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

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

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**vanke**

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

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

**(Stock code: 01036)**

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

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



A letter from the Board is set out on pages 7 to 20 of this circular. A letter from the Independent Board Committee is set out on page 21 of this circular. A letter from the IFA, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 39 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 22/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 23 December 2022 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 to this circular. Whether or not you are able to attend and/or vote at the extraordinary general meeting in person, you are requested to complete the enclosed proxy form and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from subsequently attending and voting at the extraordinary general meeting or any adjournment thereof in person should you so wish.

**PRECAUTIONARY MEASURES FOR THE EGM**

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

- Compulsory temperature screening/checks and health declaration
- Compulsory wearing of your own surgical face masks
- Scanning the "LeaveHomeSafe" venue QR code
- NO distribution of refreshments or drinks
- Be seated as indicated
- To keep social distancing at the EGM venue, seats shall be limited and will be available on a first-come-first served basis
- any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue or be required to leave the EGM venue. **The Company will conduct the EGM in accordance with the then prevailing requirements or guidelines published by the Government of the Hong Kong Special Administrative Region. The Company will continue to monitor COVID-19 and may alter the EGM arrangements at short notice. Shareholders are advised to check any future announcement(s) which the Company may publish on the websites of the Stock Exchange and the Company.** The Company reminds all Shareholders that physical attendance in person at the EGM is NOT necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote and to return their proxy forms by the time specified above, instead of attending the EGM in person.

<b>CONTENTS</b>
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	<i>Page</i>
<b>PRECAUTIONARY MEASURES FOR THE EGM</b> .....	1
<b>DEFINITIONS</b> .....	2
<b>LETTER FROM THE BOARD</b> .....	7
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	21
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	22
<b>APPENDIX I — GENERAL INFORMATION</b> .....	I-1
<b>NOTICE OF EGM</b> .....	EGM-1

## PRECAUTIONARY MEASURES FOR THE EGM

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

- (i) compulsory body temperature checks will be conducted on every attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue;
- (ii) scanning the “LeaveHomeSafe” venue QR code;
- (iii) each attendee must wear a surgical face mask inside the meeting venue at all times. Please note that NO mask will be provided at the meeting venue and attendees should wear their own masks;
- (iv) NO refreshments or drinks will be served or taken away;
- (v) be seated as indicated and to maintain a safe distance between seats;
- (vi) to keep social distancing at the EGM venue, seats shall be limited and will be available on a first-come-first served basis; and
- (vii) any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Hong Kong Government’s quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Hong Kong Government’s prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company as permitted by law. The Company will conduct the EGM in accordance with the then prevailing requirements or guidelines published by the Government of the Hong Kong Special Administrative Region. The Company will continue to monitor COVID-19 and may alter the EGM arrangements at short notice. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as and when appropriate.

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

## DEFINITIONS

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

“affiliate”	in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being
“Announcement”	the announcement of the Company dated 26 October 2022 in relation to the New Management Services Framework Agreement
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding a Saturday or Sunday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“China Vanke”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock company established in the PRC with limited liability, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“China Vanke Group”	China Vanke and its subsidiaries from time to time, excluding the Group
“Chogori”	Chogori Investment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of China Vanke
“Company”	Vanke Overseas Investment Holding Company Limited (萬科海外投資控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the New Management Services Framework Agreement

## DEFINITIONS

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	1 January 2023 or the date on which the approval by the Independent Shareholders of the New Management Services Framework Agreement and the transactions contemplated thereunder (including the New Annual Caps) has been obtained (whichever is later)
“EGM”	the extraordinary general meeting of the Company proposed to be convened and held at 11:30 a.m. on Friday, 23 December 2022 for the Independent Shareholders to consider and, if thought fit, approve the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps
“Existing Management Services Framework Agreement”	the agreement dated 7 September 2020 entered into between the VOI Parties and the VPHK Parties in relation to the provision of certain Management Services by the VOI Parties to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects (other than investments in the funds managed by an Independent Third Party and its subsidiaries))
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFA” or “Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the appointed independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps

## DEFINITIONS

“Independent Board Committee”	the independent board committee of the Board, comprising of Mr. Choi Fan Wai, Ms. Law Chi Yin, Cynthia, and Mr. Zhang Anzhi, being all the independent non-executive Directors of the Company, established for the purpose of advising the Independent Shareholders in respect of the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps
“Independent Shareholders”	the shareholders of the Company other than China Vanke and its associates
“Independent Third Party(ies)”	a party who is not a connected person of the Company and is independent of the Company and its connected persons
“Latest Practicable Date”	21 November 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 December 2022 or such other date as the parties may agree in writing
“Management Services”	the services to be provided by the VOI Parties to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects (other than investments in the funds managed by an Independent Third Party and its subsidiaries)) in the United Kingdom, the US and Hong Kong pursuant to the New Management Services Framework Agreement
“Management Team”	the current employees of the VOI Parties who are responsible for overseeing and managing the business of property development, investment and management in the US, the United Kingdom and Hong Kong, and for provision of the Management Services to the VPHK Parties pursuant to the Existing Management Services Framework Agreement
“New Annual Caps”	the proposed new annual caps in relation to the transactions contemplated under the New Management Services Framework Agreement commencing on the Effective Date and ending on 31 December 2025

## DEFINITIONS

“New Management Services Framework Agreement”	the agreement dated 26 October 2022 entered into between the VOI Parties and the VPHK Parties in relation to the provision of the Management Services by the VOI Parties to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects other than investments in the funds managed by an Independent Third Party and its subsidiaries)
“PRC”	the People’s Republic of China and for the purposes of the matters referred to in this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“US”	the United States of America
“Vanke US”	Vanke Holdings USA LLC, a limited liability company incorporated in the State of Delaware and a wholly-owned subsidiary of China Vanke
“VOI HK”	Vanke Holdings (Hong Kong) Company Limited (萬科控股(香港)有限公司), a company incorporated in Hong Kong with limited liability and is an 80%-owned subsidiary of the Company, with the remaining 20% equity interest held by certain key employees of the Management Team in Hong Kong
“VOI Management Holding”	Vanke Overseas Management Holding Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“VOI Parties”	VOI Management Holding, VOI UK, VOI US and VOI HK

## DEFINITIONS

“VOI UK”	Vanke Overseas UK Management Limited, a company incorporated in England and Wales with limited liability and is a wholly-owned subsidiary of the Company
“VOI US”	Vanke US Management LLC, a limited liability company incorporated in the State of Delaware and an 80%-owned subsidiary of the Company with the remaining 20% beneficially owned by certain key members of the Management Team and a former director of the Company in the US
“VPHK”	Vanke Property (Hong Kong) Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of China Vanke which indirectly holds 75% of the issued share capital of the Company and is the controlling shareholder of the Company
“VPHK Group”	VPHK and its subsidiaries
“VPHK Parties”	Vanke US, VPHK and Chogori
“Wkland Investments”	Wkland Investments Company Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of China Vanke
“%”	per cent

\* *for identification only*



# vanke

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

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

**(Stock code: 01036)**

*Executive Directors:*

Mr. Sun Jia (*Chairman*)

Ms. Que Dongwu (*Chief Executive Officer*)

Mr. Ding Changfeng

Ms. Zhou Yue

*Registered office:*

P.O. Box 309,

Ugland House,

Grand Cayman,

KY1-1104,

Cayman Islands

*Independent Non-Executive Directors:*

Mr. Choi Fan Wai

Ms. Law Chi Yin, Cynthia

Mr. Zhang Anzhi

*Principal place of business  
in Hong Kong:*

55/F, Bank of China Tower,

1 Garden Road,

Central, Hong Kong

23 November 2022

*To: The Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

Reference is made to the announcements of the Company dated 7 September 2020 and 30 October 2020, and the circular of the Company dated 12 October 2020 in relation to, among others, the Existing Management Services Framework Agreement and the Announcement in relation to the New Management Services Framework Agreement.

As the term of the Existing Management Services Framework Agreement will expire on 31 December 2022, on 26 October 2022 (after trading hours), the VOI Parties and the VPHK Parties have entered into the New Management Services Framework Agreement, pursuant to which the VPHK Parties will engage, and the VPHK Parties will use their respective best endeavours to procure other subsidiaries of China Vanke to engage, the VOI Parties on an exclusive basis to provide the Management Services to the VPHK Parties and, where applicable, other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects, subject to terms and conditions of the New

## LETTER FROM THE BOARD

Management Services Framework Agreement. Subject to the satisfaction of the condition precedent under the New Management Services Framework Agreement, the New Management Services Framework Agreement will become effective on the Effective Date and remain effective until 31 December 2025.

