talent Convertible Notes or any other note instrument or material debt facility or breaching any other provision under any note instrument or material debt facility of the China VAST Group which has not been irrevocably consented to or waived by the relevant lenders or noteholders.



The Pre-Conditions set out in paragraphs (a) to (c) above are not waivable. China Jinmao and China VAST propose to make the notifications, filings or applications which are necessary with respect to the fulfilment of the Pre-Conditions set out in paragraphs (a) to (c) above as soon as practicable after the date of this announcement.

The Pre-Conditions set out in paragraphs (d) to (f) above may be waived, either in whole or in part, either generally or in respect of any matter, at the sole discretion of China Jinmao. China VAST will use its best efforts to obtain from noteholders and lenders of the China VAST Group's material debt facilities any and all consents and waivers necessary to satisfy the Pre-Condition set out in paragraph (e) above on or prior to the Pre-Conditions Long Stop Date. In relation to the Pre-Conditions set out in paragraphs (d) to (f) above, as at the date of this announcement, neither China Jinmao nor China VAST is aware of any other applicable Authorisations in connection with the Proposal or the Scheme from the relevant Governmental Authorities in the PRC, or any such consents, waivers or agreement other than that from Chance Talent in relation to the Chance Talent Convertible Notes and the Chance Talent Notes and those from several financial institutions in relation to a number of facility letters.

China Jinmao and China VAST will issue a further announcement as soon as possible after the Pre-Conditions have been satisfied. If the Pre-Conditions are not satisfied or waived on or before the Pre-Conditions Long Stop Date, the Proposal will not be implemented, and China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders and Chance Talent will be notified by a further announcement as soon as practicable thereafter.

**WARNING: The Pre-Conditions must be satisfied or waived (as applicable) before the Proposal is implemented. The implementation of the Proposal is therefore only a possibility and all references to the Proposal in this announcement are reference to the possible Proposal which will be implemented if and only if the Pre-Conditions are satisfied or waived. Accordingly, China Jinmao Shareholders, China VAST Shareholders and/or potential investors should therefore exercise caution when dealing in the China Jinmao Shares and/or China VAST Shares.**

### **Conditions of the Proposal and the Scheme**

The Proposal and the Scheme will only become effective and binding on China VAST, China Jinmao, all Scheme Shareholders, all China VAST Optionholders and Chance Talent subject to the satisfaction or a valid waiver (as applicable) of the Conditions described in the section headed "The Proposal – Conditions of the Proposal and the Scheme" below.

All Conditions will have to be satisfied or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as China Jinmao and China VAST may agree or, to the extent applicable, as the Executive may consent and the Court may direct), failing which the Proposal and the Scheme will lapse. When all of the Conditions are satisfied or waived (as applicable), the Scheme will become effective and binding on China VAST, China Jinmao and all Scheme Shareholders (irrespective of whether or not he, she or it attends or votes at the Court Meeting or the China VAST EGM).

## **SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT, CONTROLLING SHAREHOLDER CANCELLATION PRICE AND SHAREHOLDER ARRANGEMENTS**

### **The Rollover Arrangement**

China Jinmao proposes to allow Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party, to retain the 163,472,511 Rollover Shares, representing approximately 9.90% of the total number of issued China VAST Shares after the Scheme becomes effective. As at the date of this announcement, Profit East holds approximately 43.79% of the total number of issued China VAST Shares, and together with the other China VAST Controlling Shareholders, collectively hold in aggregate approximately 44.08% of the total number of issued China VAST Shares.

China Jinmao is of the view that it is important for China VAST to retain Profit East as a China VAST Shareholder after the completion of the Scheme so that China Jinmao can draw upon the experience and long-term involvement of Profit East in the management of the business and operations of China VAST to ensure that the benefits of synergies and collaboration between China Jinmao and China VAST continue to be realized, which will enhance the competitiveness of China Jinmao and China VAST in the market and benefit the long-term sustainable development and growth of China Jinmao and China VAST.

### **The Controlling Shareholder Cancellation Price**

As part of the Rollover Arrangement, the 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders (representing approximately 34.18% of the total number of issued China VAST Shares) will be cancelled in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share, which is lower than the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share.

### **The Shareholder Arrangements**

As part of the Rollover Arrangement, China Jinmao has also agreed to the following Shareholder Arrangements, subject to the Scheme becoming effective: (i) procure the repayment by the relevant member of the China VAST Group after the Scheme becomes effective, of a portion of an outstanding loan extended to the China VAST Group by Profit East, and the repayment of the remaining part of such loan by the end of a six-month extension with interest accruing at a reduced interest rate; (ii) procure that all existing shareholder loans of the China VAST Group shall be funded by China Jinmao and Profit East based on their respective shareholding percentage in China VAST from time to time in accordance with the requirements of applicable PRC laws; (iii) the waiver of certain obligations of the China VAST Controlling Shareholders under the agreement pursuant to which China Jinmao initially acquired an interest in China VAST from Profit East; (iv) procure the release of existing guarantees provided by the China VAST Controlling Shareholders or their affiliates in their capacities as the controlling shareholders of China VAST in relation to loans entered into by any member of the China VAST Group, and (v) the following continuing shareholder arrangements after the Effective Date for so long as Profit East remains a China VAST Shareholder:

- (a) **Dividend arrangement.** China Jinmao shall procure China VAST to distribute dividends or other distributions to China VAST Shareholders on a pro rata basis in an amount equal to the total distributable profits of China VAST for a financial year multiplied by a dividend distribution ratio of around 40% which is determined by the China VAST Board in good faith taking into account the financial performance, cash flow, paid special dividends (if any) and capital commitments of the China VAST Group, provided that the dividend distribution ratio shall be no less than 20%, subject to compliance with the requirements under the laws of the Cayman Islands and the PRC applicable to China Jinmao and China VAST.
- (b) **Pre-emptive arrangement.** Profit East shall have a pre-emptive right to participate in any issuance of new securities by China VAST to maintain its shareholding interest, provided that such pre-emptive right shall not apply to an issue of securities which is in connection with the exercise of the conversion rights pursuant to the China Jinmao Convertible Bonds or the Chance Talent Convertible Notes.
- (c) **Lock-up and transfer arrangement.** Profit East shall not transfer its China VAST securities during the Lock-up Period, and if it proposes to transfer any such China VAST securities, China Jinmao shall have a right to acquire any such China VAST securities on such terms and conditions as the parties may agree, failing which Profit East may not transfer any China VAST securities. After the expiry of the Lock-up Period, China Jinmao shall have a right of first refusal to acquire the China VAST securities which Profit East proposes to transfer.
- (d) **Tag-along arrangement.** Profit East shall have tag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require such third party purchaser to acquire the securities in China VAST which Profit East holds.
- (e) **Drag-along arrangement.** China Jinmao shall have drag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require Profit East to sell its securities in China VAST.
- (f) **Funding arrangement.** If China VAST requires further funding for its future development and capital needs, China Jinmao and Profit East shall fund any amounts which is not financed by third party debt financing on a pro rata basis based on their respective shareholding percentage in China VAST from time to time.



As the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are special arrangements only offered to the China VAST Controlling Shareholders and not offered to all China VAST Shareholders, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, together constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. China Jinmao has made an application for consent from the Executive in relation to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements conditional on the China VAST Independent Financial Adviser confirming to the China VAST Independent Board Committee that the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements. Accordingly, as set out in Condition (e), the Proposal and the Scheme are subject to (i) the receipt of an opinion from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee confirming that the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, and (iii) the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.

#### **CONTROLLING SHAREHOLDER IRREVOCABLE UNDERTAKING**

China Jinmao and the China VAST Controlling Shareholders have entered into the Controlling Shareholder Irrevocable Undertaking, pursuant to which the parties agreed that, amongst other things:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "Special Deal relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements – Independent Shareholders' Approval" below, Profit East will remain as a China VAST Shareholder with respect to the 163,472,511 Rollover Shares (representing approximately 9.90% of the total number of issued China VAST Shares) immediately after the Scheme becomes effective, and the other 559,620,143 China VAST Shares held by Profit East (representing approximately 33.89% of the total number of the issued China VAST Shares) and all of the China VAST Shares held by Tai Shing (representing approximately 0.29% of the total number of the issued China VAST Shares) will constitute Scheme Shares which will be cancelled for the Controlling Shareholder Cancellation Price; and

- (b) each of the China VAST Controlling Shareholders has unconditionally and irrevocably undertaken to, subject to the Controlling Shareholder Irrevocable Undertaking:
- (i) agree to and assist in implementing the cancellation of the Controlling Shareholder Scheme Shares held by them in consideration for the Controlling Shareholder Cancellation Price;
  - (ii) receive the Controlling Shareholder Cancellation Price in consideration for the cancellation of the Controlling Shareholder Scheme Shares under the Scheme;
  - (iii) to the extent permitted by applicable laws (including the Takeovers Code and the Listing Rules), exercise, or, as the case may be, procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote in favour of any resolutions to be proposed at the China VAST EGM to approve and give effect to the reduction of the share capital of China VAST, to assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective;
  - (iv) exercise, or, as the case may be, procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares, as well as to take all actions necessary to implement the Scheme; and
  - (v) the Rollover Arrangement and the Shareholder Arrangements will be implemented between China Jinmao and Profit East upon the Scheme becoming effective.

The Controlling Shareholder Irrevocable Undertaking also includes other undertakings described in the section headed “Special Deal relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements” below. The Controlling Shareholder Irrevocable Undertaking will be terminated if the Scheme lapses or is withdrawn in accordance with its terms or may be terminated by mutual written consent between the parties.

## **CONFIRMATION OF FINANCIAL RESOURCES**

On the basis of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share with respect to 429,671,827 Non-Controlling Shareholder Scheme Shares, and the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share with respect to 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders, as at the date of this announcement, the Scheme Shares are in aggregate valued at approximately HK\$2,233,327,179.39.

On the assumptions that (i) no outstanding China VAST Options are exercised, cancelled or have lapsed and the Option Offer in respect of the outstanding China VAST Options is accepted in full, (ii) no Chance Talent Convertible Notes are redeemed and Chance Talent accepts the Convertible Note Offer in full, and (iii) no further China VAST Shares are issued, on or before the Scheme Record Date, the amount of cash required to implement the Option Offer and the Convertible Note Offer is approximately HK\$331,918,870.20.

The maximum cash consideration payable under the Scheme, the Option Offer and the Convertible Note Offer, based on the above assumptions, is therefore approximately HK\$2,565,246,049.59.

China Jinmao intends to finance the entire cash amount required to implement the Scheme, the Option Offer and the Convertible Note Offer using its internal cash resources.

