萬科置業(海外)有限公司

Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

RESULTS

The Board of Directors (the "**Board**") of Vanke Property (Overseas) Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce the consolidated results of the Group for the year ended 31 December 2016 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**91,244**	89,067
Cost of services		**(21,168)**	(20,159)
Gross profit		**70,076**	68,908
Other income	*4*	**2,807**	166
Administrative, leasing and marketing expenses		**(13,528)**	(12,660)
Increase in fair value of investment properties	*9*	**80,910**	125,690
Operating profit		**140,265**	182,104
Finance income	*5(a)*	**1,657**	1,515
Finance costs	*5(a)*	**(21)**	(12,422)
		141,901	171,197
Share of loss of an associate		**(10)**	(9)
Profit before taxation	*5*	**141,891**	171,188
Taxation charge	*6*	**(10,571)**	(9,483)
Profit and total comprehensive income for the year and attributable to shareholders of the Company		**131,320**	161,705
		HK$	*HK$*
Earnings per share — basic and diluted	*8*	**0.34**	0.52

Details of dividends paid and payable to shareholders of the Company attributable to the profit for the year are set out in note 7.

Consolidated Statement of Financial Position
At 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Plant and equipment		**312**	408
Investment properties	9	**1,700,810**	1,619,900
Interests in associates	10	**484,036**	458,976
Prepayments		**2,095**	–
Deferred tax assets		**186**	1,126
		2,187,439	2,080,410
Current assets			
Trade and other receivables	11	**5,951**	3,939
Deposit for land tendering		**25,000**	–
Tax recoverable		**–**	14
Bank balances and cash		**703,922**	715,728
		734,873	719,681
Current liabilities			
Other payables and accruals	12	**(26,412)**	(26,873)
Amount due to an intermediate holding company		**(2,008)**	(1,303)
Tax payable		**(2,453)**	(2,007)
		(30,873)	(30,183)
Net current assets		**704,000**	689,498
Total assets less current liabilities		**2,891,439**	2,769,908
Non-current liabilities			
Deferred tax liabilities		**(33,292)**	(31,395)
NET ASSETS		**2,858,147**	2,738,513
CAPITAL AND RESERVES			
Share capital		**3,895**	3,895
Reserves		**2,854,252**	2,734,618
TOTAL EQUITY		**2,858,147**	2,738,513

Notes

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, Ugland 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.

The Board 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 consolidated financial statements for the year ended 31 December 2016 comprise the Group and its interests in associates. The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2016 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"). The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties are stated at their fair value.

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2016	2015
	HK$'000	*HK$'000*
Rental and property management	**91,244**	89,067

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:	Share of the results of an associate, which principal activity is property development

Operating segments

The segment results are as follows:

	Rental and property management *HK$'000*	**Property development** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2016			
Revenue	**91,244**	**–**	**91,244**
Segment results before changes in fair value of investment properties	**70,403**	**(10)**	**70,393**
Increase in fair value of investment properties	**80,910**	**–**	**80,910**
Segment results	**151,313**	**(10)**	**151,303**
Head office and corporate expenses (net of unallocated income)			**(11,048)**
Finance income			**1,657**
Finance costs			**(21)**
Profit before taxation			**141,891**
Taxation charge			**(10,571)**
Profit for the year			**131,320**

	Rental and property management HK$'000	Property development HK$'000	Total HK$'000
For the year ended 31 December 2015			
Revenue	89,067	–	89,067
Segment results before changes in fair value of investment properties	66,283	(9)	66,274
Increase in fair value of investment properties	125,690	–	125,690
Segment results	191,973	(9)	191,964
Head office and corporate expenses (net of unallocated income)			(9,869)
Finance income			1,515
Finance costs			(12,422)
Profit before taxation			171,188
Taxation charge			(9,483)
Profit for the year			161,705

Geographical information

No geographical information is shown as the revenue and operating profit of the Group's operations are all derived from activities in Hong Kong.

4. OTHER INCOME

	2016 ***HK$'000***	2015 *HK$'000*
Compensation received from tenants on early lease termination	**2,723**	76
Others	**84**	90
	2,807	166

5. PROFIT BEFORE TAXATION

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

	2016 *HK$'000*	2015 *HK$'000*
(a) Finance income and costs		
Finance income		
— Interest income on bank deposits and bank balances	**(1,657)**	(1,515)
Finance costs		
— Interest expenses on bank loans	**–**	8,463
— Interest expenses on amount due to an intermediate holding company	**21**	–
— Other borrowing costs	**–**	3,959
	21	12,422
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution plan	**91**	65
Salaries, wages and other benefits	**6,665**	5,578
	6,756	5,643
(c) Others		
Auditors' remuneration		
— Audit services	**650**	600
— Non-audit services (note)	**600**	355
Depreciation	**96**	69
Rental receivables from investment properties less direct outgoings of HK$21,168,000 (2015: HK$20,159,000)	**(70,076)**	(68,908)

Note: The amount in 2015 excluded the auditor's remuneration of HK$190,000 for provision of non-audit service in relation to a rights issue, which was charged to the share premium account.