The transactions contemplated under the New Management Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

### NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT

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

<b>Date</b>	:	26 October 2022
<b>Parties</b>	:	(1) the VOI Parties (2) the VPHK Parties

#### Term

The New Management Services Framework Agreement will commence on the Effective Date and will expire on 31 December 2025.

#### Services

Pursuant to the New Management Services Framework Agreement, the VPHK Parties will retain, and will use their respective best endeavours to procure other subsidiaries of China Vanke which hold real estate development and/or investment projects in Hong Kong, the US and the United Kingdom to retain, the VOI Parties on an exclusive basis for, and the VOI Parties will provide, the Management Services which shall include but not be limited to the following services with respect to investment in the real estate markets in Hong Kong, the US and the United Kingdom:

- (a) market research and investment sourcing;
- (b) investment management and project management (including construction, development, sales and marketing management);
- (c) divestment of the relevant investment;
- (d) financing and cash flow management;

## LETTER FROM THE BOARD

- (e) overall financial management;
- (f) legal and compliance management; and
- (g) company secretarial services.

### **Fees and basis of determination**

The fees payable by the relevant entity or entities of the VPHK Parties to the VOI Parties (or such other subsidiary of the Company which VOI Management Holding may nominate from time to time to receive such fee) shall comprise the management fee for the Management Services provided to the VPHK Parties and other subsidiaries of China Vanke which hold real estate development and/or investment projects, calculated as (i) 1.25% per annum of the invested capital of the relevant project(s) in the US and the United Kingdom; and (ii) 1.80% per annum of the invested capital of the relevant project(s) in Hong Kong. The invested capital shall include funding, capital or financing provided by the VPHK Parties (but exclude funding, capital or financing provided by a third party or third parties, which include bank(s) and financial institution(s), to the VPHK Parties, for making the investments). On top of the aforementioned 1.8% fee, in circumstances where third parties (other than VPHK or such other subsidiaries of China Vanke) hold certain interests in the project holding companies (which are subsidiaries of VPHK Group) for projects in Hong Kong, an additional management fee shall also be payable to VOI HK.

The rate of 1.25% per annum is determined with reference to the average rate of management fees charged by 15 real estate fund managers in the US and the United Kingdom (who are Independent Third Parties), which ranged from 0.5% to 1.5% per annum of the paid-up capital contribution, for providing similar services, including but not limited to market research and identifying investment opportunities, investment and divestment management and financial and liquidity management. The rate of 1.8% per annum is determined with reference to the average rate of management fees charged by 7 listed companies in Hong Kong (who are Independent Third Parties), which ranged from 1.5% to 2.0% per annum of the paid-up capital contribution, for providing similar services, in particular, market research and investment sourcing, investment management and project management, financing and cash flow management, overall financial management and divestment of the relevant investment.

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

## LETTER FROM THE BOARD

equal to the additional management fee from the third parties and then pay towards the relevant VOI Parties on a dollar-to-dollar basis as the additional management fee. Under the New Management Services Framework Agreement, the VOI Parties are entitled to receive and review the financial information of the project holding companies on a quarterly basis to ensure that the total management fee received by the relevant VPHK Parties and/or their subsidiaries from the third parties is the same as the amount received by the VOI Parties from the relevant VPHK Parties and/or their subsidiaries. The VOI Parties are also entitled to raise any queries or disputes concerning the management fees. The management fees for each transaction under the New Management Services Framework Agreement will be paid on a quarterly basis, and shall be free of all taxes, deductions, duties, withholdings, tariffs and charges. The parties agree that the VOI Parties shall provide the Management Services to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects (other than investments in the funds managed by Independent Third Parties and its subsidiaries)) on normal commercial terms or on terms which are no less favourable to the VOI Parties than those that the VOI Parties may transact with Independent Third Parties from time to time.

The management fee charged by the VOI Parties to the VPHK Parties (and other subsidiaries of China Vanke which hold real estate development and/or investment projects) shall be no less favourable than the fee charged by the Company to Independent Third Parties.

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

### **Historical transaction amounts**

Pursuant to the Existing Management Services Framework Agreement, the annual caps for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and the year ending 31 December 2022 are HK\$48 million, HK\$263 million and HK\$263 million respectively.

The actual historical transaction amount of the transactions under the Existing Management Services Framework Agreement for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and for the period from 1 January 2022 to the Latest Practicable Date was approximately HK\$42,296,000, HK\$228,737,000 and HK\$179,945,000 respectively. The Group utilised approximately 88%, 87% and 68% of the annual caps for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and for the period from 1 January 2022 to the Latest Practicable Date respectively.

## LETTER FROM THE BOARD

### New Annual Caps and basis of determination

The New Annual Caps for fees payable by the VPHK Parties to the VOI Parties for the transactions contemplated under the New Management Services Framework Agreement are set out below:

	<b>From the Effective Date to 31 December 2023 <i>(HK\$ in millions)</i></b>	<b>For the year ending 31 December 2024 <i>(HK\$ in millions)</i></b>	<b>For the year ending 31 December 2025 <i>(HK\$ in millions)</i></b>
New Annual Cap	300	300	300

In arriving at the New Annual Caps, the Directors have considered, among others, (i) the historical management cost incurred by the VOI Parties for projects of the VPHK Parties or their associates managed by the VOI Parties; (ii) the estimated base fee payable by the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects other than investments in the funds managed by Independent Third Parties and its subsidiaries) based on the expected committed/invested capital of approximately HK\$17.8 billion to be incurred by the VPHK Parties for each of the years ending 31 December 2023, 2024 and 2025; (iii) the estimated amount to be invested by third parties in project holding companies which are subsidiaries of VPHK and covered by the Management Services, which would vary the amount of additional management fee to be charged against the relevant project company in respect of the third party's interest in such project and thereby affecting the level of management fee receivable by the VOI Parties; (iv) the anticipated development stage of the projects to be managed under the New Management Services Framework Agreement which will affect the amount of invested capital in each project and thereby affecting the fees payable by the relevant entity or entities; (v) the economic conditions and performance of the property markets in the US, the United Kingdom and Hong Kong which may affect the sales of the projects managed by the VOI Parties and thereby affecting the level of invested capital in each project; (vi) the historical transaction amount and relatively high utilisation rate of the annual caps for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and for the period from 1 January 2022 to the Latest Practicable Date respectively for the transactions under the Existing Management Services Framework Agreement; and (vii) a buffer for acquisition of approximately 1 new project by the VPHK Parties and its subsidiaries, having considered the usual size of the projects of the VPHK Parties in terms of capital invested, which would in turn lead to potential additional capital to be invested by the VPHK Parties and a corresponding increase in management fee receivable by the VOI Parties, for each of the years 2023, 2024 and 2025 of approximately 10%, 10% and 10%, respectively, in the United Kingdom, the US and Hong Kong.

### Conditions precedent

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

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

## LETTER FROM THE BOARD

### **Exclusive engagement by VPHK**

The VPHK Parties will engage, and use their respective best endeavours to procure other subsidiaries of China Vanke to engage, the VOI Parties to provide the Management Services in the US, the United Kingdom and Hong Kong on an exclusive basis unless the relevant VOI Parties have indicated to the relevant VPHK Parties or such other subsidiary of China Vanke in writing that it has decided not to accept the engagement in respect of any specific project whereupon the VPHK Parties or such other subsidiary of China Vanke are entitled to retain any third party for the provision of the Management Services in respect of the project concerned.

Each of the VPHK Parties undertakes to the VOI Parties that it shall notify the VOI Parties as soon as practicable when any other subsidiaries of China Vanke become interested in any property development and/or investment projects (other than investments in the funds managed by Independent Third Parties and its subsidiaries) in the US, the United Kingdom, and Hong Kong.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

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

Since the entering into of the old management services framework agreement dated 7 March 2019, the VOI Parties have been engaged in several management projects owned by the VPHK Parties or their associates and the VOI Parties and the VPHK Parties have built a solid and effective working relationship and the Management Team has become over time familiar with the management, business, operation of the projects owned by the VPHK Parties or their associates, as well as the standard of the management services required by them. The VOI Parties can leverage this established relationship and experience gained to render management services to the VPHK Parties and their associates in a more efficient and expedient manner, thereby reducing the Group's aggregate operational and administrative costs while improving the profitability and the leading position of the Group in the property development and property investment industry.

Given the historical and future long-term cooperation between the Group and the VPHK Parties and their associates, the transactions contemplated under the New Management Services Framework Agreement will enable the Group to generate stable income with growth prospects and investment return to its Shareholders. The major pricing policies, principal terms and indicators set out in the New Management Services Framework Agreement also provide a fair and reasonable basis for the parties to determine the management fee without lengthy negotiations and incurring substantial time and costs for different projects in the future.

