

vanke 万科

Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

2017 Interim Report

For the six months ended 30 June 2017



This interim report is printed on environmentally friendly paper

Corporate Information

BOARD OF DIRECTORS

Executive Directors

ZHANG Xu

QUE Dong Wu

Non-Executive Director

CHAN Chi Yu

Independent Non-Executive Directors

CHAN Wai Hei, William

LAW Chi Yin, Cynthia

SHIUM Soon Kong

AUDIT COMMITTEE

CHAN Wai Hei, William (*Chairman*)

CHAN Chi Yu

LAW Chi Yin, Cynthia

REMUNERATION COMMITTEE

SHIUM Soon Kong (*Chairman*)

QUE Dong Wu

CHAN Wai Hei, William

NOMINATION COMMITTEE

LAW Chi Yin, Cynthia (*Chairman*)

ZHANG Xu

SHIUM Soon Kong

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

LUK Chi Chung, Peter

AUDITOR

KPMG

LEGAL ADVISORS TO THE COMPANY

Reed Smith Richards Butler (as to Hong Kong law)

Maples and Calder (as to Cayman Islands law)

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

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Grand Cayman KY1-1104

Cayman Islands

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Wan Chai

Hong Kong

Management Discussion and Analysis

BUSINESS REVIEW

The Group's revenue is derived from the leasing of units and car parking spaces in Regent Centre. Revenue for the six months ended 30 June 2017 (the "Period") was HK\$46.9 million (six months ended 30 June 2016: HK\$45.4 million), representing an increase of 3%. The increase was mainly due to an increase in passing rent for the units in Regent Centre and carpark rental income during the Period.

The Group's investment in Regent Centre was fair valued at HK\$1,726.3 million as at 30 June 2017 (31 December 2016: HK\$1,700.8 million), representing an increase of 1%. There has been no change in the valuation methodology of the Group's investment properties, including the capitalisation rate. After netting off the additions to investment properties of HK\$4.1 million, the fair value gain amounted to HK\$21.4 million in the first half of the year (six months ended 30 June 2016: HK\$35.3 million).

Excluding the change in fair value of Regent Centre, the Group's underlying profit for the Period was HK\$24.9 million (six months ended 30 June 2016: HK\$26.7 million), representing a decrease of 7%. The decrease was mainly due to an increase in administrative expenses and a decrease in compensation received from tenants on early lease termination.

Rental and property management

The Group's investment properties comprise various portions of Regent Centre (the "Property"), which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong. The Group owns a total gross floor area of approximately 657,000 square feet, representing 64% of the total gross floor area in Regent Centre.

During the Period, the Group renewed a majority of the leases at a positive rental reversion. Occupancy of the Property remained at a high level of 93% as at 30 June 2017 (31 December 2016: 92%) with passing rent at HK\$9.4 per square foot as at 30 June 2017 (31 December 2016: HK\$9.4 per square foot). Apart from monthly rent, the tenants are responsible for payment of property management fee to the landlord, whose income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of units and car parking spaces in Regent Centre was HK\$46.9 million (six months ended 30 June 2016: HK\$45.4 million).

Gross profit from operations for the Period was HK\$36.2 million (six months ended 30 June 2016: HK\$34.6 million) at a cost-to-revenue ratio of 23% (six months ended 30 June 2016: 24%). In October 2016, the Group commenced upgrading the air conditioning system in Regent Centre by replacing the existing air conditioning units with new ones using environmentally friendly refrigerants, which are more energy efficient and deliver a better cooling performance. The replacement works are scheduled for completion in 2017 at a budgeted expenditure of approximately HK\$35.0 million.

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses but before change in fair value of the Property amounted to HK\$35.3 million for the Period (six months ended 30 June 2016: HK\$36.5 million). The decrease was mainly due to the decrease in compensation received from tenants on early lease termination.

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW *(continued)*

Property development and financing

The Group's property under development is represented by investment in Ultimate Vantage Limited ("Ultimate Vantage"), a 20% associate of the Group. Ultimate Vantage is a special purpose vehicle established in January 2013 for the development of the West Rail Tsuen Wan West Station TW6 Property Development Project (the "TW6 Project"). The TW6 Project, also known as The Pavilia Bay, has received overwhelming response since the date of its first launch on 20 January 2017. Up to the date hereof, approximately 97% of the units have been pre-sold at gross proceeds of approximately HK\$9.4 billion. The project, at the stage of superstructure, is currently estimated to be completed in August 2018.

Gold Value Limited ("Gold Value"), a 20% associate of the Group, was formed by the Group and the joint venture partner in Ultimate Vantage (the "TW6 Partner") in November 2016 for the purpose of providing first and second mortgage financing to the buyers of the TW6 Project on market terms (the "Provision of Mortgages"). Finance for the business of Gold Value is provided by the Group and the TW6 Partner by way of interest-bearing shareholder's loans on a several basis and in proportion to each of the parties' shareholding interest in Gold Value.

