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)

CONNECTED TRANSACTIONS
TRANSFER OF THE DISPOSAL INTERESTS AND THE DISPOSAL EQUITY IN THE MANGROVE BAY PROJECT

THE SUBJECT AGREEMENTS IN RELATION TO THE MANGROVE BAY PROJECT

Since 2015, the Group has cooperated with Shenzhen Metro Group, the substantial Shareholder of the Company, to jointly develop the Mangrove Bay Project which is a real estate project situated at the land parcel (bearing land lot number: T207-0048) in Mangrove Bay, Shenzhen. As at the date of this announcement, the Mangrove Bay Project is held by Shenzhen Metro Group; whereas, the Disposal Company (the management and operating company of the Mangrove Bay project) is held by Shenzhen Metro Group as to 51%, and the Company as to 49%. The Disposal Company is a subsidiary of Shenzhen Metro Group.

As a joint developer, the Company (through its 49% interest in the Disposal Company) was responsible for the specific implementation of the development, construction management, sales, marketing and operation of the Mangrove Bay Project, with China Construction First Group as the key contractor. Pursuant to the Original Cooperation Documents, the Company was entitled to receive the Disposal Interests (being 49% of the future investment income rights of the Mangrove Bay Project, together with other ancillary interests specified in the Original Cooperation Documents).

In order to (i) optimize the cash flow positions of the Group, (ii) facilitate the Group to recover funds in advance, and (iii) optimize the investment amount in commercial properties of the Group, on 27 January 2025 (after trading hours), the following Subject Agreements were entered into by the Company and/or Shenzhen Kezhu (a wholly-owned subsidiary of the Group):

(a) the *Income Rights Transfer Agreement* between the Company and Shenzhen Metro Group, pursuant to which, the Disposal Interests shall be transferred to Shenzhen Metro Group for a total consideration of RMB1,292,058,995.31;

(b) the *Equity Transfer Agreement* amongst the Company, the Disposal Company and Shenzhen Metro Group, pursuant to which, the Disposal Equity (representing 49% equity interest in the Disposal Company which is a subsidiary of Shenzhen Metro Group) shall be transferred to Shenzhen Metro Group for a total consideration of RMB58,247,192.51;

(c) the *Management Services Termination Agreement* amongst the Company, the Disposal Company, Shenzhen Metro Group and Shenzhen Kezhu, pursuant to which, the provision of existing Management Services by the Disposal Company to Shenzhen Kezhu (a subsidiary of the Group) for a management fee shall be terminated upon completion of the transfer of the Disposal Equity;

(d) the *Entrusted Sales Agreement* between Shenzhen Kezhu and Shenzhen Metro Group, pursuant to which, Shenzhen Kezhu shall be entrusted by Shenzhen Metro Group to sell the unsold Entrusted Properties situated at the Upper Office District of the Mangrove Bay Project;

(e) the *Tripartite Agreement* amongst the Company, Shenzhen Metro Group and China Construction First Group, pursuant to which (among others), Shenzhen Metro Group and China Construction First Group shall each assume the rights, obligations and responsibilities of the Company specified in the Original Cooperation Documents; and

(f) the *Debt Set-off Agreement* amongst the Company, Shenzhen Kezhu, the Disposal Company, Shenzhen Metro Group and Vanke Development, to offset the Metro Parties Payables against the Vanke Parties Payables.

Upon completion of the transfer of the Disposal Interests and the Disposal Equity, Shenzhen Metro Group will hold 100% of the investment income rights, together with other ancillary interests, in respect of the Mangrove Bay Project, as well as 100% equity interest in the Disposal Company.

It is expected that the Group will record a profit of approximately RMB600 million upon completion of the Subject Agreements, which is the difference between the full-cycle equity net profit of the Mangrove Bay Project and the cumulative equity net profit carried forward on the accounts of the Group. The actual amount of gain or loss as a result of the transactions contemplated under the Subject Agreements to be recorded by the Group may vary, and will be subject to the review and final audit by the Company's auditors following their completion.

LISTING RULES IMPLICATION

As at the date of this announcement, Shenzhen Metro Group is a substantial Shareholder holding approximately 27.18% of the total issued share capital of the Company, and therefore is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Subject Agreements and the transactions thereunder constitute connected transactions 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 abovementioned Subject Agreements and the transactions thereunder exceed 0.1% but are less than 5%, the Subject Agreements and the transactions thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Since 2015, the Group has cooperated with Shenzhen Metro Group, the substantial Shareholder of the Company, to jointly develop the Mangrove Bay Project which is a real estate project situated at the land parcel (bearing land lot number: T207-0048) in Mangrove Bay, Shenzhen. As at the date of this announcement, the Mangrove Bay Project is solely held by Shenzhen Metro Group; whereas, the Disposal Company (the management and operating company of the Mangrove Bay project) is held by Shenzhen Metro Group as to 51%, and the Company as to 49%. The Disposal Company is a subsidiary of Shenzhen Metro Group.

As a joint developer, the Company (through its 49% interest in the Disposal Company) was responsible for the specific implementation of the development, construction management, sales, marketing and operation of the Mangrove Bay Project, with China Construction First Group as the key contractor. Pursuant to the Original Cooperation Documents, the Company was entitled to receive the Disposal Interests (being 49% of the future investment income rights of the Mangrove Bay Project, together with other ancillary interests specified in the Original Cooperation Documents).