6. TAXATION CHARGE

	2016 *HK$'000*	2015 *HK$'000*
Current tax		
Hong Kong Profits Tax	**7,836**	7,236
Over-provision in prior years	**(102)**	(42)
	7,734	7,194
Deferred tax		
Origination and reversal of temporary differences	**2,837**	2,289
	10,571	9,483

Provision for Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the year.

There is no taxation charge (2015: nil) in the results of an associate for the year ended 31 December 2016.

7. DIVIDENDS

(a) Dividends attributable to the year

	2016	2015
	HK$'000	*HK$'000*
Final dividend proposed after the end of reporting period of HK$0.03 (2015: HK$0.03) per share	**11,686**	11,686

At a meeting held on 21 February 2017, the Directors recommended a final dividend of HK$0.03 per share. This proposed dividend is not reflected as a dividend payable in the Group's consolidated financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year ending 31 December 2017.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2016	2015
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.03 (2015: HK$0.03) per share	**11,686**	7,791

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK$131,320,000 (2015: HK$161,705,000) and 389,527,932 shares (2015: weighted average of 313,384,058 shares, having adjusted for the effect of the rights issue) in issue during the year, calculated as follows:

	2016	2015
Weighted average number of shares		
Issued shares at 1 January	**389,527,932**	259,685,288
Effect of rights issue	**–**	53,698,770
Weighted average number of shares at 31 December	**389,527,932**	313,384,058

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2015: nil).

9. INVESTMENT PROPERTIES

Investment properties of the Group were revalued at 31 December 2016. The valuations were carried 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. During the year, the increase in fair value of investment properties was HK$80,910,000 (2015: HK$125,690,000).

10. INTERESTS IN ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Share of net assets	**3,302**	3,312
Amount due from an associate (non-current) (note)	**480,734**	455,664
	484,036	458,976

Note: The balance is unsecured, interest-bearing at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.2% (2015: HIBOR plus 2.2%) per annum and has no fixed terms of repayment, and is expected to be recovered after one year.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**1,009**	605
Unamortised rent receivables	**1,773**	445
Other receivables	**372**	63
Other deposits	**2,464**	2,413
Prepayments	**333**	413
	5,951	3,939

Trade receivables represent mainly rental receivables from tenants of the Group's investment properties. The Group has stringent procedures in place to deal with overdue debts. Reminders are issued bi-weekly when trade receivables have been overdue for 15 days, and legal actions will be taken when 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:

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**954**	588
31 to 90 days	**55**	17
	1,009	605

At 31 December 2016, none of the Group's trade receivables were individually determined to be impaired (2015: nil).

12. OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
Other payables	**2,024**	1,624
Deposits received	**22,666**	22,359
Accruals	**1,722**	2,890
	26,412	26,873

Except for the rental and other deposits received on properties of HK$12,689,000 (2015: HK$14,307,000) 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.

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 year was HK$91.2 million (2015: HK$89.1 million), representing an increase of 2%. The increase was mainly due to an increase in passing rent for the units in Regent Centre during the year.

The Group's investment in Regent Centre was fair valued at HK$1,700.8 million as at 31 December 2016 (2015: HK$1,619.9 million), representing an increase of 5%. There has been no change in the valuation methodology of the Group's investment properties, including the capitalisation rate. The higher valuation resulted in a fair value gain of HK$80.9 million for the year (2015: HK$125.7 million).

Excluding the change in fair value of Regent Centre, the Group's underlying profit for the year was HK$50.4 million (2015: HK$36.0 million), representing an increase of 40%. The increase was mainly due to savings in finance costs and an increase in compensation received from tenants for 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 in Regent Centre, representing 64% of the total gross floor area.

During the year, the Group renewed a majority of the leases at a positive rental reversion. Occupancy of the Property was maintained at a high level of 92% as at 31 December 2016 (31 December 2015: 93%) against an increase in monthly passing rent to HK$9.4 per square foot as at 31 December 2016 (31 December 2015: HK$9.2 per square foot). Apart from monthly rent, the tenants are responsible for payment of a 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$91.2 million (2015: HK$89.1 million).