The Group's total investment in Ultimate Vantage and Gold Value amounted to HK\$505.6 million as at 30 June 2017 (31 December 2016: HK\$484.0 million). The increase was mainly due to advances of HK\$15.2 million for financing the property development, sales and marketing and other expenditure in the TW6 Project and advances of HK\$6.3 million for the Provision of Mortgages.

The Group's share of profit of associates amounted to HK\$125,000 for the Period (six months ended 30 June 2016: share of loss of HK\$10,000). The increase was mainly due to income earned by Gold Value on the Provision of Mortgages.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were HK\$6.0 million during the Period (six months ended 30 June 2016: HK\$5.1 million). The increase was mainly due to an increase in staff costs and management fee payable to its intermediate holding company, Vanke Property (Hong Kong) Company Limited ("Vanke HK"), during the Period.

Finance income and costs

Net proceeds generated from the rights issue have been placed with banks to earn interest income since August 2015. Finance income for the Period amounted to HK\$1.5 million (six months ended 30 June 2016: HK\$1.0 million).

The Group applied part of the rights issue proceeds to fully repay the Group's bank borrowings on 28 December 2015. No new banking facilities have been arranged since then. As a result, the Group's finance costs were negligible in both periods.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW

Rights issue

In August 2015, the Group raised net proceeds of HK\$1,032.2 million through a rights issue on the basis of one rights share for every two existing shares of the Company held on 13 July 2015 at the subscription price of HK\$8.04 per rights share (the "Rights Issue").

The net proceeds from the Rights Issue of HK\$1,032.2 million was originally intended to be applied for acquiring a property under development located in the Wan Chai district of Hong Kong from China Vanke (the "Potential Acquisition"). After amicable negotiations, the Company and China Vanke did not reach an agreement to the proposed terms and conditions of the Potential Acquisition. As a result, the Board resolved not to proceed with the Potential Acquisition and to apply the remaining net proceeds of the Rights Issue, being HK\$709.2 million after applying HK\$323.0 million of the total net proceeds for repayment of the outstanding bank loan on 28 December 2015, for financing other property acquisition opportunities.

The Group subsequently identified various funding requirements. In view of the insufficient free cash on hand and the high cost or restricted use of other available sources of financing, the Group resolved to reallocate the use of the remaining net proceeds of the Rights Issue available for acquisition of land or property projects on 9 August 2016 and 5 June 2017 as follows:

- (i) up to HK\$65.0 million for funding sales and marketing expenses and other expenditure which are not covered by the permitted use of the banking facilities granted to Ultimate Vantage for financing the development of the TW6 Project (the "TW6 Banking Facilities");
- (ii) up to HK\$35.0 million for upgrading the air conditioning system in Regent Centre;
- (iii) up to HK\$350.0 million for the Provision of Mortgages through Gold Value; and
- (iv) the remaining balance of HK\$259.2 million for acquisition of land or property projects.

Purpose	Before	After	After	Amount	Amount
	reallocation	reallocation as	reallocation as	utilised as at	unutilised as at
	HK\$ million	9 August 2016	5 June 2017	30 June 2017	30 June 2017
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Land or property acquisition	709.2	609.2	259.2	–	259.2
Provision of Mortgages through Gold Value	–	–	350.0	(6.3)	343.7
Sales and marketing expenses and other expenditure not covered by permitted use of the TW6 Banking Facilities	–	65.0	65.0	(17.4)	47.6
Upgrading the air conditioning system in Regent Centre	–	35.0	35.0	(11.8)	23.2
Total	709.2	709.2	709.2	(35.5)	673.7

For details, please refer to the Company's announcements dated 24 December 2015, 13 January 2016, 9 August 2016 and 5 June 2017 relating to the change of use of the net proceeds from the Rights Issue.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW *(continued)*

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to HK\$2,892.7 million as at 30 June 2017 (31 December 2016: HK\$2,858.1 million). The increase was due to the profit attributable to the shareholders of the Company for the Period of HK\$46.2 million less a payment of 2016 final dividend of HK\$11.7 million.

The Group had no interest-bearing debts and undrawn banking facilities as at 30 June 2017 (31 December 2016: nil). The Group's bank balances and cash amounted to HK\$716.3 million as at 30 June 2017 (31 December 2016: HK\$703.9 million), of which HK\$673.7 million (31 December 2016: HK\$676.4 million) was attributable to remaining proceeds from the Rights Issue. The Group has reallocated part of the remaining proceeds from the Rights Issue for funding its foreseeable business needs. The Group's investment properties, which are debt free for the time being, can be leveraged into additional cash resources as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

Treasury policies

The Group operates in Hong Kong and all its assets and liabilities are denominated in Hong Kong dollars. As a result, it has no exposure to foreign exchange rate fluctuation.

The Group has no exposure to interest rate risks, as it does not have any interest-bearing debts for the time being.