In order to (i) optimize the cash flow positions of the Group, (ii) facilitate the Group to recover funds in advance, and (iii) optimize the investment value in commercial properties of the Group, on 27 January 2025 (after trading hours), the following agreements (collectively, the "**Subject Agreements**") were entered into by the Company and/or Shenzhen Kezhu (a wholly-owned subsidiary of the Group):

(a) the *Income Rights Transfer Agreement* between the Company and Shenzhen Metro Group, pursuant to which, the Disposal Interests shall be transferred to Shenzhen Metro Group for a total consideration of RMB1,292,058,995.31;

(b) the *Equity Transfer Agreement* amongst the Company, the Disposal Company and Shenzhen Metro Group, pursuant to which, the Disposal Equity (representing 49% equity interest in the Disposal Company which is a subsidiary of Shenzhen Metro Group) shall be transferred to Shenzhen Metro Group for a total consideration of RMB58,247,192.51;

(c) the *Management Services Termination Agreement* amongst the Company, the Disposal Company, Shenzhen Metro Group and Shenzhen Kezhu, pursuant to which, the provision of existing Management Services by the Disposal Company to Shenzhen Kezhu (a subsidiary of the Group) for a management fee shall be terminated upon completion of the transfer of the Disposal Equity;

(d) the *Entrusted Sales Agreement* between Shenzhen Kezhu and Shenzhen Metro Group, pursuant to which, Shenzhen Kezhu shall be entrusted by Shenzhen Metro Group to sell the unsold Entrusted Properties situated at the Upper Office District of the Mangrove Bay Project;

(e) the *Tripartite Agreement* amongst the Company, Shenzhen Metro Group and China Construction First Group, pursuant to which (among others), Shenzhen Metro Group and China Construction First Group shall each assume the rights, obligations and responsibilities of the Company specified in the Original Cooperation Documents; and

(f) the *Debt Set-off Agreement* amongst the Company, Shenzhen Kezhu, the Disposal Company, Shenzhen Metro Group and Vanke Development, to offset the Metro Parties Payables against the Vanke Parties Payables.

Upon completion of the transfer of the Disposal Interests and the Disposal Equity, Shenzhen Metro Group will hold 100% of the investment income rights, together with other ancillary interests, in respect of the Mangrove Bay Project, as well as 100% equity interest in the Disposal Company.

The principal terms of each of the Subject Agreements are set out below.

THE INCOME RIGHTS TRANSFER AGREEMENT

1) Date: 27 January 2025 (after trading hours)

2) Parties: (i) Shenzhen Metro Group (as transferee);
(ii) the Company (as transferor);

3) Subject Matter: Pursuant to the Income Rights Transfer Agreement, the Company has conditionally agreed to transfer, and Shenzhen Metro Group conditionally agreed to accept, the Disposal Interests.

4) Consideration: The total consideration for the Income Rights Transfer is RMB1,292,058,995.31, which was determined with reference to (i) the appraised value of 100% investment income rights in respect of the Mangrove Bay Project, being approximately RMB1,291.1298 million as of the Reference Date, as valued by the Independent Valuer by the application of the income approach; and (ii) the current business conditions, as well as the prospects and outlook of the Mangrove Bay Project. For further details regarding the said valuation performed by the Independent Valuer, please refer to the Appendix.

5) Payment Arrangement: Taking into account (i) the funds transferred to the Company in advance by Shenzhen Metro Group through the surplus capital during the development of the Mangrove Bay Project and (ii) the earnest money paid to the Company in advance, the total consideration for the Disposal Interests, which shall be payable by Shenzhen Metro Group to the Company shall be deemed to have been settled, and paid in full by the Company pursuant to the Income Rights Transfer Agreement. In addition, the Company shall refund the excess amount (being RMB10,476,197.08) of the earnest money previously paid to the Company by Shenzhen Metro Group to Shenzhen Metro Group, the payment of which is expected be funded by the internal resources of the Group. Pursuant to the Income Rights Transfer Agreement, the Company shall make a one-off payment to Shenzhen Metro Group within 5 working days from the Disposal Interests Transfer Date.

The Mangrove Bay Project has been completed and accepted for filing. Subsequently, in the event that (A) the costs and expenses incurred by the Mangrove Bay Project in respect of (i) the events already occurred and (ii) the contracts already signed prior to the date of the Income Rights Transfer Agreement exceed the total costs of the Mangrove Bay Project as committed by the Company; or (B) the actual sales amount of the sold units of the Phase V offices (High Zone) of the Mangrove Bay Project is lower than the amount committed by the Company (including but not limited to refund of the sold units), the loss of net profit (after tax) recorded by the Mangrove Bay Project shall be fully indemnified by the Company.

6) Conditions precedent: Completion of the transfer of the Disposal Interests is conditional upon satisfaction of customary conditions precedent (or waiver thereof, where applicable), including without limitation: the Seller having obtained the necessary internal authorisations and approvals, and external third parties and government authorities (where applicable).

THE EQUITY TRANSFER AGREEMENT

1) Date: 27 January 2025 (after trading hours)

2) Parties:
(i) Shenzhen Metro Group (as transferee);
(ii) the Company (as transferor);
(iii) the Disposal Company;

3) Subject Matter: Pursuant to the Equity Transfer Agreement, the Company conditionally agreed to transfer, and Shenzhen Metro Group conditionally agreed to accept, the Disposal Equity, together with all accompanying rights and interests, for the Equity Transfer Consideration.

4) Consideration: The total consideration for the transfer of the Disposal Equity is RMB58,247,192.51 (the "**Equity Transfer Consideration**"), which was determined on normal commercial terms and after arm's length negotiations and with reference to (i) the appraised value of 100% equity interests in the Disposal Company, being approximately RMB118.8307 million (the corresponding value for the Disposal Equity was RMB58.227 million) as of the Reference Date, as valued by the Independent Valuer by the application of the asset approach; and (ii) the current business conditions, as well as the prospects and outlook of the Disposal Company. For further details regarding the said valuation performed by the Independent Valuer, please refer to the Appendix to this announcement.

5) Payment Arrangement: As at the date of the Equity Transfer Agreement, the Vanke Parties and the Metro Parties have separately entered into the Debt Set-off Agreement, pursuant to which, (i) the Vanke Parties Payables owing to the Metro Parties, (ii) the Metro Parties Payables owing to the Vanke Parties, and (iii) the Equity Transfer Consideration will be offset against each other. For further details, please refer to the section headed "The Debt Set-off Agreement" in this announcement.