Gross profit from operation for the year was HK$70.1 million (2015: HK$68.9 million) at an increased cost-to-revenue ratio to 23.2% (2015: 22.6%). The increase in cost-to-revenue ratio was mainly attributed to an increase in repair and maintenance expenses on the landlord's fixtures and fittings provided to the tenants in Regent Centre. 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 the change in fair value of the Property amounted to HK$70.4 million for the year (2015: HK$66.3 million). The increase was mainly due to an increase in gross profit from operation and additional compensation received from tenants for early lease termination.

Property development

(a) TW6 Project

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**", also known as "**The Pavilia Bay**"). The development provides a total of 983 residential units, comprising 170 studios, 220 one-bedroom units, 223 two-bedroom units, 232 three-bedroom units and 138 four-bedroom units with sizes ranging from 306 saleable square feet to 1,366 saleable square feet.

The Pavilia Bay is conveniently located next to the Tsuen Wan West MTR station with a majority of the units enjoying unobstructed sea views. The project received a record-breaking subscription on the date of its first launch in January 2017. As at 20 February 2017, 755 units were sold at gross proceeds of approximately HK$7.0 billion. The project, at the stage of superstructure, is currently estimated to be completed in August 2018.

The Group's total investment in the TW6 Project amounted to HK$484.0 million as at 31 December 2016 (31 December 2015: HK$459.0 million). The increase was mainly due to net advances of HK$25.0 million for financing the property development, sales and marketing and other expenditure in the TW6 Project.

There will be no profit contribution from the TW6 Project until revenue from pre-sold properties has been recognised. Segment loss, as a result of the Group's share of loss in Ultimate Vantage, was negligible in both years.

(b) Property acquisition

The Group has remaining rights issue proceeds of HK$609.2 million (including the deposit for land tendering of HK$25 million paid as at 31 December 2016), pending application for property acquisitions. During the year, the Group pursued a strategy to acquire property projects in Hong Kong through public auction or tender. Despite the competitive environment which has resulted in the Group being outbid in its previous tenders, the Group will consider all possibilities, including continuing to participate in public auction or tender, to enlarge its property portfolio. In February 2017, the Group submitted a tender for the residential development project at Peel Street in Central from the Urban Renewal Authority, the results of which are expected to be known latest by May 2017.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were HK$11.0 million during the year (2015: HK$9.9 million). The increase was mainly due to an increase in headcount of the Group.

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 year amounted to HK$1.7 million (2015: HK$1.5 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 during the year (2015: HK$12.4 million).

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**"). Despite amicable negotiations, the Company and China Vanke failed to reach an agreement to the proposed terms and conditions of the Potential Acquisition. As a result, the Board has 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.

On 9 August 2016, the Board, in consideration of the funding needs of the Group, available financial resources and cost of financing, resolved to further reallocate the use of the remaining net proceeds of the Rights Issue as follows:

Purpose	**Before reallocation**	**After reallocation**	**Deposit for land tender as at 31 December 2016**	**Amount utilised as at 31 December 2016**	**Amount unutilised as at 31 December 2016**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Property acquisition	709.2	609.2	(25.0)	–	584.2
Sales and marketing expenses and other expenditure not covered by permitted use of the banking facilities currently granted for the TW6 Project	–	65.0	–	(5.7)	59.3
Upgrading the air conditioning system in Regent Centre	–	35.0	–	(2.1)	32.9
Total	709.2	709.2	(25.0)	(7.8)	676.4

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

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to HK$2,858.1 million as at 31 December 2016 (31 December 2015: HK$2,738.5 million). The increase was due to the profit attributable to the shareholders of the Company for the year of HK$131.3 million less payment of 2015 final dividend of HK$11.7 million.

The Group had no interest-bearing debts and undrawn banking facilities as at 31 December 2016 (31 December 2015: nil). The Group's bank balances and cash amounted to HK$703.9 million as at 31 December 2016 (31 December 2015: HK$715.7 million), of which HK$676.4 million (31 December 2015: HK$709.2 million) was attributable to remaining proceeds from the Rights Issue. On 9 August 2016, the Board resolved to reallocate part of the remaining proceeds from the Rights Issue of HK$100.0 million for funding future contributions for the TW6 Project and the expenditure to be incurred in upgrading the air conditioning system in Regent Centre. 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 fluctuations.

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$32.9 million as at 31 December 2016 (31 December 2015: nil) in respect of capital expenditure to be incurred in upgrading the air conditioning system in Regent Centre.