Capital commitments

The Group had a commitment of HK\$23.2 million as at 30 June 2017 (31 December 2016: HK\$32.9 million) in respect of capital expenditure to be incurred in upgrading the air conditioning system in Regent Centre, of which HK\$19.0 million (31 December 2016: HK\$27.1 million) has been contracted for and HK\$4.2 million (31 December 2016: HK\$5.8 million) has been authorised but not contracted for.

Contingent liabilities and financial guarantees

The Group had the following contingent liabilities and financial guarantees as at 30 June 2017:

- (i) A corporate guarantee of HK\$960.0 million (31 December 2016: HK\$960.0 million) to secure the TW6 Banking Facilities. The corporate guarantee was given on a several basis and in proportion to the Group's shareholding interest of 20% in Ultimate Vantage. Out of the total TW6 Banking Facilities of HK\$4,800.0 million, HK\$2,014.3 million (31 December 2016: HK\$2,388.3 million) was utilised by Ultimate Vantage as at 30 June 2017. The provision of such guarantee constituted a major transaction to the Company under the Listing Rules and was approved by the controlling shareholder of the Company. For details, please refer to the Company's announcement dated 30 June 2014 and the Company's circular dated 22 July 2014.
- (ii) Corporate guarantees in the aggregate amount of HK\$568.0 million (31 December 2016: HK\$568.0 million) to secure banking facilities granted to Ultimate Vantage for issuing letters of undertakings in favor of the Hong Kong Government in connection with the pre-sale application for the TW6 Project (the "Finance Undertaking Facilities"). The guarantees were given on a several basis and in proportion to the Group's shareholding interest of 20% in Ultimate Vantage. Out of the total Finance Undertaking Facilities of HK\$2,840.0 million, HK\$2,407.7 million (31 December 2016: HK\$2,407.7 million) was utilised by Ultimate Vantage as at 30 June 2017. The provision of such guarantees constituted a major transaction to the Company under the Listing Rules and was approved by the controlling shareholder of the Company. For details, please refer to the Company's announcement dated 11 August 2016 and the Company's circular dated 12 September 2016.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW *(continued)*

Pledge of assets

There was no pledge on the Group's assets as at 30 June 2017 (31 December 2016: nil).

Significant investments held, material acquisitions and disposals of subsidiaries and associates

There were no other significant investments held, material acquisitions or disposals of subsidiaries and associates during the Period.

EMPLOYEES AND REMUNERATION POLICY

The Group had six employees as at 30 June 2017 (31 December 2016: six). As a result of the increase in the number of employees in May 2016 (31 December 2015: four), there was an increase in staff costs (including Directors' emoluments) to HK\$4.0 million (six months ended 30 June 2016: HK\$3.3 million) and an increase in management fee payable to Vanke HK to HK\$1.2 million (six months ended 30 June 2016: HK\$0.7 million) during the Period. The management fee payable to Vanke HK is charged on a cost basis in consideration of the administrative and management services provided to the Group.

The Executive Directors periodically review the adequacy of the staffing of the Group by reference to the Group's business requirements. Should there be employees recruited under the Group, their remuneration and benefit packages will be structured on market terms with regard to individual responsibility and performance. All eligible employees in Hong Kong are enrolled to a defined contribution mandatory provident fund scheme. Other employment benefits are awarded at the discretion of the Group.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2016: nil).

OUTLOOK

The Hong Kong economy recorded a strong performance in the second quarter of 2017 with an annual growth in gross domestic product by 3.8%. The upturn in trade as benefited from the continual pick up of the global economic activities and the strong retail sales as benefited from a recovery of inbound tourism and solid domestic demand have driven up the leasing activities in Hong Kong. It is expected that the global economy will continue its pace of recovery into the second half of this year, despite uncertainties such as the outcome of the Brexit negotiations and the policy changes under the Donald Trump administration. Against this backdrop, it is expected that Regent Centre, the Group's investment properties in Hong Kong, will maintain a steady performance this year.

The residential housing prices in Hong Kong continue to rise, despite the latest measures from the government to cool down the market. The ultra-low interest rate environment, the healthy labour market reflecting an almost full state of employment and the increasing demand from the Mainland buyers are fuelling the rise of the residential properties. As a result, competition in government land tenders has been intense with land price more often than not beating the higher end of market expectations. Unfortunately, the Group fell short in all its previous attempts to acquire land through government tenders. In view of this, the Group will explore more property acquisition channels and diversify its targets with the objective of investing its cash resources in a cautious and disciplined manner.