CICC, the financial adviser to China Jinmao in connection with the Proposal, is satisfied that sufficient financial resources are available to China Jinmao for satisfying in full its payment obligations in respect of the cash consideration payable under the Scheme, the Option Offer and the Convertible Note Offer in accordance with their respective terms.

## **SHAREHOLDING STRUCTURE OF CHINA VAST**

As at the date of this announcement:

- (a) the authorized share capital of China VAST is HK\$50,000,000 divided into 5,000,000,000 China VAST Shares. China VAST has 1,651,237,491 China VAST Shares in issue;
- (b) China Jinmao holds 493,720,010 China VAST Shares, representing approximately 29.90% of the total number of issued China VAST Shares, and the China VAST Controlling Shareholders hold 727,845,654 China VAST Shares, representing approximately 44.08% of the total number of issued China VAST Shares; and
- (c) the 559,620,143 China VAST Shares held by Profit East, the 4,753,000 China VAST Shares held by Tai Shing, together with the 429,671,827 China VAST Shares held by the remaining Scheme Shareholders constitute the Scheme Shares, altogether representing approximately 60.20% of the total number of issued China VAST Shares.

## **WITHDRAWAL OF LISTING OF THE CHINA VAST SHARES**

China VAST will make an application to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately after the Effective Date. The listing of the China VAST Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or the Scheme does not become effective.

## **CHINA VAST INDEPENDENT BOARD COMMITTEE AND CHINA VAST INDEPENDENT FINANCIAL ADVISER**

### **The China VAST Independent Board Committee**

The China VAST Independent Board Committee, which comprises Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive China VAST Directors who are not China Jinmao Concert Parties, has been established by the China VAST Board to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) as to whether the Proposal, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the China VAST EGM.

Mr. Song Liuyi, a non-executive director of China VAST, is also an executive director of China Jinmao and therefore a China Jinmao Concert Party, and is considered to be interested in the Proposal and does not form part of the China VAST Independent Board Committee for the purpose of giving advice or recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be).

## **The China VAST Independent Financial Adviser**

The China VAST Independent Financial Adviser will be appointed by the China VAST Board with the approval of the China VAST Independent Board Committee in due course to advise the China VAST Independent Board Committee on the Proposal, the Scheme, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made after the appointment of the China VAST Independent Financial Adviser.

## **DESPATCH OF THE SCHEME DOCUMENT**

China VAST will send to the China VAST Shareholders a Scheme Document containing, among other things, further details about the Proposal, a letter from the China VAST Board, a letter of advice from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee, the recommendations of the China VAST Independent Board Committee and notices to convene the Court Meeting and the China VAST EGM together with forms of proxy in relation thereto, as soon as practicable in accordance with the Takeovers Code, the orders of the Court, the Companies Act, and any other applicable laws and regulations.

## **DISCLOSEABLE TRANSACTION FOR CHINA JINMAO**

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the implementation of the Proposal by China Jinmao is more than 5% but less than 25%, the implementation of the Proposal constitutes a discloseable transaction of China Jinmao and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **TRADING HALT AND RESUMPTION OF TRADING OF CHINA VAST**

At the request of China VAST, trading in the China VAST Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 6 June 2022 pending the issue of this announcement. An application has been made by China VAST to the Stock Exchange for resumption of trading in the China VAST Shares on the Stock Exchange with effect from 9:00 a.m. on 10 June 2022.

**WARNING: China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders, Chance Talent and/or potential investors should be aware that the implementation of the Proposal and the Scheme will only become effective after all of the Pre-Conditions and Conditions being satisfied or waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. China Jinmao Shareholders, China VAST Shareholders and/or potential investors should therefore exercise caution when dealing in China Jinmao Shares and/or China VAST Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders and Chance Talent are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.



## **Notice to U.S. investors**

*The Proposal and the Scheme relate to the cancellation of the securities of a company incorporated under the laws of the Cayman Islands by way of a scheme of arrangement provided for under the Companies Act. The Option Offer relates to the cancellation of the options of a company pursuant to the Takeovers Code. The Convertible Note Offer relates to the cancellation of convertible notes of a company pursuant to the Takeovers Code. The Proposal, the Scheme, the Option Offer and the Convertible Note Offer are subject to Hong Kong procedural disclosure requirements and practices which are different from those of the United States.*

*The China VAST Shares are listed on the Stock Exchange and are not listed on a United States national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules of the Exchange Act. Accordingly, the Proposal, the Scheme, the Option Offer and the Convertible Note Offer are subject to the procedural and disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement and securities offer, which differ from the disclosure and procedural and practice requirements applicable under United States federal securities laws.*

*The receipt of cash pursuant to the Proposal, the Scheme, the Option Offer or the Convertible Note Offer by a U.S. holder of the Scheme Shares, the China VAST Options or the Chance Talent Convertible Notes may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of the Scheme Shares, the China VAST Options or the Chance Talent Convertible Notes is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal, the Scheme, the Option Offer and the Convertible Note Offer applicable to him/her/it.*

*It may be difficult for a U.S. holder of the Scheme Shares, the China VAST Options or the Chance Talent Convertible Notes to enforce his/her/its rights and claims arising out of the U.S. federal securities laws, as China Jinmao and China VAST are incorporated in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. A U.S. holder of the Scheme Shares, the China VAST Options or the Chance Talent Convertible Notes may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, a U.S. holder of the Scheme Shares, the China VAST Options or the Chance Talent Convertible Notes may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgement.*

*Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved the Proposal, the Scheme, the Option Offer or the Convertible Note Offer, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.*

*This announcement is not intended to, and does not, constitute, or form part of, an offer or invitation to purchase or subscribe for any securities of China Jinmao or China VAST in the United States.*

*Forward-Looking Statements: This announcement may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “envisages”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding China Jinmao’s, China VAST’s or their respective affiliates’ intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this announcement, and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this announcement are made as of the date hereof and each of China Jinmao and China VAST undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.*

*Financial information disclosed in respect of the Proposal, the Scheme, the Option Offer and the Convertible Note Offer has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

## **INTRODUCTION**

China Jinmao and China VAST jointly announce that on 9 June 2022, in response to the Proposal of China Jinmao put forward to the China VAST Board, China VAST provided the Implementation Undertaking in favour of China Jinmao, pursuant to which China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders which, if approved and implemented, will result in China VAST being privatised by China Jinmao by way of a scheme of arrangement under section 86 of the Companies Act and the withdrawal of the listing of the China VAST Shares on the Stock Exchange, and to take all such actions to implement the Proposal on the terms and subject to the Pre-Conditions and Conditions and to give effect to the matters specified in this announcement, the Scheme Document and any order of the Court.

## **THE PROPOSAL**

### **The Scheme**

The Scheme comprises the cancellation of approximately 60.20% of the total number of issued China VAST Shares as at the date of this announcement, comprising the Non-Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders), which represent approximately 26.02% of the total number of issued China VAST Shares as at the date of this announcement) and the Controlling Shareholder Scheme Shares (being all of the China VAST Shares held by the China VAST Controlling Shareholders (excluding the Rollover Shares), which represent approximately 34.18% of the total number of issued China VAST Shares as at the date of this announcement).

If the Scheme is approved and becomes effective and is implemented:

- (a) all of the Non-Controlling Shareholder Scheme Shares will be cancelled by way of the reduction of issued share capital of China VAST in exchange for the payment of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 in cash per Non-Controlling Shareholder Scheme Share to each Scheme Shareholder (other than the China VAST Controlling Shareholders) by China Jinmao;
- (b) all of the Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders will be cancelled by way of the reduction of issued share capital of China VAST in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 in cash per Controlling Shareholder Scheme Share to the China VAST Controlling Shareholders by China Jinmao;
- (c) immediately after the cancellation of the Scheme Shares, the issued share capital of China VAST will be increased and restored to its former amount by the new issuance of China VAST Shares at par to China Jinmao, credited as fully paid, of an aggregate number of China VAST Shares equal to the number of Scheme Shares cancelled;
- (d) the reserve created in the books of account of China VAST as a result of the capital reduction will be applied in paying up in full at par the new China VAST Shares so issued, credited as fully paid, to China Jinmao;
- (e) approximately 90.10% of the total number of issued China VAST Shares will be held by China Jinmao, and approximately 9.90% of the total number of issued China VAST Shares will continue to be held by Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party; and
- (f) China VAST will make an application to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

China Jinmao has appointed CICC as its financial adviser in connection with the Proposal.

The Scheme will provide that all of the Non-Controlling Shareholder Scheme Shares will be cancelled in exchange for the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share, and all of the Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders will be cancelled in exchange for the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share.

## **Comparisons of value**

The Non-Controlling Shareholder Cancellation Price represents:

- a premium of approximately 30.43% over the closing price of HK\$1.84 per China VAST Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 29.17% over the average closing price of approximately HK\$1.86 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- a premium of approximately 31.39% over the average closing price of approximately HK\$1.83 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 36.90% over the average closing price of approximately HK\$1.75 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 42.07% over the average closing price of approximately HK\$1.69 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 45.78% over the average closing price of approximately HK\$1.65 per China VAST Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a discount of approximately 45.23% over the audited consolidated net asset value attributable to China VAST Shareholders per issued China VAST Share of approximately RMB3.73 (equal to approximately HK\$4.38, using an exchange rate of RMB1 = HK\$1.1746 as at the date of this announcement) as at 31 December 2021.

## **Basis for determining the Non-Controlling Shareholder Cancellation Price and the Controlling Shareholder Cancellation Price**

The Non-Controlling Shareholder Cancellation Price has been determined on a commercial basis after taking into account, among other things, recent and historic traded prices of the China VAST Shares, and with reference to other privatisation transactions in Hong Kong in recent years.

The Controlling Shareholder Cancellation Price has been determined on a commercial basis after negotiation with the China VAST Controlling Shareholders taking into account, among other things, the Non-Controlling Shareholder Cancellation Price, the shareholding percentage which Profit East will retain in China VAST and the potential investment returns of such retained stake after the Proposal is implemented.

## **The Option Offer**

As at the date of this announcement, there are an aggregate number of 39,750,000 outstanding China VAST Options granted under the China VAST Share Option Scheme, each relating to one China VAST Share and exercisable at an exercise price of HK\$3.02.

The full exercise of all outstanding China VAST Options would result in the issuance of 39,750,000 new China VAST Shares, representing approximately 2.41% of the issued share capital of China VAST as at the date of this announcement and approximately 2.35% of the issued share capital of China VAST as enlarged by the issuance of new China VAST Shares upon such full exercise of the outstanding China VAST Options.