Contingent liabilities and financial guarantees

The Group had the following contingent liabilities as at 31 December 2016:

(i) A corporate guarantee of HK$960.0 million (31 December 2015: HK$960.0 million) to secure banking facilities granted to Ultimate Vantage for financing the development of the TW6 Project (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$2,388.3 million (31 December 2015: HK$1,822.3 million) was utilised by Ultimate Vantage as at 31 December 2016. 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 2015: nil) 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 2015: nil) was utilised by Ultimate Vantage as at 31 December 2016. 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.

Pledge of assets

The all-monies mortgage created over the Group's investment properties together with other loan collaterals were discharged in full on 16 March 2016, following full repayment of the outstanding bank loan on 28 December 2015.

There was no pledge on the Group's assets as at 31 December 2016.

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 year.

EMPLOYEES AND REMUNERATION POLICY

During the year, Vanke Property (Hong Kong) Company Limited ("**Vanke HK**") increased the property development capabilities of the Group by transferring two of its property professionals from Vanke HK to the Group. As a result, the Group had six employees as at 31 December 2016 (31 December 2015: four). Total staff costs (including Directors' emoluments) amounted to HK$6.8 million in the year (2015: HK$5.6 million).

Vanke HK provides administrative and management support to the Group on a cost basis. Total fee payable to Vanke HK amounted to HK$1.6 million during the year (2015: HK$1.3 million).

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 in a defined contribution mandatory provident fund scheme. Other employment benefits are awarded at the discretion of the Group.

OUTLOOK

It is expected that the Hong Kong and global economy will be full of uncertainties in 2017, as a result of the unfolding of the Brexit event, the policy changes in the United States under Donald Trump's administration, a higher interest rate environment in the United States and the forthcoming election results in the European Union countries. The Group will stay alert to such uncertainties and take appropriate measures such as maintaining the financial health of the Group through prudent risk management and maintaining the leasing performance in Regent Centre through working in close partnership with the property managers and adopting measures to improve customer satisfaction.

Despite the uncertainties still clouding the Hong Kong and global economy, the Group remains optimistic on the long term prospects of the Hong Kong property market. There remains strong property demand as underpinned by the support from the Mainland Government in maintaining Hong Kong as a leading international financial centre and the attractiveness of local properties to outsiders owing to the currency peg of the Hong Kong Dollar to the United States Dollar. A healthy labour market reflecting a state of full employment, a predicted growth in population and number of households in the city are still favouring the local housing market. The Group will continue to monitor the developments in the Hong Kong property market and seek opportunities to apply the remaining proceeds from the Rights Issue for acquiring land or completed properties in a cautious and disciplined manner.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.03 per share (2015: HK$0.03 per share). Subject to the passing of the relevant resolution at the Annual General Meeting of the Company to be held on 12 May 2017 (the "**2017 AGM**"), the final dividend will be payable to the shareholders on or about 31 May 2017.

CLOSURE OF REGISTER OF MEMBERS AND THE TRANSFER BOOKS

The Register of Members and the Transfer Books of the Company will be closed during the following periods:

(i) For ascertaining the shareholders' entitlement to attend and vote at the 2017 AGM

The Register of Members and the Transfer Books of the Company will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2017 AGM. In order to be eligible to attend and vote at the 2017 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited ("**Computershare**") at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 8 May 2017.

(ii) For ascertaining the shareholders' entitlement to the proposed final dividend

The Register of Members and the Transfer Books of the Company will be closed on Friday, 19 May 2017 for the purpose of ascertaining the shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with Computershare at the abovementioned address no later than 4:30 p.m. on Thursday, 18 May 2017.

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 during the year ended 31 December 2016, except for the following deviations:

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the chairman and the 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 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 year, 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 during the year ended 31 December 2016. 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.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the code provisions under the CG Code. The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2016, including the accounting policies and practices adopted by the Group, and also discussed with management internal control and financial reporting matters applicable to the Group.

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 year ended 31 December 2016.

SCOPE OF WORK OF KPMG

The financial figures in respect of this results announcement for the year ended 31 December 2016 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2016 and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company at www.vankeoverseas.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. The annual report of the Company will be despatched to shareholders and published on the aforesaid websites in due course.

BOARD OF DIRECTORS

At the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr. Zhang Xu, Ms. Que Dong Wu

Non-Executive Director:
Mr. Chan Chi Yu

Independent Non-Executive Directors (in alphabetical order):
Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia, Mr. Shium Soon Kong

By order of the Board
Vanke Property (Overseas) Limited
Que Dong Wu
Executive Director

Hong Kong, 21 February 2017