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vanke 万科
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)

**DISCLOSEABLE TRANSACTION
AND
RESUMPTION OF TRADING**

THE ACQUISITION

The Board is pleased to announce that Vanke Real Estate (Hong Kong), an indirect wholly-owned subsidiary of the Company, has on 5 July 2017 entered into the Consortium Term Sheet and on 14 July 2017 entered into the Shareholders Agreement and the Ancillary Agreements for the purposes of the Acquisition.

The Acquisition involves the proposed acquisition of all of the issued and paid-up ordinary shares (excluding treasury shares) in the capital of Global Logistic Properties Limited by the Offeror. The Acquisition will be effected by GLP by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Singapore Code on Take-overs and Mergers.

The consideration per share in GLP is S\$3.38. Accordingly, the total consideration for the Acquisition is approximately S\$15.9 billion (equivalent to approximately HK\$90.0 billion). The Offeror, a special purpose vehicle indirectly wholly-owned by Nesta Investment Holdings, L.P., will settle such consideration by way of, among others, capital contributions from the limited partners of Nesta Investment Holdings, L.P. The capital contributions of Vanke Real Estate (Hong Kong) in Nesta Investment Holdings, L.P. at the close of the Acquisition will be no more than S\$3.4 billion (equivalent to approximately HK\$19.3 billion), representing approximately 21.4% limited partnership interest therein.

In addition, Vanke Real Estate (Hong Kong) and its affiliates may also invest in certain feeder funds established by other Consortium members for the purpose of the Acquisition. The amount of such investment will only be finalised as at the time of completion of the Acquisition. In any event the aggregate investment amount payable by the Company in relation to the Acquisition will not exceed such threshold that will be 25% or more under all applicable percentage ratios calculated in accordance with the Listing Rules. The Company will make further announcements, if and when necessary, to disclose subsequent developments relating to the Acquisition (including additional capital contribution, if any, made by the Company for the Acquisition).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in relation to the investment amount payable by Vanke Real Estate (Hong Kong) in relation to the Acquisition exceed 5% but are less than 25%, the transactions contemplated under the Acquisition constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the H shares of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on 14 July 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the H shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 18 July 2017.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INTRODUCTION

The Board is pleased to announce that Vanke Real Estate (Hong Kong), an indirect wholly-owned subsidiary of the Company, has on 5 July 2017 entered into the Consortium Term Sheet and on 14 July 2017 entered into the Shareholders Agreement and the Ancillary Agreements for the purposes of the Acquisition.

The Acquisition involves the proposed acquisition of all of the issued and paid-up ordinary shares (excluding treasury shares) in the capital of GLP by the Offeror. The Acquisition will be effected by GLP by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Code.

CONSORTIUM

Under the arrangements relating to the Consortium, the Offeror is indirectly wholly-owned by Nesta Investment Holdings, L.P., an exempted limited partnership organised under the laws of the Cayman Islands. The general partner of Nesta Investment Holdings, L.P. is Nesta Investment Holdings GenPar Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, and the limited partners of Nesta Investment Holdings, L.P. are members of the Consortium comprising:

1. HOPU
2. Hillhouse Capital
3. SMG
4. BOCGI
5. Vanke Real Estate (Hong Kong) and its affiliates

In return for the capital contributions to be made by each Consortium member directly in Nesta Investment Holdings, L.P. in respect of which such Consortium member will receive limited partnership interests in Nesta Investment Holdings, L.P., such Consortium member will also hold a corresponding ownership interest in the Class A Shares.

It is anticipated that each Consortium member will take a direct stake in the interests of Nesta Investment Holdings, L.P. and a corresponding direct stake in Class A Shares in the following proportion as at the close of the Acquisition:

Consortium member	Proportion (%)
HOPU	21.3
Hillhouse Capital	21.2
SMG	21.2
BOCGI	15.0
Vanke Real Estate (Hong Kong)	21.4
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Total	100.0^{Note}
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Note: Figure rounded to the nearest whole number.

Consortium Term Sheet

Date

5 July 2017

Parties

- (1) Hopu Logistics Investment Management Co., Ltd.
- (2) Hillhouse Capital Logistics Management, Ltd.
- (3) SMG Eastern Limited
- (4) Bank of China Group Investment Limited
- (5) Vanke Real Estate (Hong Kong)

Terms

The Consortium members have entered into the Consortium Term Sheet to regulate the conduct of the Consortium for the purpose of the Acquisition. Pursuant to the Consortium Term Sheet, the Consortium members have established a steering committee comprising one (1) representative from each of HOPU, Hillhouse Capital and SMG. Each of BOCGI and Vanke Real Estate (Hong Kong) shall be entitled to nominate one (1) representative to attend and observe meetings of the steering committee as an observer.