To the extent that the outstanding China VAST Options have not otherwise lapsed, been cancelled or exercised, China Jinmao will make (or procure to be made on its behalf) the Option Offer to the China VAST Optionholders in accordance with Rule 13 of the Takeovers Code to cancel every vested and unvested outstanding China VAST Option (regardless of whether they are exercisable on, before or after the Scheme Record Date), subject to the Scheme becoming effective.

Under the Option Offer, China Jinmao will offer China VAST Optionholders the “see-through” Option Offer Price (being the Non-Controlling Shareholder Cancellation Price minus the exercise price of the outstanding China VAST Options) for each outstanding China VAST Option held in exchange for the cancellation of every vested and unvested China VAST Option. As the exercise price of the relevant China VAST Options under the Option Offer exceeds the Non-Controlling Shareholder Cancellation Price of HK\$2.40, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.0001 will be made by China Jinmao for the cancellation of each outstanding China VAST Option held.

China VAST does not intend to grant any further Options between the date of this announcement and the Effective Date.

Further information on the Option Offer will be set out in a letter to the China VAST Optionholders, which will be despatched at or around the same time as the despatch of the Scheme Document.

If any of the outstanding China VAST Options is exercised in accordance with the terms of the China VAST Share Option Scheme, as applicable, on or before the Scheme Record Date, any China VAST Shares so issued will be subject to and eligible to participate in the Scheme as Scheme Shares.



According to the terms of the China VAST Share Option Scheme, if a general offer for China VAST Shares by way of scheme of arrangement is made to all of the China VAST Shareholders and has been approved by the necessary number of China VAST Shareholders at the requisite meetings, (i) China VAST shall forthwith give notice thereof to each grantee of China VAST Options, and may in its discretion and notwithstanding the terms of the relevant China VAST Options include in the notice that his or her China VAST Options may be exercised at any time within such period as shall be notified by China VAST and/or to the extent (not being less than the extent to which the relevant China VAST Options could then be exercised in accordance with their terms) notified by China VAST, (ii) such grantees may at any time thereafter (but before such time as shall be notified by China VAST) exercise the China VAST Options to its full extent or, if China VAST shall give the relevant notification, to the extent notified by China VAST. If China VAST gives such notice that any China VAST Option shall be exercised in part only, the balance of the China VAST Option shall lapse, and (iii) a China VAST Option shall lapse automatically (to the extent not already exercised) on the date of the expiry of the period for exercising the China VAST Options as referred to in this paragraph.

A China VAST Optionholder may, therefore, (a) exercise any of the outstanding (and exercisable) China VAST Options held by him or her, and any China VAST Shares allotted and issued on or before the Scheme Record Date pursuant to which will be subject to and be entitled to participate in the Scheme as Scheme Shares, (b) accept the Option Offer with respect to any of the China VAST Options held by him or her and receive the nominal amount Option Offer Price with respect to such China VAST Options, or (c) take no action with respect to any of the China VAST Options held by him or her, and such China VAST Options may lapse on the date of the expiry of the period for exercising such China VAST Options as notified by China VAST in its notice to such China VAST Optionholder (to the extent not exercised, and assuming that China VAST includes such period in its notice).

### **The Convertible Note Offer**

On 9 January 2018, China VAST issued to Chance Talent the Chance Talent Convertible Notes in the principal amount of US\$50 million with a coupon rate of 6% per annum, which will mature on 31 December 2022. Based on the conversion price as at the date of this announcement of HK\$2.82 per China VAST Share, the Chance Talent Convertible Notes can be converted into an aggregate of 138,297,873 China VAST Shares. As at the date of this announcement, Chance Talent has not exercised its conversion right under the Chance Talent Convertible Notes, and hence the outstanding principal amount of the Chance Talent Convertible Notes remains at US\$50 million.

To the extent the outstanding Chance Talent Convertible Notes have not otherwise been redeemed and the conversion rights of which have not been exercised, China Jinmao will make (or procure to be made on its behalf) the Convertible Note Offer to Chance Talent in accordance with Rule 13 of the Takeovers Code to acquire all of the outstanding Chance Talent Convertible Notes, subject to the Scheme becoming effective.

In accordance with Practice Note 6 to the Takeovers Code, the offer price under the Convertible Note Offer for the Chance Talent Convertible Notes is HK\$165,957,447.60 for every US\$25,000,000 face value of the Chance Talent Convertible Notes, being the “see-through” consideration for each Chance Talent Convertible Note with a face value of US\$25,000,000, and hence the total Convertible Note Offer is valued at HK\$331,914,895.20, which is calculated by multiplying the number of China VAST Shares into which the Chance Talent Convertible Notes are convertible (being 138,297,873 China VAST Shares for all of the Chance Talent Convertible Notes at the prevailing conversion price of HK\$2.82 per China VAST Share) by the Non-Controlling Shareholder Cancellation Price per Non-Controlling Shareholder Scheme Share (being HK\$2.40 per Non-Controlling Shareholder Scheme Share).

The Chance Talent Convertible Notes to be acquired under the Convertible Note Offer shall be acquired free from all liens, charges, encumbrances and any other third party rights of any nature and together with all rights accruing or attaching to them as at the Effective Date or subsequently becoming attached to them. Any interest or fees accruing to the Chance Talent Convertible Notes the record date of which is before the Effective Date will be paid by China VAST to Chance Talent who is qualified for such interest or fees.

China VAST does not have any declared but unpaid dividend as at the date of this announcement, and does not intend to declare, make or pay any dividend or other distribution (whether in cash or in kind) to the China VAST Shareholders between the date of this announcement and the Effective Date. If, after the date of this announcement, any dividend or other distribution (whether of profit or capital) is made or paid in respect of the Scheme Shares, China Jinmao reserves the right to reduce the Non-Controlling Shareholder Cancellation Price, the Controlling Shareholder Cancellation Price, the Option Offer Price and the offer price under the Convertible Note Offer by an amount equal to the amount of such dividend or other distribution made or paid on each Scheme Share.

**China Jinmao will not increase the Non-Controlling Shareholder Cancellation Price, the Controlling Shareholder Cancellation Price, the Option Offer Price or the offer price under the Convertible Note Offer and does not reserve the right to do so. China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders, Chance Talent and/or potential investors should be aware that, following the making of this statement, China Jinmao will not be allowed to increase the Non-Controlling Shareholder Cancellation Price, the Controlling Shareholder Cancellation Price, the Option Offer Price or the offer price under the Convertible Note Offer.**

### **The China Jinmao Convertible Bonds**

No offer for the China Jinmao Convertible Bonds is made by China Jinmao under Rule 13 of the Takeovers Code as the China Jinmao Convertible Bonds are held by China Jinmao.

### **Highest and lowest prices**

During the six-month period ending on the Last Trading Day, the highest closing price of the China VAST Shares as quoted on the Stock Exchange was HK\$1.94 per China VAST Share on 23 May 2022, and the lowest closing price of the China VAST Shares as quoted on the Stock Exchange was HK\$1.29 per China VAST Share on 20 December 2021.

## **Pre-Conditions to the Proposal and the Scheme**

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the following Pre-Conditions:

- (a) the reporting, filing, registration or approval, as applicable and to the extent required, with or by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) of the PRC or its delegate on China Jinmao's acquisition of China VAST Shares under the Proposal having been made or obtained;
- (b) China Jinmao having received antitrust approval from the State Administration for Market Regulation on terms satisfactory to China Jinmao, or the statutory review period pursuant to Anti-Monopoly Law, including any extension of such period, having lapsed;
- (c) the reporting, filing, registration or approval, as applicable and to the extent required, with or by the National Development and Reform Commission (NDRC) on China Jinmao's acquisition of China VAST Shares under the Proposal having been made or obtained;
- (d) all other Authorisations (if any) in connection with the Proposal or the Scheme having been obtained from the relevant Governmental Authorities in the PRC;
- (e) no default having occurred or occurring (or any event or circumstance having occurred or occurring that, with the delivery of notice or passage of time, could become a default) under the Chance Talent Convertible Notes, the Chance Talent Notes or any other note instrument or material debt facility of the China VAST Group which has not been irrevocably consented to or waived by the relevant lenders or noteholders, and (if applicable) (i) the required consents or waivers from such lender(s) who are owed 50% of the aggregate outstanding onshore borrowing amount of the China VAST Group as of the date of this announcement and (ii) the required consents or waivers with respect to the Chance Talent Convertible Notes and the Chance Talent Notes each having been obtained in respect of any default or any event of default that may have occurred or that may occur as a result of the Proposal, and (iii) the agreement with respect to the Security Release having been obtained, in each case under or with respect to the relevant notes or material debt facilities of the China VAST Group, and such consents, waivers and agreement remaining in full force and effect and not having been rescinded; and
- (f) the Proposal and the Scheme not triggering any default provision under the Chance Talent Convertible Notes or any other note instrument or material debt facility or breaching any other provision under any note instrument or material debt facility of the China VAST Group which has not been irrevocably consented to or waived by the relevant lenders or noteholders.

The Pre-Conditions set out in paragraphs (a) to (c) above are not waivable. China Jinmao and China VAST propose to make the notifications, filings or applications which are necessary with respect to the fulfilment of the Pre-Conditions set out in paragraphs (a) to (c) above as soon as practicable after the date of this announcement.

The Pre-Conditions set out in paragraphs (d) to (f) above may be waived, either in whole or in part, either generally or in respect of any matter, at the sole discretion of China Jinmao. China VAST will use its best efforts to obtain from noteholders and lenders of the China VAST Group's material debt facilities any and all consents and waivers necessary to satisfy the Pre-Condition set out in paragraph (e) above on or prior to the Pre-Conditions Long Stop Date. In relation to the Pre-Conditions set out in paragraphs (d) to (f) above, as at the date of this announcement, neither China Jinmao nor China VAST is aware of any other applicable Authorisations in connection with the Proposal or the Scheme from the relevant Governmental Authorities in the PRC, or any such consents, waivers or agreement other than that from Chance Talent in relation to the Chance Talent Convertible Notes and the Chance Talent Notes and those from several financial institutions in relation to a number of facility letters.

China Jinmao and China VAST will issue a further announcement as soon as possible after the Pre-Conditions have been satisfied. If the Pre-Conditions are not satisfied or waived on or before the Pre-Conditions Long Stop Date, the Proposal will not be implemented, and China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders and Chance Talent will be notified by a further announcement as soon as practicable thereafter.