6) Completion: Subject to the fulfilment of the above conditions precedent, the Company shall arrange for registration of the transfer of the Disposal Equity with the relevant authorities within 10 business days after (i) the date on which the Company and Shenzhen Metro Group executes a letter of transfer confirmation; or (ii) the date on which the Registration and Filing Procedures for Industrial and Commercial Change are completed.

Completion shall take place on the date on which (i) Shenzhen Metro Group becomes the registered holder of the Disposal Equity; or (ii) Shenzhen Metro Group confirms in writing that all conditions precedent having been fulfilled, whichever is later (the "**Completion Date**").

THE MANAGEMENT SERVICES TERMINATION AGREEMENT

1) Date: 27 January 2025 (after trading hours)

2) Parties:
(i) Shenzhen Metro Group;
(ii) the Company;
(iii) Shenzhen Kezhu; and
(iv) the Disposal Company;

3) Subject Matter: Pursuant to the Management Services Termination Agreement, the provision of existing Management Services by the Disposal Company to Shenzhen Kezhu shall be terminated upon completion of the transfer of the Disposal Equity.

The Company shall be responsible for handling complaints, letters, visits, stability maintenance, lawsuits and other disputes arising from the sold portion of the office buildings in the Upper Office District of the Mangrove Bay Project. In the event that such customer disputes eventually lead to Shenzhen Metro Group and the Disposal Company being sought for claims and held liable, such liabilities shall be borne between Shenzhen Metro Group and the Company in proportion as to 51%: 49%.

4) Effective Date: The Management Services Termination Agreement shall take effect on the date on which Shenzhen Metro Group becomes the registered holder of the Disposal Equity.

5) Consideration and Payment Arrangement: The total outstanding amount for the provision of the Management Services payable by Shenzhen Kezhu to the Disposal Company is RMB94,757,262.31 as at the date of this announcement. Such sum shall form part of the Vanke Parties Payables, and to be set off against the Metro Parties Payables and the Equity Transfer Consideration under the Management Services Termination Agreement. For details, please refer to the section headed "THE DEBT SET-OFF AGREEMENT" below in this announcement.

THE ENTRUSTED SALES AGREEMENT

1) Date: 27 January 2025 (after trading hours);

2) Parties:
(i) Shenzhen Metro Group;
(ii) Shenzhen Kezhu;

3) Entrusted Matter: Pursuant to the Entrusted Sales Agreement, Shenzhen Metro Group agreed to entrust, and Shenzhen Kezhu agreed to assume the right to sell unsold properties situated in the Upper Office District of the Mangrove Bay Project at the selling price designated by Shenzhen Metro Group (the "**Entrusted Properties**").

Shenzhen Kezhu may opt to (i) select other sales agent and/or third-party channels to sell the Entrusted Properties, with costs and expenses incurred therefrom to be borne by Shenzhen Kezhu; and (ii) provide with end-customers interior improvement services (including decoration, the costs and expenses of which shall be borne by Shenzhen Kezhu) and collect the corresponding service fees from the end-customers.

4) Term of Entrusted Sales: From the effective date of the Entrusted Sales Agreement up to 31 December 2029.

In the event all sales of the Entrusted Properties have been completed before 31 December 2029, the term of entrustment shall expire correspondingly on an earlier date.

5) Payment Arrangement: Shenzhen Metro Group will not pay any sales service fees or commissions to Shenzhen Kezhu. All proceeds received from end-customers by Shenzhen Kezhu in respect of each sale of any Entrusted Property shall be paid to the bank account(s) designated by Shenzhen Metro Group.

THE TRIPARTITE AGREEMENT

1) Date: 27 January 2025 (after trading hours);

2) Parties:
(i) Shenzhen Metro Group;
(ii) the Company;
(iii) China Construction First Group;

3) Subject Matter: Each party confirms that, commencing from the Disposal Interests Transfer Date, the Company shall withdraw from the consortium as originally agreed in the Original Cooperation Documents, and the Disposal Interests, together with other interests originally entitled by the Company in the Mangrove Bay Project, shall be unconditionally transferred to Shenzhen Metro Group, and Shenzhen Metro Group shall be entitled to 100% interest in the Mangrove Bay Project.

The Company shall no longer be entitled to any interests under the Mangrove Bay Project, nor shall it be liable for any obligations and liabilities (except as otherwise agreed between Shenzhen Metro Group and the Company in the Income Rights Transfer Agreement), and the Company shall not be jointly liable for the rights and obligations of China Construction First Group under the Original Cooperation Documents.

4) Effective Date: The Tripartite Agreement shall take effect from the Disposal Interests Transfer Date.

THE DEBT SET-OFF AGREEMENT

1) Date: 27 January 2025 (after trading hours)

2) Parties:

(i) Shenzhen Metro Group;
(ii) the Company;
(iii) Shenzhen Kezhu;
(iv) the Disposal Company;
(v) Vanke Development;

3) Subject Matter: Each party confirmed and agreed that, with respect to the Equity Transfer Agreement, the Management Services Termination Agreement, the Metro Parties Payables shall be offset in equal amounts to the Vanke Parties Payables. Such set-off shall be deemed to be completed on the effective date of the Debt Set-off Agreement.

4) Debt Set-off Arrangements: Each party confirmed that:

(i) the total outstanding amount of the Vanke Parties Payables is RMB96,979,243.17; and

(j) the total outstanding amount of the Metro Parties Payables is RMB89,437,830.72.

Upon completion of the offsetting, the outstanding amount payable by Shenzhen Kezhu to the Disposal Company under the Debt Set-off Agreement shall be RMB7,541,412.45, which shall be settled in one lump sum, and to be funded by the Group's internal resources, within 5 working days following the Disposal Interests Transfer Date.

5) Effective Date: The Debt Set-off Agreement shall take effect from the Disposal Interests Transfer Date.