The parties to the Consortium Term Sheet agree that the steering committee shall be responsible for and shall have the authority to bind the Offeror in respect of all matters relating to the Acquisition and the conduct of the Acquisition.

Shareholders Agreement

Date

14 July 2017

Parties

- (1) SMG Eastern Fund, L.P.
- (2) Freesia Investment Fund, L.P.
- (3) Hillhouse GI Fund, L.P.
- (4) Express Trend Resources Ltd. and Bank of China Group Investment Limited
- (5) Vanke Real Estate (Hong Kong)
- (6) Nesta Investment Holdings GenPar Limited

Terms

The Shareholders Agreement contains provisions relating to the post-Acquisition shareholding and governance arrangements in respect of Nesta Investment Holdings GenPar Limited.

Pursuant to the terms of the Shareholders Agreement:

- | | |
|--------------------|--|
| Board of Directors | The board of directors of Nesta Investment Holdings GenPar Limited shall at all times consist of not more than 11 directors to be designated as follows: <ol style="list-style-type: none">(i) one (1) director, who shall act as chairman, designated by HOPU, Hillhouse Capital and SMG as sponsors on a rotational basis;(ii) two (2) directors designated by HOPU;(iii) two (2) directors designated by Hillhouse Capital;(iv) two (2) directors designated by SMG;(v) two (2) directors designated by BOCGI; and(vi) two (2) directors designated by Vanke Real Estate (Hong Kong) and its affiliates; |
|--------------------|--|

provided, however, that each of BOCGI and Vanke Real Estate (Hong Kong) shall only be entitled to designate two (2) directors for so long as it and its affiliates hold no less than 15% of the outstanding Class A Shares and one (1) director for so long as it and its affiliates hold no less than 10% of the outstanding Class A Shares. Each director may be replaced by the relevant designating Consortium member.

Reserved Matters

The Consortium members have agreed on a list of reserved matters which shall require the approval of shareholders holding more than a specified proportion of the outstanding Class A Shares and/or the affirmative vote of a specified proportion of directors on the board of directors of Nesta Investment Holdings GenPar Limited.

In addition, Vanke Real Estate (Hong Kong) has on 14 July 2017 entered into the Ancillary Agreements, including a limited partnership agreement in relation to Nesta Investment Holdings, L.P. and other agreements relating to the funding of the Acquisition with other members of the Consortium and their respective affiliates.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the parties to the Consortium Term Sheet, the Shareholders Agreement and the Ancillary Agreements and their respective ultimate beneficial owner(s) are Independent Third Parties.

THE ACQUISITION AND THE SCHEME

Background

Following a request received from its largest shareholder, GIC Real Estate Private Limited, GLP undertook an independent strategic review of options available for its business in line with its commitment to enhance shareholder value. GLP constituted a special committee consisting of four independent directors to oversee the strategic review.

Following the receipt of firm proposals from shortlisted bidders on 30 June 2017 and after conducting an in-depth and independent review and evaluation of the proposals received, GLP has selected the Offeror as its preferred bidder following the recommendation of the special committee, in consultation with its professional advisors.

Following the selection of the Offeror as the preferred bidder, GLP and the Offeror have jointly announced the proposed acquisition of all of the issued and paid-up ordinary shares (excluding treasury shares) in the capital of GLP.

The Acquisition will be effected by GLP by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Code.

Implementation Agreement

In connection with the Acquisition, the Offeror and GLP have on 14 July 2017 entered into an implementation agreement setting out the terms and conditions on which the Offeror and GLP will implement the Scheme.

Consideration

The consideration per share in GLP is S\$3.38. Accordingly, the total consideration for the Acquisition is approximately S\$15.9 billion (equivalent to approximately HK\$90.0 billion). The Offeror, a special purpose vehicle indirectly wholly-owned by Nesta Investment Holdings, L.P., will settle such consideration by way of, among others, capital contributions from the limited partners of Nesta Investment Holdings, L.P. The capital contributions of Vanke Real Estate (Hong Kong) in Nesta Investment Holdings, L.P. at the close of the Acquisition will be no more than S\$3.4 billion (equivalent to approximately HK\$19.3 billion), representing approximately 21.4% limited partnership interest therein.

