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vanke

CHINA VANKE CO., LTD.*

萬科企業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2202)

PUBLIC LISTING-FOR-SALE OF ASSET TRANSACTION AND CONNECTED TRANSACTION

In order to promote the streamlining and strengthening package solution of the Company, revitalize stock assets, and focus on its three major businesses of real estate development, property services and rental housing, the Company commissioned the Shenzhen Public Resource Transaction Center to issue the Transfer Notice on 8 May 2024 for the transfer of the Transaction Asset by way of public listing, whereby any body corporate registered in the PRC, may bid independently or jointly for the transaction, while those registered in the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region, and overseas shall set up subsidiaries, in the mainland and bid in the name of such subsidiaries, and the bid winner and transaction price will be determined on the basis of awarding the highest bidder. On 27 May 2024, Baishuo Investment (in the proportion of 34%), and SZMC (in the proportion of 66%), the Company's largest shareholder as Joint Bidders won the Transaction Asset at RMB2.235 billion. The Company signed the Transfer Contract and the Confirmation of Completion on 27 May 2024 with Baishuo Investment and SZMC.

The Transaction Asset refers to the land use rights, buildings erected thereon, and attachments on Land Parcel No. T208-0053. The Transaction Asset is located at the southwest side of the intersection of Baishi 4th Road and Shenwan 4th Road, Nanshan District, Shenzhen, with a land area of 19,227.53 sq. m., and a total planned gross floor area of not exceeding 167,000 sq. m, the land use of which is for commercial service and road construction, the land use term is 30 years and currently approximately 23 years and 7 months remaining. Upon completion of construction of the Transaction Asset, 70% of construction floor area as planned shall be kept by the owners, and 30% of construction floor area is allowed for sale.

The carrying value of the Transaction Asset is RMB4.016 billion (including land premium and cost of construction and installation). Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司) has conducted a valuation of the Transaction Asset and issued the valuation report Pengxinzipingbaozi [2024] No. 112. The valuation benchmark date was 30 April 2024, the Transaction Asset was valued at RMB2.235 billion using the hypothetical development method of valuation. Based on the aforesaid valuation results, the Company has determined that the starting price for the public listing and sale of the Transaction Asset is RMB2.235 billion.

Public Listing-for-Sale of Asset Transaction, is one of the measures taken by the Company to resolutely promote the streamlining and strengthening package solutions, and the transaction price is not lower than the appraised value, which will bring a direct cash inflow of RMB2.235 billion to the Company. By calculation based on the book cost, the transaction is expected to affect the profit and loss of the current period by approximately RMB-1.785 billion (being the difference between the transaction price, the book cost of the Transaction Asset and deduct transaction cost, detailed financial data is subject to the results of the audited financial statements in 2024), which will help the Company to revitalize stock assets, optimise the asset allocation and strengthen the liquidity of the Company. In addition, the Company does not need to undertake the subsequent construction operation and investment of the Transaction Asset, which will reduce the appropriation of funds for non-main business assets of the Company and focus on its three major businesses of real estate development, property services and rental housing.

The connected transaction of the Public Listing-for-Sale of Asset Transaction has been considered and approved by the eighth meeting of the twentieth session of the Board. The related party Directors, Mr. Xin Jie, Mr. Huang Liping and Mr. Lei Jiansong, have abstained from voting. Save as aforesaid, none of the other Directors has any material interest in respect of this matter, and no Director is required to abstain from voting on the Board resolution in respect of this matter.

The connected transaction of The Public Listing-for-Sale of Asset Transaction has been considered and approved by the second meeting of independent Directors of the Company of the twentieth session of the Board.

The Directors (including the independent non-executive Directors) are of the view that the Transfer Contract meets the demand of the Company's operation and development and is in line with the market principles, and the terms of the Transfer Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As at the date of this announcement, SZMC, holding 27.18% of the shares in the Company, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the participation of SZMC in the bidding process of the Public Listing-for-Sale of Asset Transaction and the successful bidding of the Transaction Asset constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the above-mentioned connected transaction exceed 0.1% but are less than 5%, the Transfer Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the requirements of independent Shareholders' approval.