**WARNING: The Pre-Conditions must be satisfied or waived (as applicable) before the Proposal is implemented. The implementation of the Proposal is therefore only a possibility and all references to the Proposal in this announcement are reference to the possible Proposal which will be implemented if and only if the Pre-Conditions are satisfied or waived. Accordingly, China Jinmao Shareholders, China VAST Shareholders and/or potential investors should therefore exercise caution when dealing in the China Jinmao Shares and/or China VAST Shares.**

### **Conditions of the Proposal and the Scheme**

The Proposal and the Scheme will only become effective and binding on China VAST, China Jinmao, all Scheme Shareholders, all China VAST Optionholders and Chance Talent subject to the satisfaction or a valid waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing a majority in number thereof (if applicable) and not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting, provided that:
  - (i) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted, either in person or by proxy, at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting, either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Disinterested Shareholders;

- (b) the passing by the China VAST Shareholders at the China VAST EGM of: (i) a special resolution (by a majority of not less than three-fourths of the votes cast by the China VAST Shareholders present and voting, either in person or by proxy, at the China VAST EGM) to approve any reduction of the issued share capital of China VAST by the cancellation of the Scheme Shares; and (ii) an ordinary resolution (by a simple majority of the votes cast by the China VAST Shareholders present and voting, either in person or by proxy, at the China VAST EGM) to apply the reserve created by the cancellation of the Scheme Shares to contemporaneously restore the issued share capital of China VAST by the allotment and issue to China Jinmao of such number of new China VAST Shares (credited as fully paid at par) as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of China VAST by the Court and the delivery of a copy of the order of the Court to the Registrar of Companies for registration;
- (d) compliance with the procedural requirements of sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of China VAST;
- (e) (i) the receipt of an opinion from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee confirming that the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements, and (iii) the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, the Controlling Shareholder Cancellation Price and the Shareholder Arrangements;
- (f) all Authorisations (if any) in connection with the Proposal or the Scheme having been obtained from the relevant Governmental Authorities in the Cayman Islands and any other relevant jurisdiction;
- (g) the Authorisations (if any) in connection with the Proposal or the Scheme remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant Governmental Authority which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to the Effective Date;



- (h) between the date of this announcement up to the Effective Date, no Governmental Authority having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made, proposed, issued, enforced or imposed (including without limitation through interpreting, amending, restating or supplementing) any laws, rules, regulations or codes, or other legal restraint or prohibition that would make the Proposal or its implementation in accordance with its terms void, unenforceable or illegal, or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms, or otherwise restrain or prohibit the implementation of the Proposal, or cause any transaction contemplated by the Proposal to be rescinded or otherwise disposed of after its implementation; and
- (i) since the date of this announcement, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the China VAST Group (to an extent which is material in the context of the China VAST Group taken as a whole or in the context of the Proposal).

Conditions (a) to (e) cannot be waived. Subject to the requirements of the Executive, China Jinmao reserves the right (but is in no way obliged) to waive Conditions (f) to (i) in whole or in part, either generally or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, China Jinmao may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to China Jinmao in the context of the Proposal.

As at the date of this announcement, with respect to the Condition in:

- paragraph (f), each of China Jinmao and China VAST is not aware of any requirement for Authorisations outside of the PRC other than those set out in Conditions in paragraphs (a) to (e); and
- paragraph (h), each of China Jinmao and China VAST is not aware of any such action, proceeding, suit, investigation, enquiry, laws, rules, regulations, codes or other legal restraint or prohibition.

As at the date of this announcement, none of the Conditions have been satisfied.

In the event that any amendments to the laws or regulations in the Cayman Islands, Hong Kong and any other relevant jurisdictions become effective after the date of this announcement and prior to the Court Meeting such that the Conditions above shall be amended to reflect such amendments, further announcement(s) will be made regarding such amendments to the Conditions above as soon as practicable and when necessary.

All of the Conditions above will have to be satisfied or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as China Jinmao and China VAST may agree or, to the extent applicable, as the Executive may consent and the Court may direct), failing which the Proposal and the Scheme will lapse. When all of the Conditions above are satisfied or waived (as applicable), the Scheme will become effective and binding on China VAST, China Jinmao and all Scheme Shareholders (irrespective of whether or not he, she or it attends or votes at the Court Meeting or the China VAST EGM).

Each of the Option Offer and the Convertible Note Offer is conditional upon the Scheme becoming effective.

**WARNING: China Jinmao Shareholders, China VAST Shareholders, China VAST Optionholders, Chance Talent and/or potential investors should be aware that the implementation of the Scheme and Proposal will only become effective after all of the Pre-Conditions and Conditions being satisfied or waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. China Jinmao Shareholders, China VAST Shareholders and/or potential investors should therefore exercise caution when dealing in China Jinmao Shares and/or China VAST Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

## **IMPLEMENTATION UNDERTAKING**

China VAST has provided the Implementing Undertaking in favour of China Jinmao, pursuant to which China VAST irrevocably undertook to China Jinmao to put forward the Scheme to the Scheme Shareholders, and to take all such actions to implement the Proposal on the terms and subject to the Pre-Conditions and Conditions and to give effect to the matters specified in this announcement, the Scheme Document and any order of the Court, including to:

- (a) convene all necessary board meetings and/or pass such board resolutions as may be required to enable the Proposal to be implemented, and to convene general meetings of China VAST Shareholders in accordance with the Takeovers Code, the Listing Rules and the articles of association of China VAST, to the extent permitted by relevant Laws and the articles of association of China VAST;
- (b) engage relevant advisers and property valuers to prepare all such letters and reports as are required under the Takeovers Code or the Listing Rules for the inclusion into the Scheme Document;
- (c) procure, to the extent relevant to the China VAST Group, the satisfaction of the Pre-Conditions and the Conditions as soon as reasonably practicable after the date of the Implementation Undertaking before the Pre-Conditions Long Stop Date and the Conditions Long Stop Date (as appropriate) and to provide all such information as China Jinmao may reasonably require in order for China Jinmao to satisfy the Pre-Conditions and the Conditions relevant to it, and to notify China Jinmao of any notices or notifications relating to the progress and satisfaction of the Pre-Conditions and the Conditions;
- (d) obtain all necessary consents and waivers from noteholders, lenders and other counterparties of the China VAST Group with respect to the relevant notes, material debt facilities or other material contracts of the China VAST Group in relation to the Proposal on or prior to the Effective Date;
- (e) promptly issue notices as may be required under the rules of the Share Option Scheme;
- (f) subject to and only upon clearance by the Executive and the approval, release and authorization by China Jinmao, issue subsequent announcements, the Scheme Document and other document required in connection with the Proposal as soon as reasonably practicable in accordance with the requirements of the Takeovers Code, the Executive or the Listing Rules;

- (g) provide to China Jinmao all such information relating to it and/or the China VAST Group required to be included in this announcement, the Scheme Document and any other document, announcement or circular of China Jinmao relating to or in connection with the Proposal;
- (h) provide to China Jinmao all necessary undertakings to the Court as may be required, and not to proceed with any hearing of the Court without the prior written consent of China Jinmao;
- (i) ensure that during the period between the date of the Implementation Undertaking and the Effective Date, China VAST and each member of the China VAST Group shall continue to operate in the same manner as before, and no member of the China VAST Group shall, without the written consent of China Jinmao and subject to certain exceptions, commit to or do or permit certain non-ordinary course matters as stipulated in the Implementation Undertaking (including the entering into or adoption of a plan or agreement of liquidation or dissolution, the making of any alteration to its constitutional documents, the declaration, the making of any material changes to the accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date, and the taking of certain other frustrating actions (as defined in Rule 4 of the Takeovers Code)) to occur;
- (j) not to take any action or make any statement which has or may have the effect of prejudicing, preventing, delaying or disrupting the Proposal, otherwise causing the Proposal not to become effective at the earliest practicable time or at all;
- (k) take all actions as is required to enable the withdrawal of listing of the China VAST Shares from the Stock Exchange;
- (l) provide certain customary representations, warranties and indemnities in relation to the capital structure, accounts, financial status, compliance, material contracts, intellectual property, real estate, environmental, employment and tax matters of the China VAST Group and undertakings to China Jinmao with respect to operational and financial matters of the China VAST Group; and
- (m) to provide China Jinmao with such assistance in order to appoint, effective as of the Effective Date, new directors and officers nominated by China Jinmao, to China VAST.

## **SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT, CONTROLLING SHAREHOLDER CANCELLATION PRICE AND SHAREHOLDER ARRANGEMENTS**

### **The Rollover Arrangement**

China Jinmao proposes to allow Profit East, a China VAST Controlling Shareholder and a China Jinmao Concert Party, to retain the 163,472,511 Rollover Shares, representing approximately 9.90% of the total number of issued China VAST Shares after the Scheme becomes effective. As at the date of this announcement, Profit East holds approximately 43.79% of the total number of issued China VAST Shares, and together with the other China VAST Controlling Shareholders, collectively hold in aggregate approximately 44.08% of the total number of issued China VAST Shares.

The China VAST Controlling Shareholders have been a long-term controlling shareholder of China VAST since February 2014. China Jinmao is of the view that it is important for China VAST to retain Profit East as a China VAST Shareholder after the completion of the Scheme so that China Jinmao can draw upon the experience and long-term involvement of Profit East in the management of the business and operations of China VAST to ensure that the benefits of synergies and collaboration between China Jinmao and China VAST continue to be realized, which will enhance the competitiveness of China Jinmao and China VAST in the market and benefit the long-term sustainable development and growth of China Jinmao and China VAST.

### **The Controlling Shareholder Cancellation Price**

As part of the Rollover Arrangement, the 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders (representing approximately 34.18% of the total number of issued China VAST Shares) will be cancelled in exchange for the payment of the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share, which is lower than the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share.

