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)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

INTERIM 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 unaudited interim results of the Group for the six months ended 30 June 2016 (the "**Period**") as follows:

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Note	**Unaudited For the six months ended 30 June 2016** ***HK$'000***	30 June 2015 *HK$'000*
Revenue	*3*	**45,395**	44,506
Cost of services		**(10,798)**	(9,969)
Gross profit		**34,597**	34,537
Other income	*4*	**2,771**	86
Administrative, leasing and marketing expenses		**(6,052)**	(6,240)
Increase in fair value of investment properties	*9*	**35,300**	67,720
Operating profit		**66,616**	96,103
Finance income	*5(a)*	**970**	–
Finance costs	*5(a)*	**(21)**	(6,286)
		67,565	89,817
Share of loss of an associate		**(10)**	(8)
Profit before taxation	*5*	**67,555**	89,809
Taxation charge	*6*	**(5,549)**	(4,706)
Profit and total comprehensive income for the period and attributable to shareholders of the Company		**62,006**	85,103
		HK$	*HK$*
Earnings per share — basic and diluted	*7*	**0.16**	0.33

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 2016

	Note	Unaudited At 30 June 2016 HK$'000	Audited At 31 December 2015 HK$'000
Non-current assets			
Plant and equipment		**360**	408
Investment properties	*9*	**1,655,200**	1,619,900
Interest in an associate	*10*	**467,224**	458,976
Deferred tax assets		**514**	1,126
		2,123,298	2,080,410
Current assets			
Trade and other receivables	*11*	**5,580**	3,939
Tax recoverable		**–**	14
Bank balances and cash		**724,540**	715,728
		730,120	719,681
Current liabilities			
Other payables and accruals	*12*	**(26,459)**	(26,873)
Amount due to an intermediate holding company		**(1,527)**	(1,303)
Tax payable		**(4,303)**	(2,007)
		(32,289)	(30,183)
Net current assets		**697,831**	689,498
Total assets less current liabilities		**2,821,129**	2,769,908
Non-current liabilities			
Deferred tax liabilities		**(32,296)**	(31,395)
NET ASSETS		**2,788,833**	2,738,513
CAPITAL AND RESERVES			
Share capital		**3,895**	3,895
Reserves		**2,784,938**	2,734,618
TOTAL EQUITY		**2,788,833**	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 interim results set out in the announcement do not constitute the Group's interim report for the six months ended 30 June 2016 but are extracted from the report.

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 2015.

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group's results and financial position. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

The preparation of 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.

This 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 2015 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. In addition, this Interim Financial Information has been reviewed by the Company's Audit Committee.

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 mainly 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

The segment results are as follows:

	Rental and property management *HK$'000*	Property development *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2016			
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)			**(5,147)**
Depreciation (included in administrative, leasing and marketing expenses)			**(1)**
Finance income			**970**
Finance costs			**(21)**
Profit before taxation			**67,555**
Taxation charge			**(5,549)**
Profit for the Period			**62,006**

	Rental and property management HK$'000	Property development HK$'000	Total HK$'000
For the six months ended 30 June 2015			
Revenue	44,506	–	44,506
Segment results before change in fair value of investment properties	33,094	(8)	33,086
Increase in fair value of investment properties	67,720	–	67,720
Segment results	100,814	(8)	100,806
Head office and corporate expenses (net of unallocated income)			(4,710)
Depreciation (included in administrative, leasing and marketing expenses)			(1)
Finance costs			(6,286)
Profit before taxation			89,809
Taxation charge			(4,706)
Profit for the period			85,103

4. OTHER INCOME

	For the six months ended	
	30 June 2016	30 June 2015
	HK$'000	*HK$'000*
Compensation receivable from tenants on early lease termination	**2,723**	48
Others	**48**	38
	2,771	86

5. PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2016	30 June 2015
	HK$'000	*HK$'000*
(a) Finance income and costs		
Finance income		
— Interest income on bank deposits and bank balances	**(970)**	–
Finance costs		
— Interest expenses on bank loans	**–**	4,266
— Interest expenses on amount due to an intermediate holding company	**21**	–
— Other borrowing costs	**–**	2,020
	21	6,286
(b) Others		
Depreciation		
— included in cost of services	**47**	20
— included in administrative, leasing and marketing expenses	**1**	1
Contributions to defined contribution plan	**39**	32
Salaries, wages and other benefits (including Directors' emoluments)	**3,276**	2,973
Rental receivables from investment properties less direct outgoings of HK$10,798,000 (six months ended 30 June 2015: HK$9,969,000)	**(34,597)**	(34,537)

6. TAXATION CHARGE

	For the six months ended	
	30 June 2016	30 June 2015
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**4,039**	3,557
Over provision in prior years	**(3)**	–
	4,036	3,557
Deferred tax		
Origination and reversal of temporary differences	**1,513**	1,149
	5,549	4,706

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits for the Period.