In order to promote the streamlining and strengthening package solution of the Company, and revitalize stock assets, better utilize resources and strengthen our three major businesses of real estate development, property services and rental housing, the Company commissioned the Shenzhen Public Resource Transaction Center to issue the Transfer Notice on 8 May 2024 for the transfer of the Transaction Asset by way of public listing. On 27 May 2024, Baishuo Investment (in the proportion of 34%), and SZMC (in the proportion of 66%), the Company's largest shareholder as Joint Bidders won the Transaction Asset at RMB2.235 billion. The Company signed the Transfer Contract and the Confirmation of Completion on 27 May 2024 with Baishuo Investment and SZMC.

MAIN CONTENT OF THE TRANSFER CONTRACT AND CONFIRMATION OF COMPLETION

- 1) **Date:** 27 May 2024;
- 2) **Parties:**
 - (i) China Vanke Co., Ltd. (as Vendor);
 - (ii) Baishuo Investment and SZMC (as Purchasers);
- 3) **Subject Matter:** The Purchasers won the bid by way of listing on 27 May 2024 for the transfer of Transaction Asset commissioned by the Vendor to the Shenzhen Public Resources Trading Center;
- 4) **Consideration and payment terms:** The transaction price is RMB2.235 billion payable in cash. The bidding deposit of RMB447 million already paid by the Purchasers to the Shenzhen Public Resources Trading Centre shall automatically become part of the transaction price, and the remaining transaction price after deducting the bidding deposit shall be payable by the Purchasers in one lump sum to the account designated by the Shenzhen Public Resources Trading Center within 2 working days after signing the Transfer Contract;

- 5) **Settlement:** Within 2 working days from the date of the Purchasers' one-off settlement of the transaction price, the Purchasers and the Vendor shall jointly carry out the registration procedures for the transfer of the Transaction Asset, and upon completion, the Shenzhen Public Resources Trading Center shall make payment of the transaction price to the Vendor in accordance with the payment instructions in paper form jointly confirmed by the Purchasers and the Vendor. Within 10 working days from the date of completion of the registration procedures for the transfer of the Transaction Asset, the Vendor shall hand over the Transaction Asset to the Purchasers on an "as is" basis.

INFORMATION ON THE TRANSACTION ASSET

The Transaction Asset refers to the land use rights, buildings erected thereon, and attachments on Land Parcel No. T208-0053. The Transaction Asset is located at the southwest side of the intersection of Baishi 4th Road and Shenwan 4th Road, Nanshan District, Shenzhen, with a land area of 19,227.53 sq. m., and a total planned gross floor area of not exceeding 167,000 sq. m., including an above-ground construction land area of 153,000 sq. m, which includes an office land area of 111,010 sq. m, a commercial land area of 10,000 sq. m, a hotel land area of 20,000 sq. m, a canteen land area of 4,000 sq. m, a cultural facilities area of 7,650 sq. m, and a property service land area of 340 sq. m; and an underground construction land area of 14,000 sq. m., the land use of which is commercial service and road construction, the land use term is 30 years and currently approximately 23 years and 7 months remaining. After construction of the Transaction Asset is completed, 70% of construction floor area as planned shall be kept by the owners, and 30% of construction floor area is allowed for sale.

The Transaction Asset is not subject to any mortgage or charge. None of the related assets is involved in any significant disputes, litigations or arbitrations, or any enforcement measures such as seizure and freezing.

The carrying value of the Transaction Asset is RMB4.016 billion (including land premium and cost of construction and installation). Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司) has conducted a valuation of the Transaction Asset and issued the valuation report Pengxinzipingbaozi [2024] No. 112. The valuation benchmark date was 30 April 2024, the Transaction Asset was valued at RMB2.235 billion using the hypothetical development method of valuation. Based on the aforesaid valuation results, the Company has determined that the starting price for the public listing and sale of the Transaction Asset is RMB2.235 billion. For further details about the valuation, please refer to the Appendix.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Public Listing-for-Sale of Asset Transaction, as one of the measures taken by the Company to resolutely promote the streamlining and strengthening package solution, and the transaction price is not lower than the appraised value, which will bring a direct cash inflow of RMB2.235 billion to the Company. By calculation based on the book cost, the transaction is expected to affect the profit and loss of the current period by approximately RMB-1.785 billion (being the difference between the transaction price

and the book cost of the Transaction Asset and deduct transaction cost, detailed financial data is subject to the results of the audited financial statements of 2024), which will help the Company to revitalize stock assets and optimise the asset allocation and strengthen the liquidity of the Company. In addition, the Company does not need to undertake the subsequent construction, operation and investment of the Transaction Asset, which will enable the Company to focus on its three major businesses of real estate development, property services and rental housing.