In addition, Vanke Real Estate (Hong Kong) and its affiliates may also invest in certain feeder funds established by other Consortium members for the purpose of the Acquisition. The amount of such investment will only be finalised as at the time of completion of the Acquisition. In any event the aggregate investment amount payable by the Company in relation to the Acquisition will not exceed such threshold that will be 25% or more under all applicable percentage ratios calculated in accordance with the Listing Rules. The Company will make further announcements, if and when necessary, to disclose subsequent developments relating to the Acquisition (including additional capital contribution, if any, made by the Company for the Acquisition).

The consideration payable by Vanke Real Estate (Hong Kong) is expected to be financed by internal and external resources and shall be paid on or around the effective date of the Scheme.

The consideration per share in GLP was determined after taking into account, among other things, the trading multiples of comparable companies, precedent transactions in the industry, with reference to privatisation transactions in Singapore in recent years.

The consideration for Acquisition reflects a premium of 81%, 76%, 72% and 67% over the 12-month, 6-month, 3-month and one-month volume weighted average price of the shares of GLP prior to the last trading day immediately before 1 December 2016. The Scheme consideration also represents a premium of 8% over the all-time high closing price of the shares of GLP on both 24 October 2013 and 15 November 2013. As at 12 July 2017, GLP has a market capitalisation of approximately S\$12.7 billion. Total assets of GLP group as of 31 March 2017 were US\$21.8 billion.

Delisting

Upon the Scheme becoming effective and binding, GLP will become a wholly-owned subsidiary of the Offeror, and will, subject to the approval of the SGX-ST, be delisted from the Mainboard of the SGX-ST.

Scheme Conditions

The Acquisition is conditional upon the satisfaction (or, where applicable, the waiver) of certain conditions precedent to the implementation of the Scheme including approval from shareholders of GLP, regulatory and Court approval and the non-occurrence of certain prescribed occurrences relating to GLP (or certain principal entities in GLP group) and the Offeror.

If each of the Scheme conditions is satisfied (or, where applicable, waived) in accordance with the Implementation Agreement, the Scheme will come into effect on the date on which a copy of the order of the Court pursuant to Section 210 of the Companies Act sanctioning the Scheme has been lodged with the Accounting and Corporate Regulatory Authority of Singapore pursuant to Section 210(5) of the Companies Act, which date shall, in any event, be no later than the date falling nine months from the date of the Implementation Agreement or such other date as may be agreed in writing between the Offeror and GLP.

REASONS AND BENEFITS OF THE ACQUISITION

The Acquisition represents a unique opportunity for the Company to invest in a company with an exceptional platform and to expand its leadership position in the modern logistics space.

The Acquisition facilitates the strategic positioning of the Company in the logistics sector, enables it to further expand its sphere of influence. It also enhances the Company's growth, reinforces the market leading position and optimises its logistics real estate business, and at the same time continues to create value and contribution to society as a whole. It is therefore an important step in the implementation of the Company's strategy in delivering integrated services to cities and municipalities.

On that basis, the Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in relation to the investment amount payable by Vanke Real Estate (Hong Kong) in relation to the Acquisition exceed 5% but are less than 25%, the transactions contemplated under the Acquisition constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

Information about GLP

GLP is listed on the Mainboard of the SGX-ST. GLP and its subsidiaries own, manage and develop logistics facilities. The GLP group owns and manages a portfolio of 55 million square metres of modern logistics facilities in China, Japan, the United States of America and Brazil. GLP is also one of the world's largest real estate fund managers, with assets under management of approximately US\$39 billion.

Financial information of GLP

Set out below is the audited financial information of the GLP group for the two financial years ended 31 March 2016 and 2017:

	For the financial year ended 31 March	
	2016	2017
	<i>US\$'000</i>	<i>US\$'000</i>
Net profit before taxation and extraordinary items	1,306,575	1,347,599
Net profit after taxation and extraordinary items	1,032,817	1,056,368

Information about HOPU

Established by Mr. Fang Fenglei in 2008, HOPU is a leading China-based private equity investment firm with offices in Beijing, Hong Kong, and Singapore. The firm has strong relationships with sovereign wealth funds, pension funds and institutional investors in Asia Pacific, Americas, Europe, and the Middle East. HOPU invests across a broad range of industries, including consumer, natural resources, logistics, technology, agribusiness, life sciences and financial services. To date, HOPU has managed approximately US\$7.5 billion through multiple funds, and has generated transactions amounting to US\$24 billion in deal size. Freesia Investment Fund, L.P. is controlled by HOPU.

Information about Hillhouse Capital

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting technological transformation and innovation. Hillhouse Capital invests in the consumer, TMT, healthcare, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage US\$30 billion in assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices. Hillhouse GI Fund, L.P. is controlled by Hillhouse Capital.