There is no taxation charge (six months ended 30 June 2015: nil) in the results of an associate for the Period.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK$62,006,000 (six months ended 30 June 2015: HK$85,103,000) and 389,527,932 shares (six months ended 30 June 2015: 260,858,886 shares, having adjusted for the effect of rights issue) 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 2015: 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 2015: nil).

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

	For the six months ended	
	30 June 2016	30 June 2015
	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 2015: HK$0.03) per share	**11,686**	7,791

9. INVESTMENT PROPERTIES

Investment properties of the Group were revalued at 30 June 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. During the Period, the increase in fair value of investment properties was HK$35,300,000 (six months ended 30 June 2015: HK$67,720,000).

10. INTEREST IN AN ASSOCIATE

	At 30 June 2016	At 31 December 2015
	HK$'000	*HK$'000*
Share of net assets	**3,302**	3,312
Amount due from an associate (non-current) *(note b)*	**463,922**	455,664
	467,224	458,976

Notes:

(a) The Group owns 20% equity interest in Ultimate Vantage Limited ("**Ultimate Vantage**"), which has been granted the rights to develop the property project in the West Rail Tsuen Wan West Station (the "**TW6 Project**").

(b) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate ("**HIBOR**") plus 2.2% (31 December 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

	At 30 June 2016 HK$'000	At 31 December 2015 HK$'000
Trade receivables	**764**	605
Amortised rent receivables	**373**	445
Other receivables	**1,866**	63
Deposits	**2,413**	2,413
Prepayments	**164**	413
	5,580	3,939

Trade receivables represent mainly 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 trade receivables are 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 2016 HK$'000	At 31 December 2015 HK$'000
0 to 30 days	**702**	588
31 to 90 days	**–**	17
Over 90 days	**62**	–
	764	605

At 30 June 2016, none of the Group's trade receivables were individually determined to be impaired (31 December 2015: nil).

12. OTHER PAYABLES AND ACCRUALS

	At 30 June 2016 HK$'000	At 31 December 2015 HK$'000
Other payables	**2,087**	1,624
Deposits received	**22,616**	22,359
Accruals	**1,756**	2,890
	26,459	26,873

Except for the rental and other deposits received on properties of HK$12,782,000 (31 December 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 six months ended 30 June 2016 (the "**Period**") was HK$45.4 million (six months ended 30 June 2015: HK$44.5 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 Period.

The Group's investment in Regent Centre was fair valued at HK$1,655.2 million as at 30 June 2016 (31 December 2015: HK$1,619.9 million), representing an increase of 2%. 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$35.3 million in the first half of the year (six months ended 30 June 2015: HK$67.7 million).

Excluding the change in fair value of Regent Centre, the Group's underlying profit for the Period was HK$26.7 million (six months ended 30 June 2015: HK$17.4 million), representing an increase of 53%. The increase was mainly due to savings in finance costs and compensation receivable 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, 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 was maintained at a high level of 93% as at 30 June 2016 (31 December 2015: 93%) against an increase in passing rent to HK$9.4 per square foot as at 30 June 2016 (31 December 2015: HK$9.2 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$45.4 million (six months ended 30 June 2015: HK$44.5 million).

Gross profit from operation for the Period was HK$34.6 million (six months ended 30 June 2015: HK$34.5 million) at an increased cost-to-revenue ratio to 23.8% (six months ended 30 June 2015: 22.4%). 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. The Group is taking initiatives to protect the environment and improve customer satisfaction by adopting a program to upgrade the existing air conditioning system in Regent Centre to new ones using environmentally friendly refrigerant, which are more energy efficient and deliver a better cooling performance. The program is expected to commence in the fourth quarter of 2016 with an estimated capital outlay 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$36.5 million for the Period (six months ended 30 June 2015: HK$33.1 million). The increase was due to an increase in gross profit from operation and compensation receivable from tenants for early lease termination.

Property development

(a) TW6 Project

The Group's property under development are represented by investment in Ultimate Vantage Limited ("**Ultimate Vantage**"), a 20% associate of the Group. Ultimate Vantage is a special purpose vehicle established for the development of the West Rail Tsuen Wan West Station TW6 Property Development Project (the "**TW6 Project**") in January 2013. The TW6 Project involves, among other things, construction of two high-rise residential buildings offering a total of 983 units with a maximum developable gross floor area of approximately 675,000 square feet. Ultimate Vantage has recently made an application for presale of the project and, barring any unforeseen circumstances, the project is expected to be launched to the market for presale in the fourth quarter of 2016. As at the date hereof, development of the TW6 project has proceeded to the superstructure stage and is scheduled for completion in 2018.