For the foregoing reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the New Management Services Framework Agreement and the New Annual Caps have been agreed after arm's length negotiations among the parties, are in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### INTERNAL CONTROL MEASURES

For purpose of monitoring the transactions under the New Management Services Framework Agreement, the following key internal control measures will be adopted by the Company as they have been adopted by the Company for the Existing Management Services Framework Agreement:

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

## LETTER FROM THE BOARD

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

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

### **REVENUE CONTRIBUTION FROM VPHK PARTIES/CHINA VANKE GROUP**

Despite the fact that a significant portion of the revenue of the Group may be derived from the VPHK Parties or other members of the China Vanke Group out of the provision of the Management Services based on the New Annual Caps with reference to the consolidated revenue of the Company as at 31 December 2022, the Directors do not consider this as an issue of extreme reliance on the China Vanke Group on the following grounds:

#### **Upward trend of the management fee income caused by an increased rate**

Compared to the annual caps under the Existing Management Services Framework Agreement, there is an upward trend of the annual caps under the New Management Services Framework Agreement because of the increase in the rate of management fee for the relevant project(s) in Hong Kong from 1.25% per annum of the invested capital under the Existing Management Services Framework Agreement to 1.80% per annum of the invested capital under the New Management Services Framework Agreement, resulting in an anticipated increase in the amount of management fee income for the years ending 31 December 2023, 2024 and 2025. However, the increase in management fee income of the Group will also increase the denominator of the percentage of revenue that the Group will generate from providing Management Services to the VPHK Parties as a percentage of the Group's revenue.

#### **New property development projects with delayed revenue contribution from independent third parties**

Based on the New Annual Caps for the three years ending 31 December 2023, 2024 and 2025, the expected percentages of revenue to be generated from the provision of the Management Services to the VPHK Group are expected to respectively account for approximately 64.5%, 21.3% and 36.5% of the total consolidated revenues to be generated by the Group for the terms of the Continuing Connected Transactions, on the assumptions that the total revenue would comprise (i) the revenue anticipated to be generated from Regent Centre (the investment property of the Group located in Hong Kong); (ii) the interest income anticipated to be generated from the investment instruments held by the Company in respect of funding the development of the NY Property (the further details of which are disclosed in the



## LETTER FROM THE BOARD

circular of the Company dated 21 May 2019); (iii) the revenue to be generated from the sale of the properties comprising pieces or parcels of ground located at 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong (the “**Yee Kuk Street Property**”) that was acquired by the Group in early 2022 and is currently under redevelopment and expected to contribute to the Group’s revenue in the years ending 31 December 2024 and 2025; (iv) the revenue anticipated to be generated from the property comprising pieces or parcels of ground located at 62, 64, 66 and 68 Chun Yeung Street, Hong Kong (the “**Chun Yeung Street Property**”); and (v) the revenue anticipated to be generated from the Management Services, and disregarding the revenue to be generated from the provision of the Management Services to third party customers and any projects that the Group may acquire.

The Group engages in the business of property investment, property development and asset management, all segments of which contribute to the revenue. While revenue for the asset management segment has been contributed mainly by connected persons of the Company through the provision of Management Services by the VOI Parties under the Existing Management Services Framework Agreement, the revenue of the Group from other segments are mainly contributed by independent third parties. The percentage of revenue generated from the provision of the Management Services to the VPHK Group as a percentage of the overall revenue of the Group may appear to be higher than usual in 2023 due to an expected drop in revenue to be generated from segments other than the asset management segment. This is a result of: (i) the Group having disposed of the revenue generating property, Ryder Court in the United Kingdom, in January 2022, causing a decrease in revenue from the rental income of Ryder Court in year 2023; (ii) the Chun Yeung Street Property which the Group acquired in November 2019 being still under redevelopment and which will only begin generating revenue in late 2023 and is expected to come into full operation only in 2024, thereby contributing minimal amount of revenue to the Group in 2023; and (iii) the Group having acquired the Yee Kuk Street Property in January 2022 which is under redevelopment and will be unable to contribute to the revenue of the Group yet in 2023. Therefore, it is expected that the revenue contribution from segments other than asset management will be lower in the year ending 31 December 2023, due to the decrease in revenue from the Ryder Street property and the Yee Kuk Street Property and the Chun Yeung Street Property being unable to contribute much to the Group’s revenue in the year ending 31 December 2023. With the Group’s revenue from the provision of the Management Services to the VPHK Parties expected to remain steady, the revenue generated from the provision of the Management Services to the VPHK Parties may appear to be of a higher percentage as a percentage of the overall revenue of the Group in year 2023. However, as the Yee Kuk Street Property and the Chun Yeung Street Property is expected to generate revenue in year 2024, the percentage of revenue generated from the provision of the Management Services to the VPHK Parties as a percentage of the overall revenue of the Group is expected to drop significantly after year 2023. Due to the number of projects under development and such related work done by the Group being unable to contribute to revenue until 2024, the revenue contribution of the Group in 2023 is not an accurate reflection of all the work that is being carried out by the Group and as such, the Company does not consider the percentage of revenue generated from the provision of the Management Services to the VPHK Parties to be a representation of extreme reliance on the China Vanke Group.

### **Sizeable projects with substantial amount of invested capital**

The management fee is calculated as 1.25% per annum of the invested capital of the relevant project(s) in the US and the United Kingdom and 1.80% per annum of the invested capital of the relevant project(s) in Hong Kong. It is not uncommon for a single asset/project, in particular those sizeable assets/projects, to have a large invested capital. As a result of the sizeable projects with substantial amount of invested capital, the VPHK Group or other customers would easily become the major

## LETTER FROM THE BOARD

customers of the Group even when the number of properties/projects to be managed by the Group (through the VOI Parties) is minimal. This is especially the case for the China Vanke Group, as one of the largest residential companies in China since its founding in 1984 and one of the world's largest real estate companies as a Fortune Global 500 company, which has various properties/projects with sizeable invested capital.

### **Penetration into the global market through solid business relationship between the Group and VPHK Group**

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

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

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

### **Customer concentration is not uncommon**

The Board believes that customer concentration is not uncommon for property asset management companies/teams as it is an industry norm that the proven track record, experience, reliability and reputation of the property management personnel are crucial considerations by property investors/project owners when they engage property management services providers. It is not uncommon for a single property asset management services provider to provide management services to various properties or

## LETTER FROM THE BOARD

projects of a single property investor customer given the relationship, trust and mutual understanding of the respective business practices established, in addition to the reputation, experience, reliability and proven track record of the property management personnel. Furthermore, most property asset management companies/teams are inclined to manage more properties or sizeable properties for a few customers instead of various customers, hence giving rise to perceived customer concentration, for easy management and/or more efficient use of available financial or human resources. Such arrangement or common market phenomenon is mutually beneficial to the management services provider and property investors/owners.

### **Best endeavours to generate revenue and income from third parties**

The Directors are confident that the Group will use its best endeavors to generate its revenue and income from third parties in the future, as it is an industry norm in the US, the United Kingdom and Hong Kong that property asset and development managers and property equity investors/project owners are separate persons, and proven track record, experience and reputation of the property asset and development management personnel are crucial considerations by property equity investors/project owners when they engage property management services providers. The Group has been unable to secure new asset management business from independent third parties since the Group began its asset management business but will continue to use its best endeavours to generate asset management revenue from independent third parties.

The Group has been exploring investment opportunities in the property market. In November 2019, the Group acquired the Chun Yeung Street Property which will be redeveloped into a hospitality-related property. The Chun Yeung Street Property is expected to begin generating revenue for the Group in 2023 and come into full operation in 2024. In January 2022, the Group acquired Yee Kuk Street Property which is being redeveloped into a residential-based project. The Yee Kuk Street Property is expected to begin generating revenue for the Group in 2024. In addition, in September 2022, the Group jointly submitted and successfully tendered for a residential site located at Hin Wo Lane, Shatin, New Territories, Hong Kong together with an independent third party to the Hong Kong Government. The Group will continue to explore other investment opportunities with Independent Third Parties.

### **Independent Management Team**

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

## **INFORMATION ON THE PARTIES**

### **Information on the Group and the VOI Parties**

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

## LETTER FROM THE BOARD

### **Information on the VPHK Parties**

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

Each of the VPHK Parties is principally engaged in property development and property investment. Each of the VPHK Parties is a wholly-owned subsidiary of China Vanke, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002) and as at the Latest Practicable Date, based on the publicly available information, 27.88% of the total number of shares of which is held by Shenzhen Metro Group Co., Ltd., a company that is under the direct control of the State-owned Assets Supervision and Administration Committee of the Shenzhen Municipal People's Government.