FINANCIAL INFORMATION OF THE MANGROVE BAY PROJECT, THE DISPOSAL INTERESTS AND THE DISPOSAL EQUITY

The Mangrove Bay Project

The Mangrove Bay Project was co-developed and constructed by Shenzhen Metro Group and the Company on the land parcel with the land lot number T207-0048. Pursuant to the Original Cooperation Documents, the Company was (i) responsible for the implementation of the development, construction management, sales, marketing and operation of the Mangrove Bay Project, with China Construction First Group as the main contractor; and (ii) entitled to receive the Disposal Interests (being 49% of the future investment income rights of the Mangrove Bay Project and other ancillary interests).

The Mangrove Bay Project has a total saleable area of 458,000 square metres, which includes centralised commercial area, a hotel, super-Grade A offices, Shenzhen Bay SIC65, business apartments, offices LOFT, commercial villas and ground floor shops. At present, the completion, acceptance and filing of the Mangrove Bay Project has completed; and the centralised commercial area and the hotel have been opened for business.

The Disposal Interests

The total assets attributable to the Mangrove Bay Project as at 31 December 2023 was RMB18,021,433,949.88. The net profit (before and after tax) attributable to the Mangrove Bay Project for the two financial years ended 31 December 2023 and the two months ended on the Reference Date were as follows:

Unit: RMB thousand

	31 December 2022 (Audited)	**31 December 2023 (Audited)**	**29 February 2024 (Audited)**
Net profit (before tax)	72,589.54	266,797.41	19,334.69
Net profit (after tax)	54,418,84	199,999.61	14,501.02

As disclosed in the section headed "THE INCOME RIGHTS TRANSFER AGREEMENT" of this announcement, the appraised value of 100% investment income rights in respect of the Mangrove Bay Project was valued at approximately RMB1,291.1298 million as of the Reference Date. In arriving such appraised value, the Independent Valuer has adopted the income approach. For further details regarding the said valuation, please refer to the Appendix.

The Disposal Company

The total assets, net asset value, and net profit (before and after tax) of the Disposal Company for the financial year ended 31 December 2023 and for the two months ended on the Reference Date were as follows:

Unit: RMB ten thousand

	31 December 2023 (Audited)	**29 February 2024 (Audited)**
Total assets	15,525.33	26,267.92
Net asset value	5,843.41	11,887.18
Net profit (before tax)	53.77	8,058.36
Net profit (after tax)	28.76	6,043.77

As disclosed in the section headed "THE EQUITY TRANSFER AGREEMENT" of this announcement, the appraised value of 100% equity interests in the Disposal Company was valued at approximately RMB118.8307 million (the corresponding value for the Disposal Equity was RMB58.227 million) as of the Reference Date. In arriving such appraised value, the Independent Valuer has adopted the asset approach. For further details regarding the said valuation, please refer to the Appendix.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The transaction price of the Disposal Interests was determined based on the Disposal Interests Valuation Report (as defined in the appendix to this announcement) issued by the Independent Valuer with 29 February 2024 as the Reference Date. The appraised value was RMB1,291.1298 million. The Company determines the transaction price taking into account the appraised value and negotiations with the counterparty, and its final price is largely in line with the appraised value.

The transaction price of the Disposal Equity was determined based on the Disposal Company Valuation Report (as defined in the appendix to this announcement) issued by the Independent Valuer with 29 February 2024 as the Reference Date. The valuation results showed that the appraised value of the entire shareholders' equity interests in the Disposal Company was RMB118.8307 million (and the equivalent amount of the Disposal Equity was RMB58.227 million). The Company determines the transaction price taking into account the appraised value and negotiations with the counterparty, and its final price is largely in line with the appraised value.

Following over ten years of development, construction and sales of the Mangrove Bay Project, a high portion of the available inventory consists of properties of holding nature. The Income Rights Transfer Transaction hence helps the Company revitalize the existing assets, recover project funds in advance, and enhance liquidity. In 2014, the Company acquired the 49% of the income rights in the Mangrove Bay project for approximately RMB4.53 billion, and invested approximately RMB245 million as start-up capital. As at the date of this announcement, the Company has recovered a total of approximately RMB7.44 billion. Upon completion of the Subject Agreements, the Company is expected to achieve a total net profit of approximately RMB3.17 billion, of which approximately RMB2.57 billion has already been settled in the Company's past financial statements. Therefore, the Company's exit from the Mangrove Bay Project pursuant to the Subject Agreements will record a profit of approximately RMB600 million in the financial statements of the Company. The actual financial effect will be subject to the audit results of the Company's financial statements for 2025.

The completion of the connected transactions under the Subject Agreements will not result in any appropriation of the Company's non-operating fund by Shenzhen Metro Group, nor will there be any issues related to land leases to be dealt with, or segregation of personnel, assets, and financial matters.

The transactions under the Subject Agreements follow market principles, with the transaction prices based on the asset appraised values or audit report. The Directors believe that the transactions meet the needs of the Company's business development and are in the interests of the Company and its Shareholders as a whole, and will not adversely affect the financial performance or operating results of the Company.

THE FINANCIAL IMPACTS OF THE CONNECTED TRANSACTIONS UNDER THE SUBJECT AGREEMENTS ON THE GROUP

As at the date of this announcement, it is expected that the Group will record a profit of approximately RMB600 million upon completion under the Subject Agreements. Such sum represents the difference between the full-cycle equity net profit of the Mangrove Bay Project and the cumulative equity net profit carried forward on the accounts of the Group. The actual amount of gain or loss as a result of the transactions contemplated under the Subject Agreements to be recorded by the Group may vary, and will be subject to the review and final audit by the Company's auditors following their completion. No net proceeds will be received by the Company from the transactions contemplated under the Subject Agreements.

The connected transactions under the Subject Agreements have been considered and approved by the twelfth meeting of the twentieth session of the Board. The related Directors, namely Mr. XIN Jie, Mr. HUANG Liping and Mr. LEI Jiangsong, have abstained from voting on the Board resolution in respect of this matter. Save for the aforesaid, none of the other Directors has any material interest in this matter, and no Director is required to abstain from voting on this resolution.

The connected transactions under the Subject Agreements have been considered and approved by the third special meeting of independent directors of the twentieth session of the Board.