The Public Listing-for-Sale of Asset Transaction is in line with rule of market and law, and its transfer price is based on asset appraisal value. The Transaction Asset is publicly listed on the Shenzhen Public Resource Trading Center for transfer, whereby any body corporate registered in the PRC, may bid independently or jointly for the transaction, while those registered in the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region and overseas shall set up subsidiaries in the mainland and bid in the name of such subsidiaries, and the bid winner and transaction price will be determined on the basis of awarding the highest bidder. On 27 May 2024, the Purchasers won the bid for the Transaction Asset at RMB2.235 billion. The use term of land in the Transaction Asset is 30 years and approximately 23 years and 7 months remaining, and 70% of construction floor area as planned shall be kept by the owner, and 30% of construction floor area is allowed for sale, after construction is completed.

The connected transaction of the Public Listing-for-Sale of Asset Transaction has been considered and approved by the eighth meeting of the twentieth session of the Board. The related party Directors, Mr. Xin Jie, Mr. Huang Liping and Mr. Lei Jiansong, have abstained from voting. Save as aforesaid, none of the other Directors has any material interest in respect of this matter, and no Director is required to abstain from voting on the Board resolution in respect of this matter.

The connected transaction of the Public Listing-for-Sale of Asset Transaction has been considered and approved by the second meeting of independent Directors of the Company of the twentieth session of the Board. The independent non-executive directors of the Company consider that the pricing of the connected transaction of the Public Listing-for-Sale of Asset Transaction is based on asset appraisal value, and the Transaction Asset is publicly listed for transfer on Shenzhen Public Resource Trading Center and available for bid by all entities in the market which meet the qualifications, with fair and reasonable transaction terms, open and justified transaction process and fair transaction result, does not constitute the circumstances which damage the interest of the Shareholders of the Company, specifically the interest of small and medium Shareholders, and comply with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and other regulations and normative documents.

The Directors (including the independent non-executive Directors) are of the view that the Transfer Contract is in line with the market principles, meets the demand of the Company's operation and development and is in favor of the Company to focus on its major businesses and stable operation, and the terms of the Transfer Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

The Company is a joint stock limited company incorporated in the PRC on 30 May 1984, and its H shares are listed on the main board of Hong Kong Stock Exchange and its A shares are listed on the Shenzhen Stock Exchange. The Company is principally engaged in property development and property investment in the PRC.

Baishuo Investment was incorporated in the PRC on 17 May 2024 as a wholly-owned subsidiary of Shenzhen Dashahe Construction Investment Co., Ltd.*, with the State-owned Assets Supervision and Administration Bureau of Shenzhen Nanshan District (深圳市南山區國有資產監督管理局) as its de facto controller. Its principal activities are engaging in investment activities with its own funds. To the best of the Directors' knowledge, information and belief and having made reasonable enquiries, Baishuo Investment and its ultimate beneficial owner are independent third parties other than the Company and connected persons of the Company.

SZMC, incorporated on 31 July 1998, is a large-scale state-owned proprietary enterprise under the direct control of the Shenzhen State-owned Assets Supervision and Administration Commission. SZMC is principally engaged in metro constructions, rail operations, property development, commercial operations, property management, engineering investigations and design, etc. SZMC has undertaken the construction of the “Combination of Three Rails into One” (「三鐵合一」) project, combining national railways, intercity railways and urban rail transit, and the operation of the “four-in-one” (「四位一體」) core value chain consisting of railway construction, railway operation, station-city development and resource management, and is striving to build up an open, innovative and inclusive “Railway+” ecosystem.

LISTING RULES IMPLICATION

As at the date of this announcement, SZMC, holding 27.18% of the shares in the Company, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the participation of SZMC in the bidding process of the Public Listing-for-Sale of Asset Transaction and the successful bidding of the Transaction Asset constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the above-mentioned connected transaction exceed 0.1% but are less than 5%, the Transfer Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the requirements of independent Shareholders' approval.