### **LISTING RULES IMPLICATIONS**

Given that VPHK is an indirect wholly-owned subsidiary of China Vanke, the controlling shareholder of the Company, and each of the other VPHK Parties is a subsidiary or fellow subsidiary of VPHK, all of them are connected persons of the Company, and the transactions contemplated under the New Management Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the New Annual Caps under the New Management Services Framework Agreement exceed 5%, the transactions contemplated under the New Management Services Framework Agreement constitute non-exempt continuing connected transactions and the transaction contemplated under the New Management Services Framework Agreement and the New Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

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

Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **EGM**

A notice convening the EGM to be held at 22/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 23 December 2022 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 to this circular.

## LETTER FROM THE BOARD

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

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

Only Independent Shareholders will be entitled to vote at the EGM on the resolution to approve the New Management Services Framework Agreement, the transactions contemplated thereunder and the New Annual Caps. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder apart from China Vanke and its associates shall abstain from voting on the resolution approving the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps. Wkland Investments, being an associate of China Vanke, is interested in 292,145,949 Shares representing 75% of the entire issued share capital of the Company as at the Latest Practicable Date, and will abstain from voting on such resolution.

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

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

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022, both dates inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfers of the Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by no later than 4:30 p.m. on Monday, 19 December 2022.

### **RECOMMENDATIONS**

Your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 39 of this circular in connection with the New Management Services Framework Agreement and reasons considered in arriving at such advice.

## LETTER FROM THE BOARD

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

### FURTHER INFORMATION

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

**The Continuing Connected Transactions are subject to the satisfaction of the condition precedent thereto and as such, the Continuing Connected Transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.**

By order of the board of  
**VANKE OVERSEAS INVESTMENT HOLDING  
COMPANY LIMITED**  
**Yip Hoi Man**  
*Chief Financial Officer and Company Secretary*

# vanke

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

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

**(Stock code: 01036)**

23 November 2022

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
ENTERING INTO NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

We refer to the circular dated 23 November 2022 issued by the Company of which this letter forms part (the “**Circular**”). Capitalised terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to give the recommendation to the Independent Shareholders on the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps. We wish to draw your attention to the letter from the Board set out on pages 7 to 20 of the Circular and the letter from the IFA set out on pages 22 to 39 of the Circular.

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

Yours faithfully,

**Independent Board Committee**

**Choi Fan Wai**  
*Independent*  
*Non-Executive Director*

**Law Chi Yin, Cynthia**  
*Independent*  
*Non-Executive Director*

**Zhang Anzhi**  
*Independent*  
*Non-Executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this Circular.*



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

23 November 2022

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

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS ENTERING INTO NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the New Management Services Framework Agreement (the “**Transactions**”), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 23 November 2022 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

On 26 October 2022 (after trading hours), the VOI Parties and the VPHK Parties entered into the New Management Services Framework Agreement, pursuant to which the VPHK Parties will engage, and the VPHK Parties will use their respective best endeavours to procure other subsidiaries of China Vanke to engage, the VOI Parties on an exclusive basis to provide the Management Services to the VPHK Parties and, where applicable, other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects, subject to terms and conditions of the New Management Services Framework Agreement. Upon satisfaction of the condition under the New Management Services Framework Agreement, the New Management Services Framework Agreement will become effective on the Effective Date and remain effective until 31 December 2025.

As at the Latest Practicable Date, given that VPHK (an indirect wholly-owned subsidiary of China Vanke) is the controlling shareholder of the Company and each of the other VPHK Parties is a subsidiary or fellow subsidiary of VPHK, each of the VPHK Parties is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The Transactions will therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the New Management Services Framework Agreement exceed 5% on an annual basis, the Transactions are subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

### OUR INDEPENDENCE

In the past two years and up to the Latest Practicable Date, we only acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company regarding certain major and connected transaction as mentioned in the circular of the Company dated 31 December 2021. Apart from the normal professional fees for our services to the Company in connection with the engagement described above as well as this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees and benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence.

As at the Latest Practicable Date, there were no relationships or interests between us and the Company, China Vanke, their respective subsidiaries and close associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser in respect of the Transactions.

### BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, *inter alia*, the annual reports of the Company for the years ended 31 December 2020 and 2021 and the interim report of the Company for the six months ended 30 June 2022, the Existing Management Services Framework Agreement, the New Management Services Framework Agreement and other information as set out in the Circular.

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

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

We consider that we have been provided with, and we have reviewed all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Transactions to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Management nor have we conducted any independent investigation into the business, financial conditions and affairs or future prospect of the Group or any of the other parties involved in the Transactions. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

Shareholders should note that subsequent developments (including material change in market and economic conditions) may affect and/or change our opinion (which does not limit to the potential risks that may affect the Transactions as stated in this letter) and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholder, we have taken into account the following principal factors and reasons:

#### 1. New Management Services Framework Agreement

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

##### **Date**

26 October 2022

##### **Parties**

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

Each of the VPHK Parties is a wholly-owned subsidiary of China Vanke, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002) and as at the Latest Practicable Date, based on the publicly available information, 27.88% of the total number of shares of which is held by Shenzhen Metro Group Co., Ltd., a company that is under the direct control of the State-owned Assets Supervision and Administration Committee of the Shenzhen Municipal People's Government.

##### **Term**

The term of the New Management Services Framework Agreement will commence on the Effective Date and will expire on 31 December 2025.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### Services

Pursuant to the New Management Services Framework Agreement, the VPHK Parties will retain, and will use their respective best endeavours to procure other subsidiaries of China Vanke which hold real estate development and/or investment projects in Hong Kong, the US and the United Kingdom to retain, the VOI Parties on an exclusive basis for, and the VOI Parties will provide, the Management Services which shall include but not be limited to the following services with respect to investment in the real estate markets in Hong Kong, the US and the United Kingdom:

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

### Fees and basis of determination

The fees payable by the relevant entity or entities of the VPHK Parties to the VOI Parties (or such other subsidiary of the Company which VOI Management Holding may nominate from time to time to receive such fee) shall comprise the management fee for the Management Services provided to the VPHK Parties and other subsidiaries of China Vanke which hold real estate development and/or investment projects, calculated as (i) 1.25% per annum of the invested capital of the relevant project(s) in the US and the United Kingdom; and (ii) 1.80% per annum of the invested capital of the relevant project(s) in Hong Kong. The invested capital shall include funding, capital or financing provided by the VPHK Parties (but exclude any funding, capital or financing provided by a third party or third parties, such as bank(s) and financial institution(s), to the VPHK Parties, for making the investments).

The rate of 1.25% per annum is determined with reference to the average rate of management fees charged by 15 real estate fund managers in the US and the United Kingdom (who are Independent Third Parties), which ranged from 0.5% to 1.5% per annum of the paid-up capital contribution, for providing similar services, including but not limited to market research and identifying investment opportunities, investment and divestment management, financial and liquidity management. The rate of 1.80% per annum is determined with reference to the average rate of management fees charged by 7 listed companies in Hong Kong (who are Independent Third Parties), which ranged from 1.5% to 2.0% per annum of the paid-up capital contribution, for providing similar services, in particular, market research and investment sourcing, investment management and project management, financing and cash flow management, overall financial

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

management and divestment of the relevant investment. The management fee charged by the VOI Parties to the VPHK Parties (and other subsidiaries of China Vanke which hold real estate development and/or investment projects) is no less favourable than the fee charged by the Company to Independent Third Parties.

On top of the aforementioned 1.80% fee, in circumstances where third parties (other than VPHK or such other subsidiaries of China Vanke) hold certain interests in the project holding companies (which are subsidiaries of VPHK Group) for projects in Hong Kong, an additional management fee shall also be payable to VOI HK.

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

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

### **Historical transaction amount**

Pursuant to the Existing Management Services Framework Agreement, the annual caps for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and the year ending 31 December 2022 are HK\$48 million, HK\$263 million and HK\$263 million respectively.

The actual historical transaction amount of the transactions under the Existing Management Services Framework Agreement for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and for the period from 1 January 2022 to the Latest Practicable Date was approximately HK\$42,296,000, HK\$228,737,000 and HK\$179,945,000 respectively.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### **New Annual Caps and basis of determination of the management services**

The New Annual Caps for fees payable by the VPHK Parties to the VOI Parties for the transactions contemplated under the New Management Services Framework Agreement are HK\$300 million, HK\$300 million and HK\$300 million for the period from the Effective Date to 31 December 2023, the year ending 31 December 2024 and the year ending 31 December 2025, respectively.