Having regard to the foregoing, the Directors consider that the terms of the Subject Agreements were determined after the arm's length negotiation among the parties. The Directors (including the independent non-executive Directors) are of the view that the Subject Agreements, despite not being entered into in the ordinary and usual course of business of the Group, meet the needs of the Company's business development and comply with market principles, and that the terms of the Subject Agreements are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

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.

Shenzhen Kezhu

Shenzhen Kezhu is a limited company established in the PRC and a wholly-owned subsidiary of the Company. Its principal businesses include the provision of construction and renovation works as well as construction management services for real estates.

Vanke Development

Vanke Development is a limited company established in the PRC and a wholly-owned subsidiary of the Company, whose principal businesses are property development and property investment in the PRC.

Shenzhen Metro Group

Shenzhen Metro Group, 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. Shenzhen Metro Group is principally engaged in metro constructions, rail operations, property development, commercial operations, property management, engineering investigations and design, etc. Shenzhen Metro Group 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.

The Disposal Company

The Disposal Company is a limited company established in the PRC. As at the date of this announcement, it is a subsidiary of Shenzhen Metro Group, and is owned by (i) Shenzhen Metro Group, a substantial Shareholder, as to 51%; and (ii) the Company as to 49%. Accordingly, as an associate of Shenzhen Metro Group, the Disposal Company is a connected person of the Company under Chapter 14A of the Listing Rules.

Established on 12 March 2015 with a registered capital of RMB50 million. the Company is principally engaged in asset operation and management services.

China Construction First Group

China Construction First Group is a limited company established in the PRC and is wholly-owned by China State Construction Engineering Corporation Limited (中國建築股份有限公司), a company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601668), as at the date of this announcement. China Construction First Group is principally engaged in general construction contracting, professional contracting, engineering project management, etc. To the Directors' knowledge and belief and after making all reasonable enquiries, China Construction First Group and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person.

LISTING RULES IMPLICATION

As at the date of this announcement, Shenzhen Metro Group is a substantial Shareholder holding approximately 27.18% of the total issued share capital of the Company, and therefore is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Subject Agreements and the transactions thereunder constitute connected transactions 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 abovementioned Subject Agreements and the transactions thereunder exceed 0.1% but are less than 5%, the Subject Agreements and the transactions thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

"Board"	the board of directors of the Company
"China Construction First Group"	China Construction First Group Corporation Limited (中國建築一局(集團)有限公司), a company established in the PRC with limited liability
"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, the shares of which are listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange
"Completion Date"	has the meaning ascribed to it in the section headed "Major Particulars of the Equity Transfer Agreement – Completion" in this announcement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Debt Set-off Agreement"	the Debt Set-off Agreement signed by the Company with Shenzhen Metro Group, Shenzhen Kezhu and Vanke Development on 27 January 2025
"Director(s)"	the director(s) of the Company
"Disposal Company"	Shenzhen Metro Vanke Investment Development Company Limited (深圳地鐵萬科投資發展有限公司), which is held by Shenzhen Metro Group as to 51%, and held by the Company as to 49%
"Disposal Equity"	49% equity interests in the Disposal Company held by the Company as at the date of this announcement
"Disposal Interests"	49% of the future investment income rights of the Mangrove Bay Project, together with other ancillary interests (including but not limited to (i) the development, construction and management rights; (ii) the profit distribution rights; (iii) the property distribution rights; and (iv) any other rights and interests which the Company was entitled to under the Original Cooperation Documents)
"Disposal Interests Transfer Date"	the date on which the conditions precedent to the Income Rights Transfer Agreement were satisfied (or waived, where applicable)
"Entrusted Properties"	has the meaning ascribed to it under the section headed "THE ENTRUSTED SALES AGREEMENT" in this announcement
"Entrusted Sales Agreement"	the Entrusted Sales Services Contract for the Mangrove Bay Property Development Project entered into between Shenzhen Metro Group and Shenzhen Kezhu on 27 January 2025
"Equity Transfer Agreement"	the equity acquisition agreement dated 27 January 2025 entered into amongst the Company (as vendor), Shenzhen Metro Group (as purchaser) and the Disposal Company, pursuant to which the Company agreed to transfer, and Shenzhen Metro Group agreed to acquire the Disposal Equity held by it to Shenzhen Metro Group, together with all the rights and interests attached thereto
"Equity Transfer Agreement"	the Agreement on the Acquisition of 49% Equity Interests in Shenzhen Metro Vanke Investment Development Co., Ltd. signed by the Company with Shenzhen Metro Group and the Disposal Company on 27 January 2025
"Equity Transfer Consideration"	has the meaning ascribed to it in the section headed "Major Particulars of the Equity Transfer Agreement – Consideration" in this announcement
"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
"Income Rights Transfer Agreement"	the Agreement on the Transfer of 49% Investment Income Rights in the Mangrove Bay Property Development Project signed by the Company with Shenzhen Metro Group on 27 January 2025
"Independent Valuer"	Yu Wei International Asset Appraisal (Shenzhen) Co., Ltd.* (宇威國際資產評估(深圳)有限公司), being an asset appraisal institution registered with the Financial Commission of the Shenzhen Municipality and having obtained the Qualification of Securities Practitioner on 8 February 2021.
"Investment Income Rights Transfer Transaction"	the transaction relating to the transfer of the Disposal Interests to Shenzhen Metro Group as agreed in the Income Rights Transfer Agreement to realize Shenzhen Metro Group's entitlement to 100% interests in the Mangrove Bay Project
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Management Services"	in exchange for the provision of indoor refined decoration engineering, outdoor functions and supporting optimization engineering services for the Mangrove Bay Project, the Disposal Company provides daily management services in respect of the aforesaid works carried out by Shenzhen Kezhu in the Mangrove Bay Project, for certain management fees
"Management Services Agreement"	the Management Services Agreement signed by Shenzhen Kezhu and the Disposal Company on 26 September 2023, pursuant to which it is agreed that Shenzhen Kezhu shall provide decoration services for the Mangrove Bay Project, and Shenzhen Kezhu shall sign decoration agreements with housing buyers and receive decoration fees
"Management Services Termination Agreement"	the termination agreement dated 27 January 2025 and entered into amongst the Company, Shenzhen Metro Group, Shenzhen Kezhu and the Disposal Company
"Original Cooperation Documents"	collectively, the Co-development and BT Construction Contract for the Shenzhen Metro Mangrove Bay Property Development Project entered into by the Company with Shenzhen Metro Group and the consortium formed by China Construction First Group on 28 November 2014, together with the supplemental agreements thereto entered into from time to time