The Group's total investment in the TW6 Project amounted to HK$467.2 million as at 30 June 2016 (31 December 2015: HK$459.0 million). The increase was mainly due to net advances of HK$8.3 million for financing the property development expenditure in the TW6 Project. The Group is expected to make further advances to Ultimate Vantage to fund for sales and marketing expenses and other expenditure which are not covered by the permitted use of the banking facilities currently granted for the TW6 Project (the "**TW6 Banking Facilities**"), as the project proceeds to the presale stage in the second half of 2016.

There is no profit contribution from the TW6 Project for the time being. Segment loss, as a result of the Group's share of loss in Ultimate Vantage, was negligible in both periods.

(b) Property acquisition

The Group has remaining rights issue proceeds of HK$709.2 million in the bank accounts of the Group, pending application for property acquisitions. During the Period, the Group pursued a strategy to acquire property projects in Hong Kong through public auction or tender. So far, the Group has participated in four public tenders from the Hong Kong Government, being (i) Tai Po Town Lot No. 227 on a sole basis in May 2016, (ii) Tai Po Town Lot No. 228 on a sole basis in July 2016, (iii) Yau Tong Inland Lot No. 44 on a joint venture basis in July 2016, and (iv) Sha Tin Town Lot No. 609 on a joint venture basis in August 2016. The Group was outbid in all four tenders and will consider all possibilities, including continue participating in public auction or tender, to enlarge its property portfolio.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were HK$5.1 million during the Period. (six months ended 30 June 2015: HK$4.7 million). The increase was mainly due to an increase in headcount of the Group.

Finance costs, net

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$0.97 million (six months ended 30 June 2015: nil).

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 cost was negligible during the Period (six months ended 30 June 2015: HK$6.3 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**"). 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 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, having considered the funding needs of the Group and other factors, resolved to change the use of part of the remaining rights issue proceeds as follows:

(a) approximately HK$65.0 million for funding sales and marketing expenses and other expenditure for the TW6 Project, which are not covered by the permitted use of the TW6 Banking Facilities;

(b) approximately HK$35.0 million for upgrading the air conditioning system in Regent Centre; and

(c) the remaining balance of approximately HK$609.2 million for acquisition of land or property projects.

For details, please refer to the Company's announcement dated 9 August 2016 on the change in use of net proceeds from Rights Issue.

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to HK$2,788.8 million as at 30 June 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 Period of HK$62.0 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 30 June 2016 (31 December 2015: nil). The Group's bank balances and cash amounted to HK$724.5 million as at 30 June 2016 (31 December 2015: HK$715.7 million), of which HK$709.2 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.

Treasury policies

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

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

Capital commitments

The Group had no significant capital commitments as at 30 June 2016 (31 December 2015: nil).

Contingent liabilities and financial guarantees

The Group had a contingent liability of HK$960.0 million as at 30 June 2016 (31 December 2015: HK$960.0 million) in respect of a corporate guarantee given in favor of 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$1,944.3 million (31 December 2015: HK$1,822.3 million) was utilised by Ultimate Vantage as at 30 June 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 then outstanding bank loan on 28 December 2015.

There was no pledge on the Group's assets as at 30 June 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 Period.

EMPLOYEES AND REMUNERATION POLICY

During the Period, 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 30 June 2016 (31 December 2015: four). Total staff costs (including Directors' emoluments) amounted to HK$3.3 million in the Period (six months ended 30 June 2015: HK$3.0 million).

Vanke HK provides administrative and management support to the Group on a cost basis. Total fee payable to Vanke HK amounted to HK$681,000 during the Period (six months ended 30 June 2015: HK$875,000).

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 2015: nil).

OUTLOOK

It is expected that the Hong Kong and global economy will remain full of uncertainties, especially after UK's decision to leave the European Union in June 2016. The Hong Kong economy is expected to further weaken, as a result of the slowing Mainland China economy, the tightening of the US Federal Reserve's policy and a strengthening Hong Kong Dollar. With these in mind, the Group has been working in full collaboration with the estate and property managers in Regent Centre to increase tenants' satisfaction. A customer satisfaction survey was carried out in April 2016 to measure the level of satisfaction of the performance of the landlord and the managers in Regent Centre and to gauge the tenants' opinion on the condition of the building. These have resulted in effective measures being undertaken to raise property management standards. Further, the Group is going to embark a program to upgrade the existing air conditioning system in Regent Centre to new ones using environmentally friendly refrigerant. These asset enhancement initiatives are expected to keep our tenants in Regent Centre satisfied and enable the Group to weather the tough operating environment in maintaining a steady rental income for Regent Centre.

The fundamentals underlying the Hong Kong property market have not been significantly altered despite the negative headwinds now prevailing in the Hong Kong and global economy. The Group will continue to monitor the residential property market in Hong Kong and seek opportunities to apply the remaining proceeds from the Rights Issue for acquiring land or property projects in Hong Kong in a cautious and disciplined manner.

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 Period, 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 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.

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 the 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 the interim report to be sent to the shareholders. The interim financial information has also been reviewed by the Company's Audit Committee.

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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM 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 interim 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, 9 August 2016