In arriving at the New Annual Caps, the Directors have considered, among others, (i) the historical management cost incurred by the VOI Parties for projects of the VPHK Parties or their associates managed by the VOI Parties; (ii) the estimated base fee payable by the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects other than investments in the funds managed by an Independent Third Party and its subsidiaries) based on the expected committed/invested capital of approximately HK\$17.8 billion to be incurred by the VPHK Parties for each of the years ending 31 December 2023, 2024 and 2025; (iii) the estimated amount to be invested by third parties in project holding companies which are subsidiaries of VPHK and covered by the Management Services, which would vary the amount of additional management fee to be charged against the relevant project company in respect of the third party's interest in such project and thereby affecting the level of management fee receivable by the VOI Parties; (iv) the anticipated development stage of the projects to be managed under the New Management Services Framework Agreement which will affect the amount of invested capital in each project and thereby affecting the fees payable by the relevant entity or entities; (v) the economic conditions and performance of the property markets in the US, the United Kingdom and Hong Kong which may affect the sales of the projects managed by the VOI Parties and thereby affecting the level of invested capital in each project; (vi) the historical transaction amount and relatively high utilisation rate of the annual caps for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and for the period from 1 January 2022 to the Latest Practicable Date respectively for the transactions under the Existing Management Services Framework Agreement; and (vii) a buffer for acquisition of approximately 1 new project by the VPHK Parties and its subsidiaries, having considered the usual size of the projects of the VPHK Parties in terms of capital invested, which would in turn lead to potential additional capital to be invested by the VPHK Parties and a corresponding increase in management fee receivable by the VOI Parties, for each of the years 2023, 2024 and 2025 of approximately 10%, 10% and 10%, respectively, in the United Kingdom, the US and Hong Kong.

For terms related to the conditions precedent, please refer to sub-section headed "Conditions precedent" under the section headed "NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT" in the Letter from the Board.

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

#### ***1. Management fee rate analysis***

As advised by the Management, the Management Services shall offer similar scope of services as those under the Existing Management Services Framework Agreement, which include management of the property projects in the United Kingdom, the US and Hong Kong, as well as provision of the down-to-earth project execution services, such as construction progress monitoring, construction costs analysis and control as well as sales and market activities management. The management fee shall cover employee salary, year-end bonus and operating cost incurred during the provision of the Management Services. We were provided by the Management with, (i) the Existing Management Services Framework Agreement showing the current

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

management fee rate charged to the VPHK Parties for the Management Services; (ii) the estimated cost for managing the relevant projects in Hong Kong, the United Kingdom and the US by the Management Team for the three years ending 31 December 2025; and (iii) the historical cost for managing the relevant projects by the Management Team under the Existing Management Services Framework Agreement. It is noted that the estimated cost for managing the relevant projects in Hong Kong, the United Kingdom and the US by the Management Team apply a similar cost structure as compared to the historical cost. It is also noted when determining the estimated cost, several factors such as the expected inflation rate of employee salary and operating expenses for the three years ending 31 December 2025 have been taken into account.

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

We have also conducted a research on the website of the Stock Exchange on a best effort basis with respect to the provision of asset/investment management services as announced on the Stock Exchange's website during the period covered, from 1 October 2021 to the date of the New Management Services Framework Agreement (being approximately one year prior to the date of the New Management Services Framework Agreement) by other companies which meet the criteria that (a) the companies are listed on the Stock Exchange and (b) the companies are either the recipient or provider of asset/investment management related services. In selection of our comparable transactions, we review our observations for each and every three-month period, starting from the most recent period, and depending on the results of selection, we will continue such process for the next three-month period until and unless sufficient comparable transactions are located. Based on our research and as far as we are aware of, we have identified an exhaustive and complete list of 17 companies (excluding the Company). Shareholders should be aware that such companies may not be able to represent a direct comparison to the Company due to the difference in assets size, scope of services offered, financial performance, investment objectives and portfolio, operation and prospects of the investment companies. Out of the abovementioned 17 companies, there are:

- (i) 2 companies that only have a fixed management fee with no performance fee;
- (ii) 3 companies that have a management fee charged at a certain percentage of the net asset value; and
- (iii) 12 companies that have a management fee charged at a certain percentage of the invested capital or capital commitments and no performance fee.

In view of the above, it appears that there are different kind of structures and criteria taken into account when determining the fee package charged by the asset/ investment management services of the abovementioned 17 companies and each asset/investment firm may have its unique structure of remuneration package to serve its own purpose. Hence, we have identified an exhaustive and complete list of 12 companies as comparable companies which have a management fee charged at a certain percentage of invested capital or committed capital with no performance fee, which is similar to that of the Group (the "**Comparables**").

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Management, the provision of Management Services under the New Management Services Framework Agreement is similar to the services provided by fund manager/general partner in general. In particular, such management services involves, among other things, (i) identification of investment opportunities (equivalent to market research and investment sourcing under the New Management Services Framework Agreement); (ii) optimisation of investment (equivalent to (a) investment management and project management; (b) financing and cash flow management; and (c) overall financial management under the New Management Services Framework Agreement); and (iii) realisation of investment (equivalent to divestment of the relevant investment under the New Management Services Framework Agreement).

The table below illustrates the details of the Comparables:

Date of announcement/ circular	Company (stock code)	Investment target/segment	Location of services/ investment target	Brief details of services provided	Size and capital commitment	Management fee basis
6 October 2021	G-Resources Group Limited (1051.HK)	Subscription of the limited partnership interests in a private equity fund, in one healthcare company primarily engaged in immunology business with specialist experience in the research and development of allergy treatments and create immunotherapy treatments for a wide range of allergic conditions	Global	Provision of investment management services	USD42 million	2.00% per annum on the outstanding capital of the relevant limited partner, calculated from the date on which the relevant capital contribution is made
22 October 2021	Kinergy Corporation Ltd. (3302.HK)	Optoelectronics industry, precision technology equipment manufacturing industry, information technology industry, advanced manufacturing and other related industries	PRC	Provision of investment management services	RMB60 million	2.00% per annum of the paid-up capital contribution of the fund
23 December 2021	Winfull Group Holdings Limited (183.HK)	Technology and consumer	Unspecified	Provision of investment management and consulting services	RMB1,500 million	2.00% on the subscribed capital contribution of all the partners from the first closing date to the end of the investment; and 2.00% on the investment cost of the remaining investments, as shared by all the partners on a pro-rata basis with reference to their capital contribution afterwards

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement/ circular	Company (stock code)	Investment target/segment	Location of services/ investment target	Brief details of services provided	Size and capital commitment	Management fee basis
13 January 2022	Newborn Town Inc. (9911.HK)	Telecommunication, media, technology, metaverse, social media and electronic game demand of the global market	US	Provision of investment management services	USD100 million	1.00% per annum of the aggregate amount of contributions to be made by each limited partner in respect of portfolio investments
24 January 2022	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (2196.HK)	Equity and quasi-equity investment in early stage enterprises in the biomedical and healthcare industries	Unspecified	Provision of investment management services	RMB176 million	2.00% per annum calculated on the basis of all paid-in contribution by the limited partners at the time of payment
23 February 2022	Guotai Junan Securities Co., Ltd. (2611.HK)	Financial technology industry	Shanghai, PRC	Provision of investment management services	RMB2,766 million	2.00% per annum of the capital commitments from the date of commencement of the investment period
11 March 2022	GF Securities Co., Ltd. (1776.HK)	New energy field and new energy-related industrial chains	PRC	Provision of investment management services	RMB3,000 million	1.30% per annum of the total paid-in capital contribution amount of the partnership fund during the investment period
18 March 2022	Guangzhou Baiyunshan Pharmaceutical Holdings Co. Ltd. (874.HK)	Biomedical health	Unspecified	Provision of investment management services	RMB1,000 million	2.00% per annum of the total paid-in capital contribution during the investment period
25 May 2022	China Resources Power Holdings Company Limited (836.HK)	New energy high-end equipment manufacturing industries	PRC	Provision of investment management and operation services	RMB10,000 million	2.00% of the paid-in capital of the partnership fund
7 June 2022	Bonjour Holdings Limited (653.HK)	Real estate and technology and innovation projects	Hong Kong	Provision of overall operation and management services of the general business of the fund	HK\$550 million	1.50% per annum of the total fund size
10 August 2022	China International Marine Containers (Group) Co., Ltd. (2039.HK)	Advanced manufacturing sector, semiconductor sector, IoT sector and the new material sector	Unspecified	Provision of investment management and advisory services	RMB1,000 million	1.00% of the total paid-in capital contribution to the fund



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement/ circular	Company (stock code)	Investment target/segment	Location of services/ investment target	Brief details of services provided	Size and capital commitment	Management fee basis
20 September 2022	Shoucheng Holdings Limited (697.HK)	Science fiction related industries, such as advanced manufacturing, integrated circuits, software, intelligent driving, information technology, virtual reality, cultural creativity and consumer industries	Unspecified	Provision of investment management service	RMB300 million	2.00% per annum of the sum of the principals actually invested by the partnership from the establishment of the partnership to the expiry of the investment period
					Maximum	2.00%
					Minimum	1.00%
					Average	1.73%

According to table above, we note that the pricing approach of charging a fixed percentage of the invested capital/capital commitments is not an uncommon practice. Based on the above analysis, we are of the view that it is fair and reasonable to (i) set the management fee structure of the Group with reference to invested capital; and (ii) charge a management fee at a certain percentage of the invested capital or capital commitments, being the similar basis to that adopted by the Comparables. Based on our review of the Comparables, we note that (i) the Comparables charge a management fee rate ranging from 1.00% to 2.00% per annum based on their respective invested capital or capital commitments; and (ii) the management fee rate under the New Management Services Framework Agreement falls within the management fee range of the Comparables.