DEFINITIONS

“Baishuo Investment”	Shenzhen Baishuo Yinghai Investment Co., Ltd.* (深圳市百碩迎海投資有限公司), incorporated in the PRC on 17 May 2024 as a wholly-owned subsidiary of Shenzhen Dashahe Construction Investment Co., Ltd.*, with the State-owned Assets Supervision and Administration Bureau of Shenzhen Nanshan District (深圳市南山區國有資產監督管理局) as its de facto controller. Its principal activities are engaging in investment activities with its own funds. To the best of the Directors’ knowledge, information and belief and having made reasonable enquiries, Baishuo Investment and its ultimate beneficial owner are independent third parties other than the Company and connected persons of the Company
“Board”	the board of directors of the Company
“Company”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock limited company incorporated in the PRC on 30 May 1984, and its shares are listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange
“Confirmation of Completion”	the confirmation of completion signed by the Vendor and the Purchasers on 27 May 2024 in respect of the successful bidding of the Transaction Asset by the Purchasers
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Public Listing-for-Sale of Asset Transaction”	the public transfer of the Transaction Asset by way of listing by the Company by commissioning the Shenzhen Public Resources Trading Center to publish the Transfer Notice on 8 May 2024

“Purchaser(s)” or “Joint Bidder(s)”	Baishuo Investment and SZMC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares of the Company
“substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Shenzhen Public Resources Trading Center”	Shenzhen Trading Group Limited (Shenzhen Public Resources Trading Center)* (深圳交易集團有限公司(深圳公共資源交易中心)), the venue for the Public Listing-for-Sale of Asset Transaction to take place
“SZMC”	Shenzhen Metro Group Co., Ltd. (深圳市地鐵集團有限公司), a state-owned proprietary enterprise established in the PRC on 31 July 1998, primarily engages in metro constructions, rail operations, property development, commercial operations, property management, engineering investigations and design, etc., is an existing substantial Shareholder of the Group and a connected person of the Company
“Transaction Asset”	land use rights, ground buildings, and attachments on Land Parcel No. T208-0053
“Transfer Notice”	the “Shenzhen State-owned Construction Land Use Right Transfer Notice” (Shen Tu Jiao Gao [2024] No.14) (《深圳市國有建設用地使用權轉讓公告》(深土交告[2024]14號)) commissioned by the Company to be published by Shenzhen Public Resources Trading Center
“Transfer Contract”	the “Contract for Transfer of Land Use Rights of Land Parcel No. T208-0053” (《T208-0053宗地土地使用權轉讓合同書》) signed between the Vendor and the Purchasers on 27 May 2024
“Vendor”	the Company
“%”	per cent.

By order of the Board
China Vanke Co., Ltd.*
ZHU Xu
Company Secretary

Shenzhen, the PRC, 27 May 2024

As at the date of this announcement, the Board of the Company comprises Mr. YU Liang, Mr. ZHU Jiusheng and Ms. WANG Yun as executive Directors; Mr. XIN Jie, Mr. HU Guobin, Mr. HUANG Liping and Mr. LEI Jiangsong as non-executive Directors; and Mr. LIU Tsz Bun Bennett, Mr. LIM Ming Yan, Dr. SHUM Heung Yeung Harry and Mr. ZHANG Yichen as independent non-executive Directors.

* *For identification purpose only*

Appendix: FURTHER INFORMATION ON THE VALUATION

(1) ISSUANCE OF VALUATION REPORT

The valuation report was issued by Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司), (the “**Appraisal Company**”) under the appraisal report number Pengxinzipingbaozi [2024] No. 112 (the “**Valuation Report**”), and the valuation conclusion was valid from 30 April 2024 to 30 April 2025. To the best of the Directors’ knowledge, information and belief and having made reasonable enquiries, the Appraisal Company and its ultimate beneficial owner are independent third parties other than the Company and connected persons of the Company.