On behalf of the Board

Zhang Xu

Director

Hong Kong, 18 August 2017

Report on Review of Interim Financial Information



Review report to the Board of Directors of Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 8 to 21 which comprises the consolidated statement of financial position of Vanke Property (Overseas) Limited as of 30 June 2017 and the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

18 August 2017

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017 — unaudited

	Note	For the six months ended	
		30 June 2017 HK\$'000	30 June 2016 HK\$'000
Revenue	3	46,903	45,395
Cost of services		(10,696)	(10,798)
Gross profit		36,207	34,597
Other income	4	156	2,771
Administrative, leasing and marketing expenses		(7,048)	(6,052)
Increase in fair value of investment properties		21,374	35,300
Operating profit		50,689	66,616
Finance income	5(a)	1,535	970
Finance costs	5(a)	–	(21)
Share of profit/(loss) of associates		52,224	67,565
		125	(10)
Profit before taxation	5	52,349	67,555
Taxation charge	6	(6,105)	(5,549)
Profit and total comprehensive income for the period and attributable to shareholders of the Company		46,244	62,006
		HK\$	HK\$
Earnings per share — basic and diluted	7	0.12	0.16

The notes on pages 12 to 21 form part of this interim financial information. Details of dividends paid and payable to shareholders of the Company are set out in note 8.

Consolidated Statement of Financial Position

At 30 June 2017

		Unaudited At 30 June 2017 HK\$'000	Audited At 31 December 2016 HK\$'000
Non-current assets			
Plant and equipment		264	312
Investment properties	9	1,726,290	1,700,810
Interests in associates	10	9,743	484,036
Prepayments for additions to investment properties		7,981	2,095
Deferred tax assets		–	186
		1,744,278	2,187,439
Current assets			
Trade and other receivables	11	5,030	5,951
Deposit for land tendering		–	25,000
Amount due from an associate	10	495,907	–
Bank balances and cash		716,297	703,922
		1,217,234	734,873
Current liabilities			
Other payables and accruals	12	(26,937)	(26,412)
Amount due to an intermediate holding company	13	(2,000)	(2,008)
Tax payable		(5,350)	(2,453)
		(34,287)	(30,873)
Net current assets		1,182,947	704,000
Total assets less current liabilities		2,927,225	2,891,439
Non-current liabilities			
Deferred tax liabilities		(34,520)	(33,292)
NET ASSETS		2,892,705	2,858,147
CAPITAL AND RESERVES			
Share capital		3,895	3,895
Reserves		2,888,810	2,854,252
TOTAL EQUITY		2,892,705	2,858,147

The notes on pages 12 to 21 form part of this interim financial information.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017 — unaudited

	Attributable to shareholders of the Company			
	Share capital HK\$'000	Share premium HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2017	3,895	1,030,877	1,823,375	2,858,147
Changes in equity for the six months ended 30 June 2017:				
Profit and total comprehensive income for the period	–	–	46,244	46,244
Final dividend approved in respect of the previous year (<i>note 8(b)</i>)	–	–	(11,686)	(11,686)
At 30 June 2017	3,895	1,030,877	1,857,933	2,892,705
At 1 January 2016	3,895	1,030,877	1,703,741	2,738,513
Changes in equity for the six months ended 30 June 2016:				
Profit and total comprehensive income for the period	–	–	62,006	62,006
Final dividend approved in respect of the previous year (<i>note 8(b)</i>)	–	–	(11,686)	(11,686)
At 30 June 2016	3,895	1,030,877	1,754,061	2,788,833

The notes on pages 12 to 21 form part of this interim financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2017 — unaudited

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
Operating activities		
Net cash generated from operations	55,765	29,551
Interest and other borrowing costs paid	–	(21)
Hong Kong Profits Tax paid	(1,794)	(1,726)
Net cash generated from operating activities	53,971	27,804
Investing activities		
Prepayments for additions to investment properties	(5,886)	–
Payments for additions to investment properties	(4,106)	–
Bank interest received	1,571	952
Repayment from an associate	–	8,400
Advances to associates	(21,489)	(16,658)
Net cash used in investing activities	(29,910)	(7,306)
Financing activity		
Dividends paid	(11,686)	(11,686)
Net cash used in financing activity	(11,686)	(11,686)
Net increase in cash and cash equivalents	12,375	8,812
Cash and cash equivalents at beginning of the period	703,922	715,728
Cash and cash equivalents at end of the period	716,297	724,540
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	716,297	724,540

The notes on pages 12 to 21 form part of this interim financial information.

Notes to the Unaudited Interim Financial Information

1 GENERAL INFORMATION

Vanke Property (Overseas) Limited (the “Company” and together with its subsidiaries, the “Group”) is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The registered office of the Company is P.O. Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The principal activities of the Group are property investment and management and property development and financing.

The Board of Directors of the Company considers the Company’s ultimate holding company is China Vanke Co., Ltd. (“China Vanke”), a joint stock company with limited liability incorporated in the People’s Republic of China and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively.

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited consolidated interim financial information (the “Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”).

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 December 2016.

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the Interim Financial Information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The preparation of the Interim Financial Information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The Interim Financial Information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 7 of the Interim Financial Information. In addition, the Interim Financial Information has been reviewed by the Company’s Audit Committee.