Although (i) the identified Comparables are primarily related to investment in private equity funds/partnerships and the services to be provided by the fund manager/general partner that might not be exactly the same as the Group and (ii) the locations of services provided (some of which are unspecified) may not be comparable to that of the Group, we notice that they share similarity in respect of the aforementioned nature of provision of services in general. Accordingly, we consider that the selection of the Comparable are fair, representative and reasonable for the purpose of our analysis.

As advised by the Management, the rate of 1.8% per annum is determined with reference to the rate of management fees charged by listed companies in Hong Kong (who are Independent Third Parties) for providing similar services. In this regard, we reviewed the Comparables provided by the Management and noted that the rate of approximately 1.8%, being the mean of their selections, is comparable to the mean of the aforementioned Comparables. We also note that the management fee to be charged by the VOI Parties for the provision of Management Services in Hong Kong of 1.80% is slightly above the mean of 1.73% of the Comparables above, which is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

While the management fee to be charged by the VOI Parties for the provision of Management Services in the US and the United Kingdom of 1.25% is below the mean of 1.73% of the Comparables above, we noted that the rate of 1.25% per annum is determined with reference to the rate of management fees charged by investment fund managers managing real estate properties portfolio (who have direct investment and/or management of at least 50% in real estate) globally and in the UK (who are Independent Third Parties) for providing similar services with a similar fee structure, including but not limited to (i) market research and identifying investment opportunities; (ii) investment and divestment management; (iii) and financial and liquidity management. Accordingly, we have conducted independent research on ongoing charge (being the costs reasonably expected to pay as a fund investor, including the management fees and other ancillary charge, and generally expressed as a percentage term of the fund value) of investment funds of comparable size based on information published by Morningstar Inc, an online independent investment data provider offering data on investment including mutual funds, exchange traded funds, and close end funds, as at 31 October 2022. We noted that the pricing approach of charging a fixed percentage of the asset value is not an uncommon practice. We managed to identify over 20 samples of which the mean is approximately 1.2%, being slightly below the management fee to be charged by the VOI Parties for the provision of Management Services in both the US and the United Kingdom of 1.25%.

Taking into account, among other things, (i) the major terms of the New Management Services Framework Agreement (save for the increase in rate of management fee for provision of Management Services in Hong Kong) remaining the same as those contemplated under the Existing Management Services Framework Agreement; (ii) the management fee rate for the provision of Management Services in Hong Kong being in the range of the management fee of the Comparables and above the average management fee of the Comparables; (iii) the management fee rate for the provision of Management Services in the US and the United Kingdom being in the range of the management fee of the Comparables and in line with the results of our independent research; and (iv) the current business relationship between the Group and the VPHK Parties, we consider that the management fees to be charged by VOI Parties under the New Management Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **2. *Additional management fee analysis***

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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the Management, we are given to understand that certain project holding companies are non-wholly owned subsidiary of VPHK with minority interests held by independent third parties, set up solely for the purpose of the property development projects in Hong Kong, and the VPHK Parties will enter into property management agreements with those project companies for the management services to be provided by the VOI Parties, including but not limited to (i) investment management and project management; (ii) divestment of the relevant investment (iii) financing and cash flow management; (iv) overall financial management; and (v) legal and compliance management. As such, the VOI Parties will also charge an additional management fee, reflecting the proportionate share interest of the project companies held by those minority interests, for similar services provided by the VOI Parties to the VPHK Parties in accordance with the New Management Services Framework Agreement. The VPHK Parties and/or their subsidiaries which act as project managers and deal with the third parties will receive the additional management fee from the third parties and then pay the VOI Parties on a dollar-to-dollar basis as the additional management fee.

In this regard, we have reviewed the additional management fee received by the VOI Parties under the Existing Management Services Framework Agreement, two signed property and sales management agreements entered into between a subsidiary of VPHK and the project company in relation to the provision of project management and sales services in Hong Kong, being all the property and sales management agreements entered into between the VOI Parties and the independent third parties which hold minority interests in the non-wholly owned project holding companies of VPHK and remain in force as at the date of the New Management Services Framework Agreement. We noted that the project manager shall be entitled to receive from the project company (i) a project management fee equivalent to 1.5% of total construction costs; and (ii) a further 1.0% of sale proceeds generated from such property development project; and/or half months' rental proceeds for any tenancy, lease or license with a term of no less than one year generated from the property investment projects in Hong Kong, as the case may be. It is also noted that the additional management fee to be charged by the VOI Parties under the New Management Services Framework Agreement is equivalent to that under the Existing Management Services Framework Agreement and the standard agreements, and the relevant terms of the New Management Services Framework Agreement are no less favourable than those under the Existing Management Services Framework Agreement and the standard agreements.

In addition, we are given to understand that the additional management fee will be insignificant, being no more than 1.3% of the New Annual Caps. Based on the foregoing, we consider that the additional management fee terms under the New Management Services Framework Agreement (which states that such fees will be charged based on the third party's interest in the relevant projects and the prevailing market terms) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The parties agree that the VOI Parties shall provide the Management Services to the VPHK Parties on normal commercial terms or on terms which are no less favourable to the VOI Parties than the VOI Parties may transact with Independent Third Parties from time to time. As advised by the Management, the entering into of the New Management Services Framework Agreement was to ensure fairness and reasonableness of the fee charging of the Management Services offered to the VPHK Parties' and their subsidiaries, the management fee and contractual terms for each individual management services agreement shall be, from the Group's perspective, on normal commercial terms or on terms no less favourable than the rates charged and terms for equivalent or similar services provided by the Group to Independent Third Parties in similar services. As advised by the Management, prior to entering into the New Management Services Framework Agreement, the Group did not enter into any similar asset management services arrangements with the VPHK Parties, nor with any external third parties since 2012 (save for the Existing Management Services Framework Agreement and the management services framework agreement dated 7 March 2019 (as amended, supplemented and restated by a supplemental agreement entered into by the parties on 29 August 2019) entered into between the VOI Parties and the VPHK Parties in relation to the provision of certain management services by the VOI Parties to the VPHK Parties).

### **3. *Internal Control***

In order to safeguard the interests of the Company and the Shareholders as a whole, the Group will adopt certain measures in monitoring the transactions under the New Management Services Framework Agreement (being the key internal control measures which have been adopted by the Company for the Existing Management Services Framework Agreement), and we note that (i) any individual overseas management services agreement should be reviewed by an executive Director and relevant legal and/or compliance personnel to ensure that the terms and the management fee are in accordance with the New Management Services Framework Agreement which will be no less favourable than the fee charged by the Company to Independent Third Parties (if applicable, or otherwise the rate of management fees charged by real estate fund managers (who are Independent Third Parties) for providing similar services) and that the New Annual Caps will not be exceeded; (ii) the Company has designated certain members of the management to closely monitor, and will periodically review the subsisting agreements and pricing terms (at least once every quarter) to ensure that the transactions contemplated under the New Management Services Framework Agreement will be conducted on normal commercial terms or terms which are no less favourable to the VOI Parties than those that the VOI Parties may transact with Independent Third Parties in similar services; (iii) the independent non-executive Directors will conduct annual review of and confirm whether the transactions contemplated under the New Management Services Framework Agreement are entered into in the ordinary course of business of the Group, on normal commercial terms or better and according to the New Management Services Framework Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole and ensure that the Group has complied with the Listing Rules in respect of the New Management Services Framework Agreement and the transactions contemplated thereunder; and (iv) the Company will engage its auditors to report on the continuing connected transactions every year, the details of the internal control measures are set out in the sub-section headed "INTERNAL CONTROL MEASURES" in the Letter from the Board. The above-mentioned measures will also help the Group monitor its pricing policy to the VPHK Parties and their subsidiaries and Independent Third Parties.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the documents in relation to the quarterly reviews performed by senior management of the Company on the management fees received under the Existing Management Services Framework Agreement and the pricing terms thereunder, the written annual confirmations of the auditors of the Company and the independent non-executive Directors in respect of the transactions under the Existing Management Services Framework Agreement. We have also discussed with the Management and understood that there has been no material change to the pre-existing internal control measures of the Group since the entering into of the Existing Management Services Framework Agreement and there has been no material finding/issue identified by the independent non-executive Directors and/or auditors of the Company in respect of the Existing Management Services Framework Agreement.