"Mangrove Bay Project"	the Mangrove Bay Project (also known as the Shenwan Huiyun Centre Project) which was developed and constructed on the land lot No. T207-0048
"Metro Parties"	Shenzhen Metro Group and the Disposal Company
"Metro Parties Payables"	the fees in respect the development technology services, network services, and other related fees as incurred by the Metro Parties during the course of cooperation for the Mangrove Bay Project, which remain outstanding and owed to the Vanke Parties as at the date of this announcement
"PRC"	the People's Republic of China
"Reference Date"	29 February 2024
"Registration and Filing Procedures for Industrial and Commercial Change"	filing procedures including the industrial and commercial change of the transfer of the Disposal Equity, the change of name of the Disposal Company, change of the constitutional document of the Disposal Company and its subsidiaries, change of directors and supervisors, senior executives and other personnel and other procedures
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Shenzhen Kezhu"	Shenzhen Kezhu Construction and Management Co., Ltd. (深圳市科築建設管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Shenzhen Metro Group"	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, which primarily engages in metro constructions, rail operations, property development, commercial operations, property management, engineering investigations and design, etc. and is an existing substantial Shareholder of the Group and a connected person of the Company
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Subject Agreements"	has the meaning ascribed to it under the section headed "INTRODUCTION" in this announcement
"Tripartite Agreement"	the tripartite agreement dated 27 January 2025 and entered into amongst the Company, Shenzhen Metro Group and China Construction First Group

"Vanke Development"	Shenzhen Vanke Development Co., Ltd. (深圳市萬科發展有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Vanke Parties"	the Company, Shenzhen Kezhu and Vanke Development
"Vanke Parties Payables"	the fees in respect the Management Services and other related fees as incurred by the Vanke Parties during the course of cooperation for the Mangrove Bay Project, which remain outstanding and owed to the Metro Parties as at the date of this announcement
"%"	per cent

The Board of Directors
China Vanke Co., Ltd.*

Shenzhen, the PRC, 27 January 2025

As at the date of this announcement, the Board comprises Mr. YU Liang 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

I. VALUATION ON THE DISPOSAL INTERESTS

(1) ISSUANCE OF VALUATION REPORT ON THE DISPOSAL INTERESTS

The valuation report on the Disposal Interests was issued by the Independent Valuer, under the title and number of appraisal report being Asset Appraisal Report on 49% Future Income Rights of Shenzhen Mangrove Bay Property Project Involved in the Proposed Transfer of the Project's Income Rights by China Vanke Co., Ltd. (Yu Wei Appraisal Baozi [2025] No. 006) (the "**Disposal Interests Valuation Report**"), and the valuation conclusion was valid from 29 February 2024 to 28 February 2025. To the Directors' knowledge and belief and having made reasonable enquiries, the Independent Valuer and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person.

The appraised subject of the Disposal Interests Valuation Report was the value of the of the Disposal Interests owned by the Company.

The scope of valuation of the Disposal Interests Valuation Report covers all the assets and liabilities of the Mangrove Bay Project.

After accepting an asset valuation commission, the Independent Valuer will prepare a valuation proposal, set up a valuation team, conduct on-site investigations, obtain details of the assets, review and improve the schedule of asset valuation, conduct on-site inspections, check the information in the documents evidencing the property rights and conduct due diligence investigations into the appraised subject's historical inheritance and reform, assets, finances, management of production and operation, business plans, development plans and financial forecast information, macro and regional economic factors affecting the appraised subject's production and operation, as well as the development and prospects of the industry in which it operates. Based on the on-site investigation and the valuation data collected and taking into account the actual circumstances and characteristics of the appraised subject, 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

General assumptions

1. Transaction assumption: It is assumed that all assets to be appraised are in the course of transaction, and the appraiser of assets conduct the appraisal with reference to a simulated market based on the trading conditions of the assets to be appraised;

2. Open market assumption: It is assumed that parties to the asset transaction or the proposed asset transaction in the market have equal position and have the opportunity and time to access to sufficient market information so as to make a rational judgment on the assets in terms of their function, purpose and transaction price;

3. Company's going concern assumption: It is assumed that the appraised subject fully complies with all relevant laws and regulations and will continue to operate in the foreseeable future;

4. It is assumed that there are no significant changes in the relevant laws and regulations and policies in force in the relevant country and the macroeconomic situation in the relevant country after the Reference Date, and that there are no significant changes in the political, economic and social environments in the region where the parties to the transaction are located; and

5. It is assumed that there are no force majeure and unforeseeable factors that would have a material adverse effect on the appraised subject after the Reference Date.