## The Shareholder Arrangements

As part of the Rollover Arrangement, China Jinmao has also agreed to the following Shareholder Arrangements, subject to the Scheme becoming effective: (i) within 30 days after the Scheme becoming effective and to the extent permissible under the applicable PRC laws, procure the relevant member of the China VAST Group to repay such part of an outstanding loan extended to the China VAST Group by Profit East (which was entered into following arm's length negotiations and on normal commercial terms) as is equal to China Jinmao's ownership percentage in China VAST after the Scheme becomes effective, and accrued interest in accordance with its terms without any additional benefit to Profit East; and to repay any remaining portion of such loan and accrued interest by the end of a six-month extension period (and simple interest in respect of such amount shall be calculated at a reduced eight per cent. per annum from the date the majority of such loan is repaid to the date of repayment of the remaining portion of such loan); (ii) procure that all existing shareholder loans of the China VAST Group shall be funded by China Jinmao and Profit East based on their respective shareholding percentage in China VAST from time to time in accordance with the requirements of applicable PRC laws; (iii) given the change in their capacities as the controlling shareholders of China VAST after the Scheme becomes effective, the waiver of certain obligations of the China VAST Controlling Shareholders with respect to operational matters of the China VAST Group under the share purchase agreement entered into between, amongst others, Profit East and China Jinmao pursuant to which China Jinmao initially acquired an interest in China VAST from Profit East, including in relation to the restructuring of certain business operations of the China VAST Group and the maintenance of the public float of China VAST which are no longer required to be undertaken; (iv) within nine months after the Effective Date and subject to compliance with the requirements under PRC laws, use commercially reasonable efforts to procure the release of the existing guarantees provided by any of the China VAST Controlling Shareholders or their affiliates in their capacities as the controlling shareholders of China VAST in relation to any loan entered into by any member of the China VAST Group, and (v) the following continuing shareholder arrangements after the Effective Date for so long as Profit East remains a China VAST Shareholder:

- (a) **Dividend arrangement.** China Jinmao shall procure China VAST to distribute dividends or other distributions to China VAST Shareholders on a pro rata basis in an amount equal to the total distributable profits of China VAST for a financial year multiplied by a dividend distribution ratio of around 40% which is determined by the China VAST Board in good faith taking into account the financial performance, cash flow, paid special dividends (if any) and capital commitments of the China VAST Group, provided that the dividend distribution ratio shall be no less than 20%, subject to compliance with the requirements under the laws of the Cayman Islands and the PRC applicable to China Jinmao and China VAST.
- (b) **Pre-emptive arrangement.** Profit East shall have a pre-emptive right to participate in any issuance of new securities by China VAST to maintain its shareholding interest, provided that such pre-emptive right shall not apply to an issue of securities which is in connection with the exercise of the conversion rights pursuant to the China Jinmao Convertible Bonds or the Chance Talent Convertible Notes.
- (c) **Lock-up and transfer arrangement.** Profit East shall not transfer its China VAST securities during the Lock-up Period, and if it proposes to transfer any such China VAST securities, China Jinmao shall have a right to acquire any such China VAST securities on such terms and conditions as the parties may agree, failing which Profit East may not transfer any China VAST securities. After the expiry of the Lock-up Period, China Jinmao shall have a right of first refusal to acquire the China VAST securities which Profit East proposes to transfer.

- (d) **Tag-along arrangement.** Profit East shall have tag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require such third party purchaser to acquire the securities in China VAST which Profit East holds.
- (e) **Drag-along arrangement.** China Jinmao shall have drag-along rights if China Jinmao proposes to dispose of all of its securities in China VAST to any bona fide third party purchaser, to require Profit East to sell its securities in China VAST.
- (f) **Funding arrangement.** If China VAST requires further funding for its future development and capital needs, China Jinmao and Profit East shall fund any amounts which is not financed by third party debt financing on a pro rata basis based on their respective shareholding percentage in China VAST from time to time.

### **Independent Shareholders' Approval**

As the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are special arrangements only offered to the China VAST Controlling Shareholders and not offered to all China VAST Shareholders, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, together constitute a special deal and require the consent of the Executive under Rule 25 of the Takeovers Code. China Jinmao has made an application for consent from the Executive in relation to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements conditional on the China VAST Independent Financial Adviser confirming to the China VAST Independent Board Committee that the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements. Accordingly, as set out in Condition (e), the Proposal and the Scheme are subject to (i) the receipt of an opinion from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee confirming that the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at a general meeting of China VAST to approve the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, and (iii) the consent from the Executive under Rule 25 of the Takeovers Code to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements.



## **CONTROLLING SHAREHOLDER IRREVOCABLE UNDERTAKING**

China Jinmao and the China VAST Controlling Shareholders have entered into the Controlling Shareholder Irrevocable Undertaking, pursuant to which the parties agreed that:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "Special Deal relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements – Independent Shareholders' Approval" below, Profit East will remain as a China VAST Shareholder with respect to the 163,472,511 Rollover Shares (representing approximately 9.90% of the total number of issued China VAST Shares) immediately after the Scheme becomes effective, and the other 559,620,143 China VAST Shares held by Profit East (representing approximately 33.89% of the total number of the issued China VAST Shares) and all of the China VAST Shares held by Tai Shing (representing approximately 0.29% of the total number of the issued China VAST Shares) will constitute Scheme Shares which will be cancelled for the Controlling Shareholder Cancellation Price;
- (b) the Rollover Arrangement and the Shareholder Arrangements will be implemented between China Jinmao and Profit East upon the Scheme becoming effective; and
- (c) each of the China VAST Controlling Shareholders has unconditionally and irrevocably undertaken, subject to the Controlling Shareholder Irrevocable Undertaking:
  - (i) to do all such acts and provide all such assistance and information to China Jinmao as may be required by, and in accordance with, the Takeovers Code, the Listing Rules and the articles of association of China VAST and within its power to implement the Proposal to the extent permitted by relevant Laws and the articles of association of China VAST;
  - (ii) not to take any action or make any statement which has or may have the effect of prejudicing, preventing, delaying or disrupting the Proposal, otherwise causing the Proposal not to become effective at the earliest practicable time or at all;
  - (iii) to agree to and assist in implementing the Rollover Arrangement and the cancellation of the Controlling Shareholder Scheme Shares held by them in consideration for the Controlling Shareholder Cancellation Price;
  - (iv) to receive the Controlling Shareholder Cancellation Price in consideration for the cancellation of the Controlling Shareholder Scheme Shares under the Scheme;
  - (v) to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote in favour of any resolutions to be proposed at the China VAST EGM to approve and give effect to the reduction of the share capital of China VAST, to assist the implementation of the Proposal or which are necessary for the Proposal and the Scheme to become effective;
  - (vi) to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of any China VAST Shares held by her/it or her/its affiliates to vote against any resolution which might prevent or delay the implementation of the Proposal, or purports to approve or give effect to a proposal by a person other than China Jinmao to acquire any China VAST Shares, as well as to take all actions necessary to implement the Scheme;

- (vii) not to, directly or indirectly, sell, transfer, charge, create or grant any option over or otherwise dispose of any interest in any of the China VAST Shares held by it; purchase, acquire, subscribe for or otherwise deal in the securities of China VAST; enter into any agreement or arrangement in respect of the votes or other rights attached to any of the China VAST Shares held by it; or enter into any discussion, negotiation, agreement or arrangement or incur any obligation with any person in relation to any of the China VAST Shares held by it, in each case without the prior consent of China Jinmao, nor will it accept or otherwise agree to any other offer, scheme of arrangement, merger or other business combination in respect of all or any of such China VAST Shares;
- (viii) she/it has no rights to receive the Non-Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares and to waive any and all claims that she/it may have against China Jinmao or China VAST with respect to the receipt of the Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares and not receiving the Non-Controlling Shareholder Cancellation Price for her/its respective Controlling Shareholder Scheme Shares;
- (ix) to ensure that during the period between the date of the Controlling Shareholder Irrevocable Undertaking and the Effective Date, China VAST and each member of the China VAST Group shall continue to operate in the same manner as before, and no member of the China VAST Group shall, without the written consent of China Jinmao and subject to certain exceptions, commit to or do or permit certain non-ordinary course matters as stipulated in the Controlling Shareholder Irrevocable Undertaking (including the entering into or adoption of a plan or agreement of liquidation or dissolution, the making of any alteration to its constitutional documents, the declaration, the making of any material changes to the accounting procedures or principles by reference to which its accounts are prepared or its accounting reference date, and the taking of certain other frustrating actions (as defined in Rule 4 of the Takeovers Code)) to occur;
- (x) to provide certain customary representations, warranties and indemnities in relation to the ownership of the Controlling Shareholder Scheme Shares, the capital structure, accounts, financial status, compliance, material contracts, intellectual property, real estate, environmental, employment and tax matters of the China VAST Group and undertakings to China Jinmao with respect to operational and financial matters of the China VAST Group (including the assistance in the recovery of certain accounts receivables owed to the China VAST Group and payment of tax liabilities);
- (xi) to provide China Jinmao with such assistance in order to appoint, effective as of the Effective Date, new directors and officers nominated by China Jinmao, to China VAST;
- (xii) to make indirect transfer tax filings as may be required by the PRC laws and regulations; and
- (xiii) to refrain from soliciting, inducing, employing or engaging the customers, suppliers, directors, employees or officers of the China VAST Group, subject to certain customary exceptions.

The Controlling Shareholder Irrevocable Undertaking will be terminated if the Scheme lapses or is withdrawn in accordance with its terms or may be terminated by mutual written consent between the parties.

## **CONFIRMATION OF FINANCIAL RESOURCES**

On the basis of the Non-Controlling Shareholder Cancellation Price of HK\$2.40 per Non-Controlling Shareholder Scheme Share with respect to 429,671,827 Non-Controlling Shareholder Scheme Shares, and the Controlling Shareholder Cancellation Price of HK\$2.13 per Controlling Shareholder Scheme Share with respect to 564,373,143 Controlling Shareholder Scheme Shares held by the China VAST Controlling Shareholders, as at the date of this announcement, the Scheme Shares are in aggregate valued at approximately HK\$2,233,327,179.39.

On the assumptions that (i) no outstanding China VAST Options are exercised, cancelled or have lapsed and the Option Offer in respect of the outstanding China VAST Options is accepted in full, (ii) no Chance Talent Convertible Notes are redeemed and Chance Talent accepts the Convertible Note Offer in full, and (iii) no further China VAST Shares are issued, on or before the Scheme Record Date, the amount of cash required to implement the Option Offer and the Convertible Note Offer is approximately HK\$331,918,870.20.

The maximum cash consideration payable under the Scheme, the Option Offer and the Convertible Note Offer, based on the above assumptions, is therefore approximately HK\$2,565,246,049.59.

China Jinmao intends to finance the entire cash amount required to implement the Scheme, the Option Offer and the Convertible Note Offer using its internal cash resources.

CICC, the financial adviser to China Jinmao in connection with the Proposal, is satisfied that sufficient financial resources are available to China Jinmao for satisfying in full its payment obligations in respect of the cash consideration payable under the Scheme, the Option Offer and the Convertible Note Offer in accordance with their respective terms.