Taking into account the above internal control measures, in particular, (i) the ongoing supervision and monitoring of the pricing policy and the regular review and assessment on the transactions contemplated under the New Management Services Framework Agreement conducted by the relevant personnel and management of the Group; (ii) the respective annual review by the auditors of the Company on the pricing terms and annual caps of the relevant continuing connected transactions; and (iii) the respective annual review and confirmations by the independent non-executive Directors in accordance with the requirements under the Listing Rules, we are of the view that appropriate and adequate measures will be in place to ensure compliance with the terms of the New Management Services Framework Agreement in order to safeguard the interest of the Independent Shareholders.

#### 4. *New Annual Caps*

The table below sets out the (i) historical transaction amount for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and the period from 1 January 2022 to the Latest Practicable Date and the respective utilisation rates in terms of the annual caps under the Existing Management Services Framework Agreement; and (ii) the New Annual Caps under the New Management Services Framework Agreement for each of the three years ending 31 December 2025:

<i>(HK\$ in million)</i>	For the period from 30 October 2020 to 31 December 2020	For the year ended 31 December 2021	For the period from 1 January 2022 to the Latest Practicable Date	For the period from the Effective Date to 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
Historical transaction amount	42	229	180	–	–	–
Existing annual caps	48	263	263	–	–	–
Utilisation rate	88%	87%	68%	–	–	–
New Annual Caps	–	–	–	300	300	300

The New Annual Caps for the transactions under the New Management Services Framework Agreement are HK\$300 million, HK\$300 million and HK\$300 million for the period from the Effective Date to 31 December 2023, the year ending 31 December 2024 and the year ending 31 December 2025, respectively. For the Existing Management Services Framework Agreement, the

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group utilised approximately 88%, 87% and 68% of the existing annual caps for the period from 30 October 2020 to 31 December 2020, the year ended 31 December 2021 and for the period from 1 January 2022 to the Latest Practicable Date.

We have discussed with the staff members of the finance department and reviewed the relevant calculations and accounting records and have been given to understand that the New Annual Caps are derived with reference to, among other things, (i) the high utilisation rates of the annual caps of the Existing Management Services Framework Agreement; (ii) the estimated maximum management fee payable by the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects and procured by the VPHK Parties to engage the VOI Parties) based on the expected committed/invested capital of approximately HK\$17.8 billion to the VOI Parties for the three years ending 31 December 2025; (iii) the estimated amount of additional management fee payable to the VOI Parties based on third parties interest in the relevant projects; and (iv) a buffer for contingency for each of the years ending 31 December 2023, 2024 and 2025 of 10.0%. In order to assess the fairness and reasonableness of the New Annual Caps, in particular, the annual caps for the management fee charged for the Management Services for each of the three years ending 31 December 2025, we have taken into account the following factors:

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

In this regard, we have reviewed the list of properties projects in Hong Kong, the United Kingdom and the US to be managed under the New Management Services Framework Agreement and noted that the total invested capital of those projects in Hong Kong, the United Kingdom and the US is approximately HK\$15.6 billion as at the Latest Practicable Date. As advised by the Management, the estimated management fee is determined with reference to the actual and expected investment amount in respect of the property projects in Hong Kong, the United Kingdom and the US for the three years ending 31 December 2025, and calculated based on the assumption that the invested amount will remain at a stable level for the three years ending 31 December 2025. We have reviewed the property projects investment plan in Hong Kong, the United Kingdom and the US by the VPHK Parties for the period from the Latest Practicable Date to 31 December 2025 and noted that the expected committed/invested capital will be approximately HK\$17.8 billion for the three years ending 31 December 2025.

We have also reviewed the estimated additional management fee, which is based on the estimated construction costs and sales and rental proceeds of the property projects to be invested in Hong Kong according to the abovementioned property projects investment plan by the VPHK Parties for the three years ending 31 December 2025. We are advised by the Management that it is expected to receive additional management fees of approximately HK\$1 million for the year ending 31 December 2022, and expected to increase for the three years ending 31 December 2025.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our discussion with the Management, we were given to understand that the expected property projects investment plan in Hong Kong, the United Kingdom and the US by the VPHK Parties for the three years ending 31 December 2025 is determined in consideration of the VPHK Parties' current strategy in Hong Kong, the United Kingdom and the US. Based on the above, we consider the estimated management fee and additional management fee based on existing projects in Hong Kong, the United Kingdom and the US and the estimated invested amounts or estimated construction costs (as the case may be) under the property projects investment plan of VPHK Parties in Hong Kong, the United Kingdom and the US for the three years ending 31 December 2025 applied to the New Annual Caps calculations to be reasonable.

*(ii) Estimated buffer*

As advised by the Management, they have included a buffer of around 10.0%, 7.5% and 7.5% for determining the annual caps for the period from 30 October 2020 to 31 December 2020 and the year ended 31 December 2021 and the year ending 31 December 2022 under the Existing Management Services Framework Agreement and a buffer of 10.0% for the three years ending 31 December 2025 under the New Management Agreement on top of the aforementioned total estimated management fee under the New Management Services Framework Agreement was adopted. It is noted that the buffer allows for contingency situations where the management fee may increase, such as (a) change in economic conditions and performance of the property market in Hong Kong, the United Kingdom and the US; (b) change in the construction costs for development of property projects and sales and rental proceeds from projects in Hong Kong, the United Kingdom and the US; and (c) change in the VPHK Parties' investment strategy in Hong Kong, the United Kingdom and the US. We were advised by the Management that the Group may be required to provide Management Services in accordance with the terms of the New Management Services Framework Agreement to the VPHK Parties for any unanticipated property investment opportunities of the VPHK Parties that may arise from time to time. Having considered the size of the existing projects in terms of capital invested and the relatively high utilisation rates of the annual caps under the Existing Management Services Framework Agreement, we consider that it is acceptable for the Group to maintain a buffer at a reasonable level (i.e. 10%) in the New Annual Caps for the three years ending 31 December 2025 for the Management Services based on the capacity of provision of the Management Services and the possible unanticipated increase in the investment amounts of the property investment projects in Hong Kong, the United Kingdom and the US. Therefore, we consider the buffer of 10% to be reasonable and commercially justifiable.

Having studied (i) the calculation for the estimated management fee in respect of the Management Services to be provided by the Group; (ii) the calculation for the estimated additional management fee in respect of the Management Services to be provided by the Group; and (iii) the basis of determination of the New Annual Caps for the fees payable by the VPHK Parties to the Group, we consider that the New Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Notwithstanding the above, it should be noted that the New Annual Caps do not represent the amounts that will actually be paid to the Company. The actual management fee and additional management fee payable to the Company for each of the three years ending 31 December 2023, 2024 and 2025 shall be determined based on the terms of the New Management Services Framework

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Agreement. Further, in the event that fees payable to the Company during the three years ending 31 December 2025, calculated pursuant to the terms of the New Management Services Framework Agreement, exceed the New Annual Caps, the Group will have to comply with the relevant provisions under Chapter 14A of the Listing Rules, including without limitation making further announcement and obtaining further approval from the Independent Shareholders at that point in time before making the payments.

### *(iii) Revenue contribution from VPHK Parties/China Vanke Group*

As disclosed in the Letter from the Board, we note that the expected percentages of revenue to be generated from the provision of the Management Services to the VPHK Group are expected to respectively account for approximately 64.5%, 21.3% and 36.5% of the total consolidated revenues to be generated by the Group for the terms of the Transactions.

Having discussed with the Management, we are given to understand that the abovementioned fluctuation in the percentage of revenue generated from the provision of the Management Services to the VPHK Group as a percentage of the overall revenue of the Group (in particular the higher revenue contribution for the year ending 31 December 2023) is mainly attributable to: (i) the increase in the rate of management fee charged by the Group to the VPHK Parties in relation to projects in Hong Kong under the New Management Services Framework Agreement; (ii) the existing investment income stream of the Group from an investment property (i.e. Regent Centre); (iii) the interest income from an investment instrument held by the Company in respect of funding the development of the NY Property (the further details of which are disclosed in the circular of the Company dated 21 May 2019); (iv) the disposal of a revenue generating property in 2022; (v) the revenue to be generated from the Chun Yeung Street Property; and (vi) the revenue to be generated from the sale of the Yee Kuk Street Property that was acquired by the Group in early 2022 and is currently under redevelopment and expected to contribute to the Group's revenue in the years ending 31 December 2024 and 2025.