Special assumptions

1. It is assumed that the management of the appraised subject after the Reference Date is responsible, stable and capable of assuming its position;

2. It is assumed that the scope and manner of operation of the appraised subject after the Reference Date remain consistent with the current direction on the basis of the existing management style and management level;

3. It is assumed that the accounting policies adopted by the appraised subject after the Reference Date and the accounting policies adopted in the preparation of this report are consistent in material respects;

4. It is assumed that there will be no significant changes in interest rates, exchange rates, tax bases and rates, and policy-based levies related to the appraised subject after the Reference Date;

5. It is assumed that the appraised subject fully complies with all relevant laws and regulations;

6. The relevant basic and financial information provided by the principal and the appraised subject is true, accurate and complete;

7. It is assumed that the financial reports and transaction data of the comparative companies on which the appraisal personnel rely are true and reliable;

8. This valuation assumes that the appraised subject receives net cash flows evenly during the year;

9. It is assumed that the products or services of the appraised subject remain competitive in the current market after the Reference Date;

10. It is assumed that the leases signed by the appraised subject are legal and valid; that the leases signed are actually performed and will not be changed or terminated without reason; and that there will be no significant change in the operating conditions of the leased buildings;

11. It is assumed that the qualification of the appraised subject as a high-tech enterprise can be renewed normally when expired, and that the enterprise income tax rate for the following year is 25%;

12. The asset valuation professionals have not conducted any technical tests on the technical parameters and performance of the various equipment as at the Reference Date, and have made their judgments through on-site inspections on the assumption that the relevant technical information and operational records provided by the principal are true and valid; and

13. The on-site inspection of the appraised subject by the asset valuation professionals was confined to the appearance and conditions of use of the appraised subject, and no tests were conducted on the internal quality of the structure and other parts of the subject to ascertain whether there are any inherent defects in the appraised subject. The valuation report is based on the assumption that the internal quality of the appraised subject complies with the relevant national standards and is sufficient to maintain its normal use.

(3) SELECTION AND INTRODUCTION OF VALUATION METHODS

The valuation method selected for this valuation is the income approach. The reasons for selecting this valuation method are as follows:

(i) *Reasons for not selecting the market approach for the valuation:* the appraised subject is principally engaged in real estate with a large business scale, and it is difficult to find sufficient comparable enterprise transaction cases that are identical or similar to the one involving the appraised subject in the capital market and the property rights market. Therefore, the market approach is not applicable to the valuation.

(ii) *Reasons for selecting the income approach for the valuation:* the future income period and income amount of the appraised subject can be predicted and measured in monetary terms, and the risks involved in obtaining the expected income can also be quantified. Therefore, the income approach was adopted for the valuation.

(iii) *Reasons for not selecting the asset-based approach for the valuation:* the assets and liabilities of the appraised subject on and off the balance sheet as at the Reference Date are identifiable. However, the Company only owns 49% of the income rights in the Mangrove Bay Property Project and has no ownership of the assets. Therefore, the asset-based approach is not applicable to the valuation.

(4) HOW TO DETERMINE AND CONVERT INTO APPRAISED VALUES

The income approach for the valuation of enterprises is a valuation method for determining the value of the appraised subject by capitalizing or discounting the expected income. Based on a comprehensive analysis of the industry in which the appraised subject operates, the business model of the appraised subject, its capital structure and its development trend, the discounted cash flow model was adopted for this valuation based on the income approach. The calculation formula is as follows:

Value of income rights = Overall value of income rights – Value of interest-bearing liabilities

(1) Overall value of income rights

The formula for calculating the overall value of income rights is as follows:

Overall value of income rights = Value of operating assets + Value of surplus assets + Net non-operating assets

1) Value of operating assets

Operating assets represent assets and liabilities related to the normal production and operation of the appraised subject and involved in its Free Cash Flow to Firm (FCFF) forecast. The calculation formula of the value of operating assets is as follows:

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$$

Where: P – Value of operating assets

i – Forecast years

r – Discount rate

R_i – Cash flow for the i^{th} year

n – Forecast period

R_{n+1} – Cash flow for the post-forecast period (terminal value)

① *Income period and forecast period*

As no matters affecting the enterprise's operation as a going concern were identified after analyzing the development and prospects of the industry in which the appraised subject operates as well as the enterprise's own operation, the income period was determined as an indefinite period.

Generally, in contrast to the poor accuracy of the forecast on the income of an enterprise in the long term, the income of an enterprise in the near team can be forecast in a relatively accurate manner. In accordance with the circumstances of the appraised subject, the income period of the enterprise is divided into the forecast period and the post-forecast period.

② *Net cash flow for the forecast period*

Net cash flow = Cash inflow – Cash outflow

③ *Discount rate*

In this valuation, the income amount is net cash flow. According to the principle of consistency between the income amount and the discount rate, the valuation referred to the Loan Prime Rate (LPR) authorized to announce by the National Interbank Funding Center and was confirmed according to the expected income rate required by the enterprise.

④ *Cash flow for the post-forecast period (terminal value)*

Cash flow for the post-forecast period (terminal value) represents the FCFF value for the post-forecast period discounted to the end year of the forecast period. In this valuation, it is assumed that the appraised subject will continue to operate in perpetuity, and it is expected that its operating income will become stable after the forecast period. Based on the above, the FCFF for the year following the forecast period was adjusted and determined with reference to the cash flow for the end year of the forecast period.

2) Value of surplus assets

Surplus assets represent assets in excess of those required by the normal operation of the enterprise and not involved in the FCFF forecast. It was appraised by an appropriate method in this valuation.

3) Net non-operating assets

Net non-operating assets represent the net value of assets and liabilities not related to the normal operation of the enterprise and not involved in the FCFF forecast. This valuation was based on the cash flow generated by future income rights. Therefore, non-operating assets as at the Reference Date were not taken into account.

(2) Value of interest-bearing liabilities

Interest-bearing liabilities represent the interest-bearing debts payable as at the Reference Date. This valuation was based on the assumption that no interest-bearing debts would be borne after the recovery of income rights. Therefore, interest-bearing debts as at the Reference Date were not taken into account.

(5) VALUATION CONCLUSION

The valuation result was RMB1,291.1298 million.

II. VALUATION ON THE EQUITY INTERESTS IN THE DISPOSAL COMPANY

(1) ISSUANCE OF VALUATION REPORT ON THE EQUITY INTERESTS IN THE DISPOSAL COMPANY

Shenzhen Metro Vanke Investment Development Company Limited

The valuation report on the equity interests in the Disposal Company was issued by the Independent Valuer under the title and number of appraisal report being Asset Appraisal Report on the Value of the Entire Shareholders' Equity Interests in Shenzhen Metro Vanke Investment Development Company Limited Involved in the Proposed Transfer of Equity Interests by China Vanke Co., Ltd. (Yu Wei Appraisal Baozi [2025] No. 007) (the "**Disposal Company Valuation Report**"), and the valuation conclusion was valid from 29 February 2024 to 28 February 2025.