Notes to the Unaudited Interim Financial Information *(continued)*

3 REVENUE AND SEGMENT INFORMATION

The Group's chief operating decision maker assesses the performance of the operating segment primarily based on segment profit. Segment profit represents the profit earned by the segment and excludes head office and corporate expenses (net of unallocated income), finance income, finance costs and taxation charge.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following two segments:

Rental and property management:	The leasing of the Group's investment properties to earn rental and management fee income and to gain from the appreciation in properties' values in the long term
Property development and financing:	Share of the results of associates, which principal activities are property development and financing

The segment results are as follows:

For the six months ended 30 June 2017 (the "Period")

	Rental and property management HK\$'000	Property development and financing HK\$'000	Total HK\$'000
Revenue	46,903	–	46,903
Segment results before change in fair value of investment properties	35,310	125	35,435
Increase in fair value of investment properties	21,374	–	21,374
Segment results	56,684	125	56,809
Head office and corporate expenses (net of unallocated income)			(5,995)
Finance income			1,535
Profit before taxation			52,349
Taxation charge			(6,105)
Profit for the Period			46,244

Notes to the Unaudited Interim Financial Information *(continued)*

3 REVENUE AND SEGMENT INFORMATION *(continued)*

The segment results are as follows: (continued)

For the six months ended 30 June 2016

	Rental and property management HK\$'000	Property development and financing HK\$'000	Total HK\$'000
Revenue	45,395	–	45,395
Segment results before change in fair value of investment properties	36,464	(10)	36,454
Increase in fair value of investment properties	35,300	–	35,300
Segment results	71,764	(10)	71,754
Head office and corporate expenses (net of unallocated income)			(5,148)
Finance income			970
Finance costs			(21)
Profit before taxation			67,555
Taxation charge			(5,549)
Profit for the period			62,006

4 OTHER INCOME

	For the six months ended	
	30 June 2017	30 June 2016
	HK\$'000	HK\$'000
Compensation received from tenants on early lease termination	96	2,723
Others	60	48
	156	2,771

Notes to the Unaudited Interim Financial Information *(continued)*

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
(a) Finance income and costs		
<i>Finance income</i>		
— Interest income on bank deposits and bank balances	(1,535)	(970)
<i>Finance costs</i>		
— Interest expenses on amount due to an intermediate holding company (<i>note 16(d)</i>)	—	21
(b) Others		
Depreciation	48	48
Contributions to defined contribution plan	53	39
Salaries, wages and other benefits (including Directors' emoluments)	4,034	3,276
Rental receivables from investment properties less direct outgoings of HK\$10,696,000 (six months ended 30 June 2016: HK\$10,798,000)	(36,207)	(34,597)

6 TAXATION CHARGE

	For the six months ended	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000
Current tax		
Hong Kong Profits Tax	4,692	4,039
Over-provision in prior years	(1)	(3)
	4,691	4,036
Deferred tax		
Origination and reversal of temporary differences	1,414	1,513
	6,105	5,549

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits for the Period.

Share of an associate's taxation charge of HK\$1,000 (six months ended 30 June 2016: nil) is included in the results of associates for the Period.

Notes to the Unaudited Interim Financial Information *(continued)*

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$46,244,000 (six months ended 30 June 2016: HK\$62,006,000), and 389,527,932 shares (six months ended 30 June 2016: 389,527,932 shares) in issue during the Period.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the Period (six months ended 30 June 2016: nil).

8 DIVIDEND

(a) Dividend attributable to the interim period:

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2016: nil).

(b) Dividend attributable to the previous financial year, approved and paid during the interim period:

	For the six months ended	
	30 June 2017	30 June 2016
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the Period, of HK\$0.03 (six months ended 30 June 2016: HK\$0.03) per share	11,686	11,686

9 INVESTMENT PROPERTIES

	At	At
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
At 1 January	1,700,810	1,619,900
Additions	4,106	–
Fair value gain	21,374	80,910
At 30 June/31 December	1,726,290	1,700,810

Investment properties of the Group were revalued as at 30 June 2017. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which has among its staff experienced Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued. The fair value of investment properties is determined by taking into account the net rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at appropriate capitalisation rates, and with reference to the comparable sale transactions as available in the market.

Notes to the Unaudited Interim Financial Information *(continued)*

10 INTERESTS IN ASSOCIATES

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Share of net assets	3,427	3,302
Amount due from an associate (non-current) <i>(note (b))</i>	6,316	480,734
	9,743	484,036
Amount due from an associate (current) <i>(note (b))</i>	495,907	–

Notes:

- (a) The Group owns (1) 20% equity interest in Ultimate Vantage Limited (“UVL”), which has been granted the rights to develop the property project in the West Rail Tsuen Wan West Station (the “TW6 Project”); and (2) 20% equity interest in Gold Value Limited (“GVL”), which is engaged in the provision of mortgage loans to purchasers of TW6 Project.
- (b) Amount due from associates comprises of:
- (i) An amount of HK\$495,907,000 due from UVL (31 December 2016: HK\$480,734,000) which is unsecured, interest-bearing at Hong Kong Interbank Offered Rate (“HIBOR”) plus 2.2% (31 December 2016: HIBOR plus 2.2%) per annum and has no fixed terms of repayment. As at 30 June 2017, the amount is expected to be recovered within one year and is therefore classified as current asset. As at 31 December 2016, the amount was expected to be recovered more than one year and classified as non-current asset.
- (ii) An amount of HK\$6,316,000 due from GVL (31 December 2016: nil) which is unsecured, interest-bearing at Hong Kong Prime Rate minus 2.1% per annum and has no fixed terms of repayment. The amount is expected to be recovered after one year.
- (c) On 22 April 2014, a shareholders’ agreement (the “Shareholders’ Agreement”) was entered into between, inter alia, the Company, Wkdeveloper Limited (“Wkdeveloper”, a wholly-owned subsidiary of the Company and owns 20% equity interest in UVL), another shareholder of UVL, the parent of the another shareholder of UVL (the “JV Partner”) and UVL to regulate the relationship of the shareholders of UVL inter se and the management of the affairs of UVL.

The Shareholders’ Agreement contains a provision whereby the Company and the JV Partner agreed that a non-defaulting party would have the right to acquire all the interest in UVL represented by the defaulting party and its affiliates upon the occurrence of certain events of default. Such right is reciprocal, and no consideration was paid or is payable by the Company or the JV Partner for the grant by the other party of the above-mentioned right. Details of the transaction are disclosed in the Company’s announcement dated 22 April 2014 and the Company’s circular dated 15 May 2014.

Notes to the Unaudited Interim Financial Information *(continued)*

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Trade receivables	370	1,009
Unamortised rent receivables	1,928	1,773
Other receivables	82	372
Other deposits	2,511	2,464
Prepayments	139	333
	5,030	5,951

Trade receivables represent rental receivables from tenants of the Group's investment properties. The Group maintains a defined credit policy in respect of rent collection. The credit quality of a new lease or customer is assessed based on a defined policy set by the Group. Reminders are issued bi-weekly when trade receivables have been overdue for 15 days, and legal actions will be taken when the trade receivables have been overdue for two months. Normally, the Group does not obtain any collateral from tenants. The ageing analysis of trade receivables, based on the date of revenue recognition, is as follows:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
0 to 30 days	357	954
31 to 90 days	13	55
	370	1,009

At 30 June 2017, none of the Group's trade receivables were individually determined to be impaired (31 December 2016: nil).

Notes to the Unaudited Interim Financial Information *(continued)*

12 OTHER PAYABLES AND ACCRUALS

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Other payables	2,462	2,024
Deposits received	22,998	22,666
Accruals	1,477	1,722
	26,937	26,412

Except for the rental and other deposits received on properties of HK\$11,158,000 (31 December 2016: HK\$12,689,000) and other payables of HK\$333,000 (31 December 2016: nil) which are expected to be settled after one year, all of the other payables and accruals are expected to be settled within one year or are repayable on demand.

13 AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

The amount due to an intermediate holding company is unsecured, interest-free and repayable on demand.

14 CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2017 not provided for in the Interim Financial Information were as follows:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Contracted for	19,020	27,056
Authorised but not contracted for	4,226	5,849
	23,246	32,905

Notes to the Unaudited Interim Financial Information *(continued)*

15 CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

- (i) On 30 June 2014, UVL entered into a facility agreement in relation to the committed term loan facilities granted by a syndicate of financial institutions to UVL of up to HK\$4,800 million (the "TW6 Loan Facilities") for financing the development of the TW6 Project. In relation to the TW6 Loan Facilities, the Company and the JV Partner were required to provide corporate guarantees, on a several basis and in proportion to their respective shareholding interests in UVL, in respect of UVL's obligations under the TW6 Loan Facilities. The Company has, accordingly been guaranteeing, among others, repayment of the principal amount of the TW6 Loan Facilities up to HK\$960 million (the "1st Corporate Guarantee"). Details of the provision of the 1st Corporate Guarantee were disclosed in the Company's announcement dated 30 June 2014 and the Company's circular dated 22 July 2014. Out of the total facilities of the TW6 Loan Facilities of HK\$4,800 million, HK\$2,014 million (31 December 2016: HK\$2,388 million) was utilised by UVL as at 30 June 2017.
- (ii) On 11 August 2016, the Company as a guarantor entered into facility letters in relation to finance undertaking facilities granted by financial institutions to UVL for the total amount up to HK\$2,840 million. The purpose of these facility letters are to issue finance undertakings to support the pre-sale application of the TW6 Project (the "TW6 Finance Undertakings"). The Company and the JV Partner were required to provide corporate guarantees, on a several basis and in proportion to their respective shareholding interests in UVL, in respect of UVL's obligations under the TW6 Finance Undertakings. The Company has accordingly been guaranteeing an aggregate principal amount of HK\$568 million (the "2nd Corporate Guarantees"). Details of the provision of the 2nd Corporate Guarantees are disclosed in the Company's announcement dated 11 August 2016 and the Company's circular dated 12 September 2016. Out of the total facilities of the TW6 Finance Undertakings of HK\$2,840 million, HK\$2,408 million (31 December 2016: HK\$2,408 million) was utilised by UVL as at 30 June 2017.
- (iii) The Directors considered it was not probable that a claim would be made against the Company under the 1st Corporate Guarantee and 2nd Corporate Guarantees. The Company did not recognise any deferred income in respect of the 1st Corporate Guarantee and 2nd Corporate Guarantees as their fair values could not be reliably measured using observable market data and no consideration was received or receivable for the provision of the 1st Corporate Guarantee and 2nd Corporate Guarantees.