## **SHAREHOLDING STRUCTURE OF CHINA VAST**

As at the date of this announcement:

- (a) the authorized share capital of China VAST is HK\$50,000,000 divided into 5,000,000,000 China VAST Shares. China VAST has 1,651,237,491 China VAST Shares in issue;
- (b) China Jinmao holds 493,720,010 China VAST Shares, representing approximately 29.90% of the total number of issued China VAST Shares, and the China VAST Controlling Shareholders hold 727,845,654 China VAST Shares, representing approximately 44.08% of the total number of issued China VAST Shares; and
- (c) the 559,620,143 China VAST Shares held by Profit East, the 4,753,000 China VAST Shares held by Tai Shing, together with the 429,671,827 China VAST Shares held by the remaining Scheme Shareholders constitute the Scheme Shares, altogether representing approximately 60.20% of the total number of issued China VAST Shares.

On the assumption that no outstanding China VAST Options and no conversion rights in respect of the Chance Talent Convertible Notes are exercised on or before the Scheme Record Date and there is no change in shareholding of China VAST before the Effective Date, the table below sets out the shareholding structure of China VAST as at the date of this announcement and immediately upon completion of the Proposal:

	As at the date of this announcement		Immediately upon completion of the Proposal	
	Number of China VAST Shares held	Approximate % of the total issued China VAST Shares	Number of China VAST Shares held	Approximate % of the total issued China VAST Shares
<b>China VAST Shareholders</b>				
<b>China Jinmao and China Jinmao Concert Parties</b>				
<i>China VAST Shares held not subject to the Scheme</i>				
– China Jinmao <sup>(1)</sup>	493,720,010	29.90	1,487,764,980	90.10
– Profit East <sup>(2)</sup>	163,472,511	9.90	163,472,511	9.90
Sub-total	657,192,521	39.80	1,651,237,491	100.00
<i>China VAST Shares held subject to the Scheme</i>				
– Profit East	559,620,143	33.89	–	–
– Tai Shing <sup>(3)</sup>	4,753,000	0.29	–	–
Sub-total	564,373,143	34.18	–	–
<b>Sub-total: China Jinmao and China Jinmao Concert Parties<sup>(5)</sup></b>	<b>1,221,565,664</b>	<b>73.98</b>	<b>1,651,237,491</b>	<b>100.00</b>
<b>Disinterested Shareholders<sup>(5)</sup></b>	<b>429,671,827</b>	<b>26.02</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1,651,237,491</b>	<b>100.00</b>	<b>1,651,237,491<sup>(4)</sup></b>	<b>100.00</b>

Notes:

- 1 Held through a member of the CICC group which is an exempt principal trader acting as a custodian on a non-discretionary basis.
- 2 Profit East is a China Jinmao Concert Party and is wholly-owned by Ms. Zhao, who is also a China Jinmao Concert Party. Profit East holds, as at the date of this announcement, 723,092,654 China VAST Shares, among which, 559,620,143 China VAST Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms, and the remaining 163,472,511 China VAST Shares are Rollover Shares which will not form part of the Scheme Shares.
- 3 Tai Shing is wholly-owned by Lily Charm Holding Limited, which is wholly-owned by TMF (Cayman) Ltd. on trust for The Hope Trust, established by Ms. Zhao for the benefit of Ms. Zhao and her issue. As such, Ms. Zhao, a China Jinmao Concert Party, is deemed to be interested in the China VAST Shares held by Tai Shing, and Tai Shing is therefore also a China Jinmao Concert Party. The 4,753,000 China VAST Shares held by Tai Shing will form part of the Scheme Shares and will be cancelled upon the Scheme becoming binding and effective in accordance with its terms.

- 4 Under the Scheme, issued share capital of China VAST will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that (i) no outstanding China VAST Options are exercised on or before the Scheme Record Date, (ii) the conversion rights of the Chance Talent Convertible Notes have not been exercised on or before the Scheme Record Date, and (iii) there is no change in shareholding of China VAST before the Effective Date, immediately upon such reduction, the issued share capital of China VAST will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to China Jinmao, credited as fully paid, of the same number of new China VAST Shares as is equal to the number of Scheme Shares cancelled and extinguished. The reserve created in the books of account of China VAST as a result of the capital reduction will be applied in paying up in full at par the new China VAST Shares so issued to China Jinmao.
- 5 CICC is the financial adviser to China Jinmao in connection with the Proposal. Accordingly, CICC and the relevant members of the CICC group which hold China VAST Shares on an own account or discretionary managed basis are presumed to be acting in concert with China Jinmao in relation to China VAST in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of China VAST Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code). Members of the CICC group which are exempt principal traders and exempt fund managers which are connected for the sole reason that they control, are controlled by or are under the same control as CICC are not presumed to be acting in concert with China Jinmao.

Details of holdings, borrowings or lendings of, and dealings in, the China VAST Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of China VAST held by or entered into by members of the CICC group (except in respect of China VAST Shares held by exempt principal traders or exempt fund managers or China VAST Shares held on behalf of non-discretionary investment clients of other parts of the CICC group), if any, will be obtained as soon as possible after the date of this announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by China Jinmao and China VAST if the holdings, borrowings, lendings, or dealings of the members of the CICC group are significant and in any event, such information will be disclosed in the Scheme Document. The statements in this announcement as to holdings, borrowings or lendings of, or dealings in, the China VAST Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of China VAST by persons acting in concert with China Jinmao are subject to the holdings, borrowings, lendings, or dealings (if any) of relevant members of the CICC group presumed to be acting in concert with China Jinmao.

Exempt principal traders which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with China Jinmao. However, (i) China VAST Shares held by members of the CICC group acting in the capacity of exempt principal traders on behalf of other members of the CICC group (regardless of whether they are also exempt principal traders) will not be voted at the Court Meeting and the China VAST EGM, and (ii) the China VAST Shares held by members of the CICC group acting in the capacity of exempt principal traders on behalf of non-discretionary clients (other than members of the CICC group) will not be voted at the Court Meeting and the China VAST EGM unless the Executive allows such China VAST Shares to be so voted. China VAST Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Court Meeting and the China VAST EGM if (i) the relevant connected exempt principal trader holds the China VAST Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant China VAST Shares, and all voting instructions originate from the client only (if no instructions are given, then no votes shall be cast for the relevant China VAST Shares held by the relevant connected exempt principal trader).

Any dealings by CICC group in the relevant securities of China VAST during the six months prior to 9 June 2022 (being the date of this announcement and the commencement of the offer period (as defined under the Takeovers Code)) and since the commencement of the offer period to the latest practicable date prior to the despatch of the Scheme Document (excluding dealings by the CICC group members who are exempt principal traders or exempt fund managers or dealings in the China VAST Shares by CICC group members for the account of non-discretionary investment clients of the CICC group) will be disclosed in the Scheme Document and pursuant to Rule 22 of the Takeovers Code.

- 6 The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.



Immediately following the Effective Date, China Jinmao and Profit East will together hold 100% of the issued share capital of China VAST.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL**

### **Benefits of the Proposal to the Scheme Shareholders**

*An attractive opportunity for Scheme Shareholders to realize their investment in the China VAST Shares at a compelling premium in light of macro headwinds and current challenging financial market conditions*

The average daily trading volume of China VAST Shares for the six-month period, 12-month period and 24-month period up to and including the Last Trading Day were approximately 0.36 million China VAST Shares, 2.42 million China VAST Shares and 1.54 million China VAST Shares per day, representing only approximately 0.02%, 0.15% and 0.09% respectively of the total number of issued China VAST Shares as at the date of this announcement.

The low trading liquidity of the China VAST Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the China VAST Shares. As such, the Scheme presents an immediate opportunity for Scheme Shareholders to monetize their investments for cash and redeploy the proceeds from accepting the Scheme into other investment opportunities.

The Proposal allows an exit for the Scheme Shareholders at a compelling premium to the current market price. As set out in the section headed “The Proposal – Comparisons of value” of this announcement, the Non-Controlling Shareholder Cancellation Price represents a significant premium of approximately 31.39% and 42.07% over the average closing price of approximately HK\$1.83 and HK\$1.69 per China VAST Share for the 30 and 90 trading days up to and including the Last Trading Day, respectively, and a premium of 23.71% over the highest closing price of HK\$1.94 per China VAST Share during the six-month period ending on the Last Trading Day.

### **Benefits of the Proposal to China VAST**

The privatisation of China VAST will permit China Jinmao and China VAST to make strategic decisions focused on long-term growth and benefits, free from the pressure of market expectations and share price fluctuations which arise from China VAST being a publicly listed company.

The Proposal, which entails the delisting of China VAST, is also expected to reduce the administrative costs and management resources associated with maintaining China VAST’s listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for China Jinmao and China VAST to manage the China VAST Group’s business.

## **Benefits of the Proposal to China Jinmao**

As China VAST principally engages in land development and development and operation of large scale industrial towns, China Jinmao may, through the privatisation of China VAST, increase its control and further realize the benefits of investing in China VAST, namely achieving the acquisition of multiple city operations projects, securing the relevant resources to enhance the ability of industrial parks to attract businesses and investments, and further strengthening government-enterprise cooperation, all of which is in line with the strategic development of China Jinmao's real estate business.

The China Jinmao Directors (including the independent non-executive directors of China Jinmao) consider that the Proposal is on normal commercial terms, fair and reasonable and the implementation of which is in the interests of China Jinmao and its shareholders as a whole.

## **CHINA JINMAO'S INTENTION IN RELATION TO THE CHINA VAST GROUP**

China Jinmao intends for the China VAST Group to maintain its existing business following the implementation of the Proposal. As at the date of this announcement, China Jinmao has no immediate plans, in the event the Scheme becomes effective, to make any material changes to the business and/or disposal or redeployment of assets of the China VAST Group, or to make any significant changes to the employment of employees of the China VAST Group as a result of the implementation of the Proposal.

After the Scheme becomes effective, however, China Jinmao will conduct a review of the financial position and operations of the China VAST Group in order to formulate a long-term strategy for the China VAST Group. China Jinmao may explore business, investment or capital raising opportunities and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate for enhancing its future development and strengthening its revenue bases. Any disposal or redeployment of assets or businesses of the China VAST Group in the future, if any, will be conducted in compliance with the constitutional documents of the China VAST Group and the Takeovers Code (if applicable).

## **INFORMATION ON THE CHINA VAST GROUP, CHINA JINMAO AND THE CHINA VAST CONTROLLING SHAREHOLDERS**

### **Information on China VAST and the China VAST Group**

China VAST is a limited liability company incorporated in the Cayman Islands, whose China VAST Shares are listed on the Main Board of the Stock Exchange. The China VAST Group operates in the PRC. The China VAST Group is principally engaged in the business of (a) planning, development and operation of large-scale industrial towns, (b) property development, and (c) property leasing, in the PRC.