The appraised subject of the Disposal Company Valuation Report was the value of the entire shareholders' equity interests in the Disposal Company. The scope of valuation of the Disposal Company Valuation Report covers all the assets and liabilities of the Disposal Company.

After accepting an asset valuation commission, the Independent Valuer will prepare a valuation proposal, set up a valuation team, conduct on-site investigations, obtain details of the assets, review and improve the schedule of asset valuation, conduct on-site inspections, check the information in the documents evidencing the property rights and conduct due diligence investigations into the appraised subject's historical inheritance and reform, assets, finances, management of production and operation, business plans, development plans and financial forecast information, as well as macro and regional economic factors affecting the appraised subject's production and operation, as well as the development and prospects of the industry in which it operates. Based on the on-site investigation and the valuation data collected and taking into account the actual circumstances and characteristics of the appraised subject, 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

General assumptions

1. Transaction assumption: It is assumed that all assets to be appraised are in the course of transaction, and the appraiser of assets conduct the appraisal with reference to a simulated market based on the trading conditions of the assets to be appraised;

2. Open market assumption: It is assumed that parties to the asset transaction or the proposed asset transaction in the market have equal position and have the opportunity and time to access to sufficient market information so as to make a rational judgment on the assets in terms of their function, purpose and transaction price;

3. Company's going concern assumption: It is assumed that the appraised subject fully complies with all relevant laws and regulations and will continue to operate in the foreseeable future;

4. It is assumed that there are no significant changes in the relevant laws and regulations and policies in force in the relevant country and the macroeconomic situation in the relevant country after the Reference Date, and that there are no significant changes in the political, economic and social environments in the region where the parties to the transaction are located; and

5. It is assumed that there are no force majeure and unforeseeable factors that would have a material adverse effect on the appraised subject after the Reference Date.

Special assumptions

1. It is assumed that the management of the appraised subject after the Reference Date is responsible, stable and capable of assuming its position;

2. It is assumed that the scope and manner of operation of the appraised subject after the Reference Date remain consistent with the current direction on the basis of the existing management style and management level;

3. It is assumed that the accounting policies adopted by the appraised subject after the Reference Date and the accounting policies adopted in the preparation of this report are consistent in material respects;

4. It is assumed that there will be no significant changes in interest rates, exchange rates, tax bases and rates, and policy-based levies related to the appraised subject after the Reference Date;

5. It is assumed that the appraised subject fully complies with all relevant laws and regulations;

6. The relevant basic and financial information provided by the principal and the appraised subject is true, accurate and complete;

7. It is assumed that the financial reports and transaction data of the comparative companies on which the appraisal personnel rely are true and reliable;

8. This valuation assumes that the appraised subject receives net cash flows evenly during the year;

9. It is assumed that the products or services of the appraised subject remain competitive in the current market after the Reference Date;

10. It is assumed that the research and development capability and technological advancement of the appraised subject remain at their current levels after the Reference Date;

11. It is assumed that the leases signed by the appraised subject are legal and valid; that the leases signed are actually performed and will not be changed or terminated without reason; and that there will be no significant change in the operating conditions of the leased buildings;

12. It is assumed that the qualification of the appraised subject as a high-tech enterprise can be renewed normally when expired, and that the enterprise income tax rate for the following year is 25%;

13. The asset valuation professionals have not conducted any technical tests on the technical parameters and performance of the various equipment as at the Reference Date, and have made their judgments through on-site inspections on the assumption that the relevant technical information and operational records provided by the principal are true and valid; and

14. The on-site inspection of the appraised subject by the asset valuation professionals was confined to the appearance and conditions of use of the appraised subject, and no tests were conducted on the internal quality of the structure and other parts of the subject to ascertain whether there are any inherent defects in the appraised subject. The valuation report is based on the assumption that the internal quality of the appraised subject complies with the relevant national standards and is sufficient to maintain its normal use.

(3) SELECTION AND INTRODUCTION OF VALUATION METHODS

The valuation method selected for this valuation: the asset-based approach. The reasons for selecting this valuation method are as follows:

(i) *Reasons for not selecting the market approach for the valuation:* the principal business of the appraised subject is the receipt of management fees with a small business scale and rather specific fees, and it is difficult to find sufficient comparable enterprise transaction cases that are identical or similar to the one involving the appraised subject in the capital market and the property rights market. Therefore, the market approach is not applicable to the valuation.

(ii) *Reasons for not selecting the income approach for the valuation:* no management fees will be received after the equity interests in the appraised subject are repurchased, and the future income period and income amount cannot be predicted and measured in monetary terms. Therefore, the income approach was not adopted for the valuation.

(iii) *Reasons for selecting the asset-based approach for the valuation:* the assets and liabilities of Shenzhen Metro Vanke Investment Development Company Limited on and off the balance sheet as at the Reference Date are identifiable and can be appraised individually by using appropriate methods. Therefore, the asset-based approach was adopted for the valuation.

(4) HOW TO DETERMINE AND CONVERT INTO APPRAISED VALUES

The current assets, non-current assets, current liabilities and non-current liabilities were verified on a case-by-case basis to determine the appraised value.

Items	**Book value A**	**Appraised value B**	**Increase/decrease C=B-A**
Current assets	26,255.39	26,255.39	–
Non-current assets	12.54	8.42	-4.12
Total assets	**26,267.93**	**26,263.81**	**-4.12**
Current liabilities	14,380.74	14,380.74	–
Non-current liabilities	–	–	–
Total liabilities	**14,380.74**	**14,380.74**	**–**
Net assets (equity attributable to shareholders)	**11,887.19**	**11,883.07**	**-4.12**

(5) VALUATION CONCLUSION

The valuation result was RMB118.8307 million (and the equivalent amount of the Disposal Equity was RMB58.227 million).