Information about SMG

SMG is an investment holding vehicle wholly-owned by Mr. Ming Z. Mei, the chief executive officer and executive director of GLP. SMG Eastern Fund, L.P. is controlled by SMG.

Information about BOCGI

Incorporated in Hong Kong in 1984, BOCGI is the financial service investment arm of Bank of China Limited, specialising in corporate equity investments. BOCGI invests in Hong Kong, China, and overseas, and focuses mainly on Bank of China Limited's key customers, target clients, and strategic partners. BOCGI puts emphasis on enterprises that are leaders in their respective industries, along with those that demonstrate a prominent competitive edge, strong track record, and sound corporate governance. BOCGI seeks to invest in the energy, logistics, transportation, real estate and hotel, industry and manufacturing, financial services, and communication sectors. Express Trend Resources Ltd. is controlled by BOCGI.

Information about the Company

Established in 1984, the Company is a leading real estate company headquartered in Shenzhen. It develops residential properties, as well as other retail and industrial properties for urban auxiliary purposes. In 2016, the Company realised a sales amount of RMB364.77 billion. The Company has a total of over 1,800 service projects, more than 356 million square metres of contractual area, and 10.75 million users served. The Company is dual-listed on the Shenzhen Stock Exchange and the Stock Exchange. It conducts investment, financing, and property development activities outside of China through an offshore management platform, Vanke Real Estate (Hong Kong).

RESUMPTION OF TRADING

At the request of the Company, trading in the H shares of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on 14 July 2017 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the H shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 18 July 2017.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of all of the issued and paid-up ordinary shares in the capital of GLP (excluding treasury shares) by the Offeror
“Ancillary Agreements”	the limited partnership agreement in relation to Nesta Investment Holdings, L.P. and other agreements relating to the funding of the Acquisition by the Consortium
“Board”	the board of Directors of the Company
“BOCGI”	Bank of China Group Investment Limited and its affiliates
“Class A Shares”	Class A ordinary shares of Nesta Investment Holdings GenPar Limited
“Code”	the Singapore Code on Take-overs and Mergers

“Company”	China Vanke Co., Ltd* (萬科企業股份有限公司), a joint stock company established under the laws of the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 2202) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“Companies Act”	the Companies Act, Chapter 50 of Singapore
“Consortium”	a consortium formed for the purpose of the Acquisition comprising of HOPU, Hillhouse Capital, SMG, BOCGI and Vanke Real Estate (Hong Kong) and its affiliates
“Consortium Term Sheet”	a consortium term sheet dated 5 July 2017 entered into amongst members of the Consortium in relation to the Acquisition
“Court”	High Court of the Republic of Singapore
“Director(s)”	director(s) of the Company
“GLP”	Global Logistic Properties Limited, a company incorporated in the Republic of Singapore with limited liability, the shares of which are listed on the SGX-ST (stock code: MC0)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hillhouse Capital”	Hillhouse Capital Logistics Management, Ltd. and its affiliates and entities managed or advised by them
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HOPU”	HOPU Logistics Investment Management Co., Ltd. and its affiliates and entities managed or advised by them
“Implementation Agreement”	an implementation agreement dated 14 July 2017 entered into between the Offeror and GLP setting out the terms and conditions on which the parties thereto will implement the Scheme
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offeror”	Nesta Investment Holdings Limited, a special purpose vehicle incorporated under the laws of the Cayman Islands whose shares are indirectly owned by Nesta Investment Holdings, L.P.
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore
“Scheme”	the Acquisition as effected by GLP by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Code
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholders Agreement”	a shareholders agreement entered into by the Consortium members in respect of the post-Acquisition shareholding and governance arrangements in respect of Nesta Investment Holdings GenPar Limited
“SMG”	SMG Eastern Limited and its affiliates and entities managed or advised by them
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States of America
“Vanke Real Estate (Hong Kong)”	Vanke Real Estate (Hong Kong) Company Limited, a company incorporated under the laws of Hong Kong and is an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Shenzhen, the PRC
17 July 2017

For the purpose of this announcement, translations of S\$ into HK\$ or vice versa have been calculated by using an exchange rate of S\$1.00 equal to HK\$5.6843. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the Board comprises Mr. YU Liang, Mr. WANG Wenjin and Mr. ZHANG Xu as executive Directors; Mr. LIN Maode, Mr. XIAO Min, Mr. CHEN Xianjun and Mr. SUN Shengdian as non-executive Directors; and Mr. KANG Dian, Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. LI Qiang as independent non-executive Directors.

* *For identification purpose only*