16 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Interim Financial Information, the Group entered into the following material related party transactions in its ordinary course of business during the Period:

	For the six months ended	
	30 June 2017	30 June 2016
	HK\$'000	HK\$'000
Rental and management fee income receivable from fellow subsidiaries (<i>note (a)</i>)	–	156
Management and administrative fee payable to an intermediate holding company (<i>note (b)</i>)	(1,185)	(681)
Key management compensation (<i>note (c)</i>)	(2,403)	(2,330)
Interest payable to an intermediate holding company (<i>note (d)</i>)	–	(21)

Notes to the Unaudited Interim Financial Information *(continued)*

16 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (a) *Rental and management fee income in the last period was charged at rates pursuant to a tenancy agreement entered into between the Group and the fellow subsidiaries on normal commercial terms.*
- (b) *Management and administrative fee is charged at terms agreed by both parties. The details of the amount due to the intermediate holding company are set out in note 13.*
- (c) *Key management personnel represent the Directors and senior management of the Company.*
- (d) *On 16 May 2013, the Group entered into an agreement to acquire the entire issued share capital of Wkdeveloper and all related shareholder's loans from Vanke Property (Hong Kong) Company Limited ("Vanke HK") at a cash consideration of HK\$727,900,000 (the "TW6 Agreement"). The TW6 Agreement provides, among other things, that Vanke HK shall, if required, provide financial assistance to the Group in respect of the obligations of the Group in the TW6 Project after completion of the transaction and any such financial assistance, shall be unsecured and bear a simple interest at the rate of 1-month HIBOR plus 2.8% per annum. The entering into of the TW6 Agreement constituted a major and connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting held on 21 June 2013.*

In January 2016, Vanke HK provided an interest-bearing advance of HK\$7,200,000 to the Group for discharge of the obligations of the Group in the TW6 Project. The advance from Vanke HK was repaid in full in February 2016.

Other Information

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information of the Group for the Period is unaudited, but has been reviewed by KPMG, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the HKICPA, whose unmodified review report is included in this interim report. The interim financial information has also been reviewed by the Company's Audit Committee.

Apart from reviewing the interim financial information, the Audit Committee has also considered the significant accounting principles and policies adopted by the Company and discussed with management the internal control and financial reporting matters in respect of this interim report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the Period, except for the following deviations:

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

The Company has not appointed Chairman and Chief Executive since 1 September 2012. All duties of chairman and chief executive under code provisions A.2.2 to A.2.9 are shared between Mr. Zhang Xu and Ms. Que Dong Wu, the Executive Directors.

The Board of Directors of the Company (the "Board") considers that the current arrangement is adequate in view of the size and complexity of the Group's operations. The Board will consider appointing Chairman and Chief Executive at an appropriate stage when the Group has increased its size of operation.

Code provision A.2.7

Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

As the Company has not appointed Chairman of the Board, this code provision is not applicable to the Company.

Code provision F.1.3

Code provision F.1.3 stipulates that the company secretary should report to the board chairman and/or the chief executive.

During the Period, the Company Secretary reported to the Executive Directors, as the Company has no Chairman or Chief Executive.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

Other Information *(continued)*

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Period.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Zhang Xu was appointed an executive director of China Vanke on 30 June 2017. Apart from this, there has been no change to the information of the Directors since the date of the issuance of the annual report of the Company for the year ended 31 December 2016, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2017, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in an associated corporation, China Vanke

Name of Director	Type of shares	Number of ordinary shares held					Total Interests	Percentage of issued share capital (Note)
		Interest held as beneficial owner	Interest held by spouse	Interest held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives		
Zhang Xu	A shares	904,039	–	–	–	–	904,039	0.009%
Que Dong Wu	A shares	720,700	–	–	–	–	720,700	0.007%
Chan Chi Yu	H shares	–	–	500,203	–	–	500,203	0.038%

Note: The total number of ordinary A shares of China Vanke in issue as at 30 June 2017 was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at 30 June 2017 was 1,314,955,468. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.