The scope of valuation of the Valuation Report: Parcel T208-0053 and construction-in-progress located in southwest side of the intersection of Baishi 4th Road and Shenwan 4th Road, Nanshan District, Shenzhen

After accepting an asset valuation commission, the Appraisal Company will prepare a valuation plan, obtain details of the assets, conduct on-site investigations to identify the relevant assets, check and verify the accounting certificates and ownership proofs of the relevant assets, understand the storage, operation, maintenance and repair of the physical assets, and investigate the information and data on the macro and regional economic factors, the current state of the industry and the prospects of its development. Based on the on-site investigation and the valuation data collected and taking into account the actual situation and characteristics of the appraised property, the Company selected the appropriate valuation method to carry out the valuation estimation and formed a valuation conclusion, and ultimately issued a valuation report.

(2) EVALUATION ASSUMPTIONS

- (i) the appraised object or all appraised assets are in the process of market transactions on the valuation benchmark date;
- (ii) the trading market where the appraised object or all appraised assets are located in an open market on the valuation benchmark date;
- (iii) the assessed assets will continue to be developed and constructed as normal with reference to the existing planning indicators and development plans;
- (iv) there are no material changes in the current relevant laws, regulations and policies, and the macroeconomic situation in the PRC, and there are no material changes in the political, economic and social environment of the region where the parties to the transactions are located; there are no material changes in the interest rates, exchange rates, tax bases and tax rates, policy levies, financing conditions; there are no force majeure and unforeseen factors that will cause material adverse effects on the appraised object or all appraised assets;

- (v) the information necessary for the valuation of the appraised object or all appraised assets (including but not limited to the declaration of valuation information in the schedule of asset valuation schedule, business data and information related to the appraised object and its assets and liabilities covered by the corresponding appraisal scope or the appraised enterprise, relevant financial reports and information and other important information, etc.) is true, complete, legal and valid;
- (vi) information obtained from certain sources other than the delegator and interested parties used under the valuation can reasonably reflect the corresponding market transaction trends, market operation conditions or market development trends.

(3) SELECTION AND INTRODUCTION OF VALUATION METHODS

The method adopted for the preparation of the Valuation Report is the hypothetical development method for the following reasons:

- (i) There is an inactive property transaction market for similar projects under construction in the area where the valuation object is situated, and it is not appropriate to adopt the market approach for the valuation;
- (ii) The valuation object is a construction in progress and is not yet in normal use, therefore no rental income currently exists and it is not appropriate to directly adopt the income approach for the valuation;
- (iii) The value of a property depends on its utility and has little relationship to do with its costs. The property under valuation is used for commercial and office purposes, and it is not appropriate to adopt the cost approach for valuation;
- (iv) The hypothetical development method is applicable where the appraised property has potential for development or redevelopment, where it is possible to make a normal judgement on the best way to develop and utilise the appraised property, and where it is possible to predict the value of the appraised property upon completion of development. Where the subject of appraisal is a commercial property under construction, with detailed planning indicators and conditions for development, it is appropriate to adopt the hypothetical development method for appraisal.

The hypothetical development method is a method of projecting the value of the real property condition of a project to be developed, deducting all the necessary expenses for subsequent development and construction, and deducting retained earnings, to obtain the market value of the commissioned construction-in-progress as at the valuation benchmark date. It is assumed that the development method is essentially an income approach, which is a derivative of the income approach.

(4) HOW TO DETERMINE AND CONVERT INTO APPRAISED VALUES

- (i) Calculation formula for the hypothetical development method: appraised value = value corresponding to the condition of the real estate after completion of development – remaining expenses (development costs + finance expenses+ sales expenses + management expenses + sales tax + land appreciation tax + income tax) – retained earnings
- (ii) Value calculation of the saleable property: Selection of a number of properties with similar real estate conditions as the project to be built on the land (if applicable) for comparison based on the market survey and correction with reference to the market conditions, location conditions, physical conditions and other parameters to arrive at the sales price per unit area of the property, and ultimately to calculate the value of the property commensurate to the completion of the development of the property;
- (iii) Calculation of the value of the self-owned properties: selecting a number of similar real estate (if applicable) with the real estate conditions of the project to be built on the land for comparison based on the market survey and arriving at the benchmark rental unit price after corrections with reference to parameters such as market conditions, location conditions and physical conditions, and then calculating the present value of the income that can be derived from the properties during the income period based on parameters such as the income period of the different types of properties, the vacancy rate, the rental growth rate and the discount rate, to calculate the income per unit area of the property, and finally calculate the value of the property after the completion of the development.

(5) VALUATION CONCLUSION

The valuation results was RMB2,235 million.