Based on the audited consolidated financial statements of China VAST prepared in accordance with the IFRSs, its audited total assets and audited net assets as at 31 December 2021 were approximately RMB14,611,340,000 and approximately RMB6,160,255,000 respectively. For the two years ended 31 December 2021, its audited profits (losses) were as follows:

	<b>For the year ended 31 December 2020</b> <i>(approximately RMB million)</i>	<b>For the year ended 31 December 2021</b> <i>(approximately RMB million)</i>
Audited profit (loss) before tax	1,203.7	301.5
Audited profit (loss) after tax	844.6	159.0

### **Information on China Jinmao**

China Jinmao is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817). It is a large-scale developer and operator of quality real estate projects in the PRC and the platform enterprise of Sinochem Holdings Corporation Ltd. in the development of real estate business. China Jinmao is currently principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations and technology and services.

### **Information on the China VAST Controlling Shareholders**

Profit East and Tai Shing are both companies incorporated in the British Virgin Islands and principally engaged in investment holding. Their respective ultimate beneficial owner is Ms. Zhao, who is a former non-executive director of China VAST and the spouse of Mr. Wang Jianjun (an executive director of China VAST) and the mother of Ms. Wang Wei (an executive director of China VAST).

China VAST and the China VAST Controlling Shareholders and their respective ultimate beneficial owners are third parties independent of China Jinmao and its connected persons.

### **OTHER ARRANGEMENTS**

China Jinmao confirms that, as at the date of this announcement:

- (a) neither China Jinmao nor any of the China Jinmao Concert Parties has received any irrevocable commitment from any Disinterested Shareholder or Independent Shareholder to vote for the Proposal;
- (b) save for the China Jinmao Convertible Bonds and the shareholding in China VAST as disclosed in the section headed “Shareholding Structure of China VAST” in this announcement and subject to the holdings of relevant members of the CICC group presumed to be acting in concert with China Jinmao (if any), neither China Jinmao nor any of the China Jinmao Concert Parties holds any China VAST Shares, or any convertible securities, warrants or options in respect of the China VAST Shares;
- (c) there is no outstanding derivative in respect of securities in China VAST entered into by China Jinmao or any of the China Jinmao Concert Parties;

- (d) save for the Proposal and the Controlling Shareholder Irrevocable Undertaking, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the China VAST Shares or the China Jinmao Shares which might be material to the Proposal;
- (e) save for the Implementation Undertaking and the Controlling Shareholder Irrevocable Undertaking, there are no agreements or arrangements to which China Jinmao or any of the China Jinmao Concert Parties is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal;
- (f) subject to the borrowings and lendings of relevant members of the CICC group presumed to be acting in concert with China Jinmao (if any), there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in China VAST which China Jinmao or any of the China Jinmao Concert Parties has borrowed or lent, save for any borrowed China VAST Shares which have been either on-lent or sold;
- (g) save for the Non-Controlling Shareholder Cancellation Price, the Option Offer Price, the offer price for the Convertible Note Offer, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, there is no other consideration, compensation or benefit in whatever form paid or to be paid by China Jinmao or any of the China Jinmao Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation of the Scheme Shares, the China VAST Options or the Chance Talent Convertible Notes (as applicable); and
- (h) save for the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) China Jinmao or any of the China Jinmao Concert Parties or (ii) China VAST, its subsidiaries or associated companies on the one hand, and any shareholder of China VAST on the other hand.

China Jinmao further confirms that, subject to the dealings (if any) of relevant members of the CICC group presumed to be acting in concert with China Jinmao, neither China Jinmao nor any China Jinmao Concert Parties has dealt for value in any China VAST Shares or any options, convertible securities, warrants, options or derivatives in respect of the China VAST Shares, in the six-month period prior to and including the date of this announcement.

China VAST further confirms that, save for the China VAST Options, the Chance Talent Convertible Notes and the China Jinmao Convertible Bonds, China VAST does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into China VAST Shares or other types of equity interest, and has not entered into any agreement for the issue of such options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into China VAST Shares as at the date of this announcement.

## **CHINA VAST INDEPENDENT BOARD COMMITTEE AND CHINA VAST INDEPENDENT FINANCIAL ADVISER**

### **The China VAST Independent Board Committee**

The China VAST Independent Board Committee, which comprises Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive China VAST Directors who are not China Jinmao Concert Parties, has been established by the China VAST Board to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) as to whether the Proposal and the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the China VAST EGM.

Mr. Song Liuyi, a non-executive director of China VAST, is also an executive director of China Jinmao and therefore a China Jinmao Concert Party, and is considered to be interested in the Proposal and does not form part of the China VAST Independent Board Committee for the purpose of giving advice or recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be).

### **The China VAST Independent Financial Adviser**

The China VAST Independent Financial Adviser will be appointed by the China VAST Board with the approval of the China VAST Independent Board Committee in due course to advise the China VAST Independent Board Committee on the Proposal, the Scheme, and the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made after the appointment of the China VAST Independent Financial Adviser.

## **WITHDRAWAL OF LISTING OF THE CHINA VAST SHARES**

Upon the Scheme becoming effective, all of the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

China VAST will make an application to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately after the Effective Date. The Scheme Shareholders will be notified by way of a public announcement of the exact dates of the last day of dealing in the China VAST Shares and on which the Scheme and the withdrawal of the listing of the China VAST Shares will become effective. A detailed timetable will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

The listing of the China VAST Shares on the Stock Exchange will not be withdrawn if the Scheme is not approved or does not become effective. If the Scheme is withdrawn or not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither China Jinmao nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for China VAST, except with the consent of the Executive.

## **COSTS OF THE SCHEME**

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the China VAST Independent Board Committee, or is not recommended as fair and reasonable by the China VAST Independent Financial Adviser, all costs and expenses incurred by China VAST and China Jinmao in connection with the Scheme will be borne by China Jinmao.

If the Proposal is recommended by the China VAST Independent Board Committee, and is recommended as fair and reasonable by the China VAST Independent Financial Adviser, China VAST and China Jinmao have agreed that each party will bear their own costs, charges and expenses.

## **DESPATCH OF THE SCHEME DOCUMENT**

China VAST will send to the China VAST Shareholders a Scheme Document containing, among other things, further details about the Proposal, a letter from the China VAST Board, a letter of advice from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee, the recommendations of the China VAST Independent Board Committee and notices to convene the Court Meeting and the China VAST EGM together with forms of proxy in relation thereto, as soon as practicable in accordance with the Takeovers Code, the orders of the Court, the Companies Act, and any other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders and the China VAST Optionholders and Chance Talent should read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting and/or the China VAST EGM or accepting the Option Offer or the Convertible Note Offer (as the case may be). Any voting, acceptance or other response to the Proposal should be made on the basis of information in the Scheme Document or any other document by which the Proposal is made.

## **THE SCHEME SHARES, MEETING OF THE SCHEME SHAREHOLDERS AND THE CHINA VAST EGM**

As at the date of this announcement, China Jinmao holds 493,720,010 China VAST Shares, representing approximately 29.90% of the total number of issued China VAST Shares, and the China VAST Controlling Shareholders hold 727,845,654 China VAST Shares, representing approximately 44.08% of the total number of issued China VAST Shares. The 564,373,143 China VAST Shares held by the China VAST Controlling Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, while the China VAST Shares held by China Jinmao and the 163,472,511 China VAST Shares held by Profit East will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. China Jinmao and all of the China Jinmao Concert Parties will abstain from voting on the Scheme at the Court Meeting with respect to Conditions (a)(i) and (a)(ii) only, as well as on the special deal relating to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, at the China VAST EGM. As such, as at the date of this announcement, all Scheme Shareholders (excluding the China Jinmao Concert Parties) are Disinterested Shareholders, and all of the Scheme Shares (other than those held by the China Jinmao Concert Parties) are entitled to be voted on the Scheme at the Court Meeting. China Jinmao will undertake to the Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.



All China VAST Shareholders will be entitled to attend the China VAST EGM to vote on (a) the special resolution to approve and give effect to the reduction of the issued share capital of China VAST by cancelling the Scheme Shares; and (b) the ordinary resolution to (i) approve the increase in the issued share capital of China VAST immediately thereafter to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new China VAST Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to China Jinmao; and (ii) authorize any one of the China VAST Directors to do all acts and things considered by him or her to be necessary or desirable in connection with the implementation of the Scheme and to apply to the Stock Exchange for the withdrawal of the listing of the China VAST Shares on the Stock Exchange upon the Scheme becoming effective. China Jinmao and the China Jinmao Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, China Jinmao and the China Jinmao Concert Parties will vote in favour of the resolution(s) to be proposed at the China VAST EGM. As far as the resolution in connection with the special deal relating to the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements are concerned, only the Independent Shareholders can vote thereon.

## **DISCLOSURE OF DEALINGS**

Respective associates (as defined under the Takeovers Code) of China VAST and China Jinmao (including China VAST Shareholders or China Jinmao Shareholders holding 5% or more of any class of relevant securities issued by China VAST or China Jinmao) are reminded to disclose their dealings in the securities of China VAST or China Jinmao. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **OVERSEAS SCHEME SHAREHOLDERS**

The making of the Proposal to and acceptance of the Proposal by Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal or regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any taxes, duties and other amounts required to be paid by the Scheme Shareholders in such jurisdictions. Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to China VAST and China Jinmao that those local laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas China VAST Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that China VAST regards as unduly onerous or burdensome (or otherwise not in the best interests of China VAST), the Scheme Document may not be despatched to such overseas China VAST Shareholders. For that purpose, China VAST will apply for any waiver(s) as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal.

## **TAXATION ADVICE**

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of China Jinmao, China VAST, CICC, or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

## **DISCLOSEABLE TRANSACTION FOR CHINA JINMAO**

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the implementation of the Proposal by China Jinmao is more than 5% but less than 25%, the implementation of the Proposal constitutes a discloseable transaction of China Jinmao and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **TRADING HALT AND RESUMPTION OF TRADING OF CHINA VAST**

At the request of China VAST, trading in the China VAST Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 6 June 2022 pending the issue of this announcement. An application has been made by China VAST to the Stock Exchange for resumption of trading in the China VAST Shares on the Stock Exchange with effect from 9:00 a.m. on 10 June 2022.

## DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“acting in concert”	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly
“Anti-Monopoly Law”	the Anti-Monopoly Law of the PRC, effective as of 1 August 2008 (as amended from time to time), and related regulations and implementation rules
“associates”	has the meaning given to it under the Takeovers Code
“Authorisations”	any license, permit, consent, authorisation, permission, clearance or approval of any Governmental Authority or any other person
“Chance Talent”	Chance Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Chance Talent Convertible Notes”	the 6% convertible notes in the outstanding principal amount of US\$50,000,000 issued by China VAST to Chance Talent pursuant to the convertible notes instruments executed on 9 January 2018 by, among others, China VAST and Chance Talent, as amended by deeds of amendment dated, among others, 16 July 2019, 8 January 2021, 4 October 2021 and 11 December 2021 respectively
“Chance Talent Notes”	the 6% notes in the outstanding principal amount of US\$16,000,000 issued by China VAST to Chance Talent pursuant to the notes instruments executed on 9 January 2018 by, among others, China VAST and Chance Talent, as amended by deeds of amendment dated, among others, 16 July 2019, 8 January 2021, 4 October 2021 and 11 December 2021 respectively
“China Jinmao”	China Jinmao Holdings Group Limited, a company incorporated in Hong Kong with limited liability, whose China Jinmao Shares are listed on the Main Board of the Stock Exchange (stock code: 00817)
“China Jinmao Concert Party(ies)”	any party(ies) acting in concert with China Jinmao in relation to China VAST (including the China VAST Controlling Shareholders)
“China Jinmao Convertible Bonds”	the 6% guaranteed convertible bonds in the aggregate principal amount of US\$123,275,892 issued by China VAST to China Jinmao pursuant to a convertible bond subscription agreement dated 28 June 2021 entered into between, inter alia, China Jinmao and China VAST
“China Jinmao Director(s)”	the director(s) of China Jinmao
“China Jinmao Share(s)”	ordinary share in the share capital of China Jinmao

“China Jinmao Shareholder(s)”	registered holder(s) of China Jinmao Share(s)
“China VAST” or “Company”	China VAST Industrial Urban Development Company Limited, a company incorporated in the Cayman Islands with limited liability, whose China VAST Shares are listed on the Main Board of the Stock Exchange (stock code: 6166)
“China VAST Board”	the board of directors of China VAST from time to time
“China VAST Controlling Shareholder(s)”	Profit East, Tai Shing and Ms. Zhao
“China VAST Director(s)”	the director(s) of China VAST
“China VAST EGM”	an extraordinary general meeting of China VAST to be duly convened and held in accordance with the articles of association of China VAST to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal, or any adjournment thereof
“China Vast Group”	China VAST and its subsidiaries
“China VAST Independent Board Committee”	the independent board committee of China VAST comprising Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being all of the non-executive China VAST Directors who are not China Jinmao Concert Parties, formed for the purpose of advising the Disinterested Shareholders and the Independent Shareholders (as the case may be) in respect of the Proposal, the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements
“China VAST Independent Financial Adviser”	the independent financial adviser to the China VAST Independent Board Committee to be appointed by the China VAST Board with the approval of the China VAST Independent Board Committee in due course
“China VAST Option(s)”	outstanding option(s) granted by China VAST under the China VAST Share Option Scheme from time to time
“China VAST Optionholder(s)”	the holder(s) of the China VAST Options
“China VAST Share(s)”	ordinary share of par value of HK\$0.01 each in the share capital of China VAST
“China VAST Shareholder(s)”	registered holder(s) of China VAST Share(s)
“China VAST Share Option Scheme”	the share option scheme adopted by China VAST on 21 July 2015

“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to China Jinmao in relation to the Proposal
“Companies Act”	the Companies Act (2022 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Condition(s)”	the condition(s) of the Proposal, details of which are set out in the section headed “The Proposal – Conditions of the Proposal and the Scheme” in this announcement
“Conditions Long Stop Date”	31 March 2023 (or such later date as may be agreed between China Jinmao and China VAST or, to the extent applicable, as the Executive may consent to and/or the Court may direct)
“Controlling Shareholder Cancellation Price”	HK\$2.13 for every Controlling Shareholder Scheme Share held by the China VAST Controlling Shareholders payable in cash by China Jinmao to the China VAST Controlling Shareholders pursuant to the Scheme
“Controlling Shareholder Irrevocable Undertaking”	the controlling shareholder irrevocable undertaking entered into between China Jinmao and the China VAST Controlling Shareholders on 9 June 2022
“Controlling Shareholder Scheme Shares”	Scheme Share(s) held by the China VAST Controlling Shareholders
“Convertible Note Offer”	the cash offer to be made by or on behalf of China Jinmao to Chance Talent to acquire all of the outstanding Chance Talent Convertible Notes in accordance with the Takeovers Code and the terms set out in this announcement
“Court”	the Grand Court of the Cayman Islands
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Disinterested Shareholder(s)”	the China VAST Shareholders other than China Jinmao and the China Jinmao Concert Parties
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director

“Governmental Authority”	any government of any national or any federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Undertaking”	the undertaking given by China VAST in favour of China Jinmao on 9 June 2022 pursuant to which, among other things, China VAST irrevocably undertook to put forward the Scheme to the Scheme Shareholders on the terms set out therein
“Independent Shareholders”	the China VAST Shareholders other than (i) China Jinmao, (ii) the China Jinmao Concert Parties, and (iii) any other China VAST Shareholders who are interested or involved in the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements
“Last Trading Day”	2 June 2022, being the last trading day of the China VAST Shares prior to their suspension in trading on the Stock Exchange pending the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Period”	means the period from and including the Effective Date to and including 31 December 2030
“Ms. Zhao”	Ms. Zhao Ying, a China VAST Controlling Shareholder, the spouse of Mr. Wang Jianjun (an executive director of China VAST) and the mother of Ms. Wang Wei (an executive director of China VAST), and therefore a China Jinmao Concert Party
“Non-Controlling Shareholder Cancellation Price”	HK\$2.40 for every Non-Controlling Shareholder Scheme Share payable in cash by China Jinmao to the Scheme Shareholders (other than the China VAST Controlling Shareholders) pursuant to the Scheme
“Non-Controlling Shareholder Scheme Shares”	Scheme Share(s) held by the Scheme Shareholders (excluding the China VAST Controlling Shareholders)
“Option Offer”	the cash offer to be made by or on behalf of China Jinmao to the China VAST Optionholders for the cancellation of all outstanding China VAST Options in accordance with the Takeovers Code and the terms set out in this announcement



“Option Offer Price”	the offer price for cancellation of each outstanding China VAST Option as stated under the section headed “The Proposal – The Option Offer” in this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-Condition(s)”	the pre-condition(s) to the implementation of the Proposal, details of which are set out in the section headed “The Proposal – Pre-Conditions of the Proposal and the Scheme” in this announcement
“Pre-Conditions Long Stop Date”	means 31 December 2022 or such later date as China Jinmao may announce
“Profit East”	Profit East Limited, a company incorporated in the British Virgin Islands
“Proposal”	the proposed privatisation of China VAST by China Jinmao by way of the Scheme, the implementation of the Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements, the implementation of the Option Offer, the implementation of the Convertible Note Offer and the withdrawal of the listing of the China VAST Shares from the Stock Exchange, in each case, on the terms and subject to the Conditions set out in this announcement
“Registrar of Companies”	the Registrar of Companies in the Cayman Islands
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Arrangement”	the arrangement between China Jinmao and Profit East under the Controlling Shareholder Irrevocable Undertaking, which includes the arrangement in relation to the Controlling Shareholder Cancellation Price and the Shareholder Arrangements
“Rollover Share(s)”	the 163,472,511 China VAST Share(s) held by Profit East which is subject to the Rollover Arrangement, representing approximately 9.90% of the total number of issued China VAST Shares as at the date of this announcement
“Scheme”	the scheme of arrangement under section 86 of the Companies Act, for the implementation of the Proposal, involving the cancellation of all the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court or agreed by China VAST and China Jinmao, and the restoration of the issued share capital of China VAST to the amount immediately before the cancellation of the Scheme Shares

“Scheme Document”	the composite scheme document to be despatched by China VAST to the China VAST Shareholders containing, among other things, further details of the Proposal, a letter from the China VAST Board, a letter of advice from the China VAST Independent Financial Adviser to the China VAST Independent Board Committee, the recommendations of the China VAST Independent Board Committee and notices to convene the Court Meeting and the China VAST EGM
“Scheme Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Shares”	the Controlling Shareholder Scheme Shares and the Non-Controlling Shareholder Scheme Shares collectively, being the China VAST Shares held by the Scheme Shareholders other than the Rollover Shares
“Scheme Shareholder(s)”	the China VAST Shareholder(s) (including the China Jinmao Concert Parties but excluding China Jinmao) as at the Scheme Record Date
“Security Release”	the release by Chance Talent of any security over any of the China VAST Shares held by the Controlling Shareholders with effect from the satisfaction of the Conditions set out in paragraphs (a) to (i) (other than paragraph (c) in respect of the delivery of a copy of the order of the Court to the Registrar of Companies for registration)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder Arrangements”	the dividend, pre-emptive, right of first refusal, tag-along and drag-along and funding arrangements as set out in the section headed “Special Deals relating to Rollover Arrangement, Controlling Shareholder Cancellation Price and Shareholder Arrangements – The Shareholder Arrangements” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning given to it under the Listing Rules
“Tai Shing”	Tai Shing International Investment Company Limited, a company incorporated in the British Virgin Islands

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“U.S.”	the United States of America
“US\$”	the United States dollar, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, amounts denominated in US\$ and RMB have been translated into HK\$ at the rate of US\$1 = HK\$7.8 and RMB1 = HK\$1.1746 respectively. Such conversion rates are for illustration purposes only and should not be construed as representations that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

By order of the board of directors of  
**China Jinmao Holdings Group Limited**  
**Ning Gaoning**  
*Chairman*

By order of the board of directors of  
**China VAST Industrial Urban Development**  
**Company Limited**  
**Song Liuyi**  
*Chairman*

Hong Kong, 9 June 2022

*As at the date of this announcement, the board of directors of China Jinmao comprises Mr. Ning Gaoning (Chairman), Mr. Yang Lin, Mr. An Hongjun, Mr. Cheng Yong and Mr. Liu Pengpeng as non-executive directors, Mr. Li Congrui, Mr. Jiang Nan and Mr. Song Liuyi as executive directors, and Mr. Su Xijia, Mr. Suen Man Tak, Mr. Gao Shibin and Mr. Zhong Wei as independent non-executive directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the China VAST Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the China VAST Directors in their capacity as China VAST Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of directors of China VAST comprises Mr. Song Liuyi (Chairman) as non-executive director, Mr. Wang Jianjun, Mr. Zhao Lei, Mr. Yang Yun, Mr. Wang Yagang and Ms. Wang Wei as executive directors, and Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang as independent non-executive directors. The China VAST Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement in relation to the China VAST Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the China VAST Directors, in their capacity as China VAST Directors, have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.*

*In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*