All the interests in the shares disclosed under this section represent long position in the shares of the associated corporations of the Company. Save as disclosed herein, as at 30 June 2017, none of the Directors or any of their spouses or children aged under eighteen years of age had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Other Information *(continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a business partnership scheme adopted by China Vanke in 2014, certain employees of the China Vanke Group have been admitted as business partners entrusting their collective bonuses for investment management by Shenzhen Yang'an Financial Advisory Limited, including the introduction of leveraged finance for investment. All business partners in the scheme have undertaken that the collective bonuses and derivative assets will be centralized under closed-end management, without any payment to specific individuals, before the release of the contingent obligation requiring the return of the collective bonuses. An investment management and holding agreement was executed by all business partners. Mr. Zhang Xu and Ms. Que Dong Wu are beneficiaries in the scheme.

Save for the above, at no time during the Period was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company did not have any share option scheme in force during the Period.

SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO (the "Register") shows that as at 30 June 2017 the Company has been notified of the following interests or short positions in the shares of the Company:

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

Notes:

- As recorded in the Register, the 292,145,949 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited ("Wkland Investments"), which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of Vanke Property (Hong Kong) Company Limited ("Vanke HK"). Vanke HK is a direct wholly-owned subsidiary of Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.
- As recorded in the Register, the 30,080,000 ordinary shares of the Company are held by CSI Capital Management Limited, which is a direct wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a direct wholly-owned subsidiary of CITIC Securities Company Limited.

Other Information *(continued)*

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2017, the aggregate of amount of financial assistance provided by the Group to Ultimate Vantage, an affiliated company of the Company as defined under the Listing Rules, by way of shareholder's loans and guarantees given for facilities granted to Ultimate Vantage amounted to HK\$2,024 million, which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the relevant advances to Ultimate Vantage as at 30 June 2017 are as follows:

	Note	HK\$ million
Amounts due from Ultimate Vantage	(a)	496
Guarantee for loan facilities of Ultimate Vantage	(b)	960
Guarantees for finance undertaking facilities of Ultimate Vantage	(c)	568
Total		2,024

Notes:

- (a) *The balance is unsecured, interest-bearing at Hong Kong Interbank Offered Rate ("HIBOR") plus 2.2% per annum, has no fixed terms of repayment, and is expected to be recovered within one year.*
- (b) *The loan facilities are secured by, inter alia, guarantees provided by the Company and the other joint venture partner on a several basis and in proportion to their respective shareholding interest in Ultimate Vantage. The loan facilities carry interest at normal commercial rate agreed after arm's length negotiations with the lenders concerned. The final maturity date of the loan facilities is the earlier of 29 June 2019 or the date falling six months after the issuance of the certificate of compliance in respect of the TW6 Project.*
- (c) *The finance undertaking facilities are secured by, inter alia, guarantees provided by the Company and the other joint venture partner on a several basis and in proportion to their respective shareholding interest in Ultimate Vantage. Commission is charged on the amount of letters of undertakings issued under the facility letters and at a normal commercial rate after arm's length negotiation with the issuing parties. The final maturity date of the facility letters is the earliest of (i) 30 June 2020; or (ii) upon the issue by The Director of Lands of the consent to assign in relation to the TW6 Project, or if no consent to assign has been issued, the issue by The Director of Lands of a certificate of compliance in respect of the TW6 Project and the issue of a certificate by an authorised person to The Director of Lands confirming that the fittings and finishes of those units in the TW6 Project which have been sold under the consent will be incorporated in accordance with the terms and conditions of the sale and purchase agreements for the residential units and car parking spaces in the TW6 Project (the "Agreements for Sale and Purchase"); or (iii) when the total amount of pre-sale deposits of the TW6 Project in the stakeholders' account(s) maintained by the other joint venture partner's solicitors under the terms of the Agreements for Sale and Purchase is sufficient to meet the outstanding development costs required to complete the TW6 Project; or (iv) when the outstanding development costs for completion of the TW6 Project has been reduced to zero.*

Other Information *(continued)*

The statement of financial position of Ultimate Vantage as at 30 June 2017 and the Group's attributable interest therein are set out below.

	<i>Note</i>	Statement of financial position of Ultimate Vantage <i>HK\$ million</i>	Group's attributable interest <i>HK\$ million</i>
Current assets		6,475	1,295
Loans due to shareholders	(a)	(2,718)	(496)
Other current liabilities		(347)	(69)
Non-current liabilities		(3,393)	(679)
Net assets		17	3

Note:

(a) *The balance is unsecured, interest-bearing at HIBOR plus 2.2% per annum, has no fixed terms of repayment, and is expected to be repaid within one year.*

PUBLICATION OF INTERIM REPORT

The interim report in both English and Chinese is available in printed form and on the website of the Company at www.vankeoverseas.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Shareholders may at any time change their means of receiving corporate communications of the Company (in hard copy or through electronic means) free of charge by giving reasonable notice in writing to the Company's Hong Kong Share Registrar or by email to vankeoverseas.ecom@computershare.com.hk.