We are also given to understand that (i) the large invested capital requirement of the real estate development projects which the Group manages, resulting in the corresponding customer(s) of the Group (including VPHK Group) becoming the major customer of the Company during the term of the relevant engagements; (ii) the business relationship and synergy established between the Group and the VPHK Parties under the Existing Management Services Framework Agreement, and allowing the Group to further generate a stable revenue stream from the Transactions and leverage on the network of the VPHK Group to penetrate into the global market with a view to expanding the customers base of the Group both locally and overseas; (iii) the liberty of the Group to provide services to new customer(s) (which is independent third party); (iv) the Group is continuing to diversify its source of revenue/customer base (e.g. the Chun Yeung Street Property and the Yee Kuk Street Property); (v) customer concentration is not uncommon for property management companies/teams; and (vi) the Company has an independent Management Team and with independent accounting, financial and internal control systems and direct and independent access to suppliers and customers.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account the aforementioned, we concur with the Director's view that such customer concentration is not uncommon for property asset management companies (including the Group) and this is not an issue of extreme reliance on the China Vanke Group.

### RECOMMENDATION

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

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

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

*Note: Mr. Joseph Lam is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.*

## I. RESPONSIBILITY STATEMENT

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

## II. DISCLOSURE OF INTERESTS

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

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

#### *Interests in an associated corporation, China Vanke*

Name of Director	Type of shares	Number of ordinary shares held					Number of underlying shares held under equity derivatives	Total interests	Percentage of issued share capital (Note)
		Interest held as beneficial owner	Interest held by spouse	Interest held by controlled corporations	Other interests				
Sun Jia	A shares	—	5,800	—	—	—	5,800	0.00006%	
Que Dongwu	A shares	208,200	—	—	—	—	208,200	0.00214%	
Ding Changfeng	A shares	1,037,660	—	—	—	—	1,037,660	0.01067%	

*Note:* The total number of ordinary A shares of China Vanke in issue as at Latest Practicable Date was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at Latest Practicable Date was 1,906,512,938. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.

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

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

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

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

*Notes:*

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

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

### III. COMPETING INTEREST

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

<b>Name of Director</b>	<b>Position held in China Vanke and/or its subsidiaries and affiliates</b>
Mr. Sun Jia	The Chief Partner and Chief Executive Officer of Southern Regional Business Group, and Chief Partner of Shenzhen Vanke of China Vanke
Ms. Que Dongwu	A staff representative supervisor of the supervisory committee of China Vanke and a director of VPHK
Mr. Ding Changfeng	The Chief Executive Officer of the Hotels and Resorts Business Unit of China Vanke and a director of various subsidiaries and associated companies of China Vanke

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

VPHK is an indirect wholly-owned subsidiary of China Vanke. Each of Mr. Sun Jia and Mr. Ding Changfeng holds managerial or executive positions in certain subsidiaries or business units of China Vanke. Ms. Que Dongwu is a common director of the Company and VPHK. Mr. Sun Jia (through his spouse), Ms. Que Dongwu and Mr. Ding Changfeng have beneficial interests in certain issued shares of China Vanke.

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

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

**IV. INTERESTS IN CONTRACT OR ARRANGEMENT AND ASSETS**

On 1 December 2020, the Group entered into an agreement relating to the sharing of administrative services by the Group with VPHK Group on a cost basis for a period of three years taking retrospective effect and commencing from 1 January 2020, which is terminable by either party on giving no less than one month's notice.

On 7 January 2022, the Group entered into an agreement relating to the sharing of administrative services by VPHK Group with the Group on a cost basis for a period of three years taking retrospective effect and commencing from 1 January 2022, which is terminable by either party on giving no less than one month's notice.

The Company is an indirect 75% owned subsidiary of VPHK, which in turn is an indirect wholly-owned subsidiary of China Vanke. As disclosed above, Mr. Sun Jia is an executive of China Vanke and beneficially interested in the issued shares of China Vanke (through his spouse); Ms. Que Dongwu is a director of VPHK and beneficially interested in the issued shares of China Vanke; and Mr. Ding Changfeng is an executive of China Vanke and beneficially interested in the issued shares of China Vanke.

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

Save as disclosed above, none of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

**V. LITIGATION**

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

**VI. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2021 being the date to which the latest published audited financial statements of the Group were made up.

**VII. DIRECTORS' SERVICE CONTRACTS**

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

**VIII. MATERIAL CONTRACTS**

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

- (a) the sale and purchase agreement dated 22 November 2021 entered into between Oceanic Jade Limited (an indirect subsidiary of VPHK) as vendor and Vanke Hong Kong Investment Company (an indirect subsidiary of the Company) as the purchaser for the acquisition of the entire issued share capital and shareholders' loan of Enigma Company Limited at a consideration of approximately HK\$848.7 million; and
- (b) the sale and purchase agreement dated 21 January 2022 entered into between Lithium Concept Limited (an indirect subsidiary of the Company) as the vendor and M&G TS Ryder Limited as purchaser and M&G TS Europe Pte. Ltd as purchaser's guarantor in respect of the disposal of the entire issued share capital and shareholders' loan of Lithium Real Estate (Jersey) Limited at a consideration of approximately £55.4 million.

**IX. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
Asian Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

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

As at the Latest Practicable Date:

- (a) the expert above did not have any direct or indirect interests in any assets which have been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group; and
- (b) the expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**X. GENERAL**

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

**XI. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://vankeoverseas.com>) for a period of 14 days from the date of this circular:

- (a) the New Management Service Framework Agreement.

NOTICE OF EGM

**vanke**

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

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

**(Stock code: 01036)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of the shareholders of Vanke Overseas Investment Holding Company Limited (the “**Company**”) will be held at 22/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 23 December 2022 at 11:30 a.m. for the purposes of considering and, if thought fit, approving the matters set out below.

**ORDINARY RESOLUTION**

**“THAT**

the agreement (the “**New Management Services Framework Agreement**”) dated 26 October 2022 entered into among (i) Vanke Overseas UK Management Limited, (ii) Vanke US Management LLC, (iii) Vanke Holdings (Hong Kong) Company Limited, (iv) Vanke Overseas Management Holding Company Limited, (v) Vanke Property (Hong Kong) Company Limited, (vi) Chogori Investment (Hong Kong) Limited and (vii) Vanke Holdings USA LLC, a copy of which is marked “A” and initialled by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder and the proposed annual caps for the three years commencing the date on which the condition precedent therein has been satisfied and ending on 31 December 2022, be and are hereby confirmed and approved; and any one executive director and/or company secretary of the Company be and is/are hereby authorised to sign and execute such other documents and supplemental agreements and deeds (including the affixation of the common seal of the Company where execution under seal is required) for and on behalf of the Company and to do all such things and take all such actions as he/she may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the New Management Services Framework Agreement and/or the transactions contemplated thereunder.”

By order of the board of  
**VANKE OVERSEAS INVESTMENT  
HOLDING COMPANY LIMITED**

**Yip Hoi Man**

*Chief Financial Officer and Company Secretary*

Hong Kong, 23 November 2022



## NOTICE OF EGM

*Notes:*

- (1) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote instead of him. A proxy does not need to be a member of the Company.
  - (2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney of authority, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.
  - (3) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19 December 2022.
  - (4) All votes at the meeting are to be taken by poll.
  - (5) To safeguard the health and safety of Shareholders, staff and other stakeholders and to prevent the spreading of the Novel Coronavirus (COVID-19) pandemic, the following precautionary measures will be implemented at the EGM including, without limitation:
    - Compulsory temperature screening/checks and health declaration
    - Compulsory wearing of your own surgical face masks
    - Scanning the "LeaveHomeSafe" venue QR code
    - No distribution of refreshments or drinks
    - Be seated as indicated
    - To keep social distancing at the EGM venue, seats shall be limited and will be available on a first-come-first served basis
    - Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Hong Kong Government and/or regulatory authorities, or as considered appropriate in light of the development of the Covid-19 pandemic
- Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Hong Kong Government's quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Hong Kong Government's prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of Covid-19, will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company as permitted by law. The Company will conduct the EGM in accordance with the then prevailing requirements or guidelines published by the Government of the Hong Kong Special Administrative Region. The Company will continue to monitor COVID-19 and may alter the EGM arrangements at short notice. Shareholders are advised to check any future announcement(s) which the Company may publish on the websites of the Stock Exchange and the Company.
- (6) For the health and safety of Shareholders and all attendees, the Company reminds all Shareholders that physical attendance in person at the EGM is NOT necessary for the purpose of exercising voting rights and would like to encourage Shareholders to appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM according to their indicated voting instructions as an alternative and to return their forms of proxy by the time specified above.

## NOTICE OF EGM

- (7) In view of the travelling restrictions imposed by various jurisdictions including Hong Kong SAR to prevent the spread of COVID-19, certain Director(s) of the Company may attend the EGM through a conference call or similar electronic means.
- (8) Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.

*As at the date of this notice, the directors of the Company are:*

*Executive Directors:*

*Mr. Sun Jia (Chairman), Ms. Que Dongwu (Chief Executive Officer), Mr. Ding Changfeng, Ms. Zhou Yue*

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

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