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 2015

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Vanke Property (Overseas) Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries for the year ended 31 December 2015 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	**2015** **HK$'000**	2014 *HK$'000*
Revenue	*3*	**89,067**	85,809
Cost of services		**(20,159)**	(19,784)
Gross profit		**68,908**	66,025
Other income	*4*	**166**	488
Administrative, leasing and marketing expenses		**(12,660)**	(11,339)
Increase in fair value of investment properties	*9*	**125,690**	109,510
Operating profit		**182,104**	164,684
Finance income	*5(a)*	**1,515**	1
Finance costs	*5(a)*	**(12,422)**	(17,895)
		171,197	146,790
Share of loss of an associate		**(9)**	(9)
Profit before taxation	*5*	**171,188**	146,781
Taxation charge	*6*	**(9,483)**	(9,226)
Profit and total comprehensive income for the year and attributable to shareholders of the Company		**161,705**	137,555
		HK$	*HK$*
Earnings per share — basic and diluted	*8*	**0.52**	0.53

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 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Plant and equipment		**408**	11
Investment properties	*9*	**1,619,900**	1,494,210
Interest in an associate	*10*	**458,976**	408,351
Deferred tax assets		**1,126**	1,613
		2,080,410	1,904,185
Current assets			
Trade and other receivables	*11*	**3,939**	3,709
Tax recoverable		**14**	17
Amount due from an associate	*10*	**–**	21,000
Bank balances and cash		**715,728**	11,986
		719,681	36,712
Current liabilities			
Other payables and accruals	*12*	**(26,873)**	(25,206)
Amount due to an intermediate holding company		**(1,303)**	(1,378)
Bank loans due within one year, secured		**–**	(330,000)
Tax payable		**(2,007)**	(2,297)
		(30,183)	(358,881)
Net current assets/(liabilities)		**689,498**	(322,169)
Total assets less current liabilities		**2,769,908**	1,582,016
Non-current liabilities			
Deferred tax liabilities		**(31,395)**	(29,593)
NET ASSETS		**2,738,513**	1,552,423
Capital and reserves	*13*		
Share capital		**3,895**	2,596
Reserves		**2,734,618**	1,549,827
TOTAL EQUITY		**2,738,513**	1,552,423

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 55/F, 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 that 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 2015 comprise the Company and its subsidiaries and the Group's interest in an associate. The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2015 but are extracted from those financial statements.

These 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. These 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 2014 except for the changes stated as below.

In the current year, the Group has applied the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Annual Improvements to HKFRSs 2010–2012 Cycle
- Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior year and/or disclosure set out in these financial statements.

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:

	2015	2014
	HK$'000	*HK$'000*
Rental and property management	**89,067**	85,809

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), depreciation, 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	**Property development**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
For the year ended 31 December 2015			
Revenue	**89,067**	**–**	**89,067**
Segment results before change 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)			**(9,866)**
Depreciation			**(3)**
Finance income			**1,515**
Finance costs			**(12,422)**
Profit before taxation			**171,188**
Taxation charge			**(9,483)**
Profit for the year			**161,705**

	Rental and property management *HK$'000*	Property development *HK$'000*	Total *HK$'000*
For the year ended 31 December 2014			
Revenue	85,809	–	85,809
Segment results before change in fair value of investment properties	65,126	(9)	65,117
Increase in fair value of investment properties	109,510	–	109,510
Segment results	174,636	(9)	174,627
Head office and corporate expenses (net of unallocated income)			(9,949)
Depreciation			(3)
Finance income			1
Finance costs			(17,895)
Profit before taxation			146,781
Taxation charge			(9,226)
Profit for the year			137,555

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

	2015 *HK$'000*	2014 *HK$'000*
Forfeited deposits	**76**	407
Others	**90**	81
	166	488

5. PROFIT BEFORE TAXATION

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

	2015 *HK$'000*	2014 *HK$'000*
(a) Finance income and costs		
Finance income		
— Interest income on bank deposits and bank balances	**(1,515)**	(1)
Finance costs		
— Interest expenses on bank loans	**8,463**	11,703
— Interest expenses on amount due to an intermediate holding company	**–**	2,599
— Other borrowing costs	**3,959**	3,593
	12,422	17,895
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution plan	**65**	62
Salaries, wages and other benefits	**5,578**	5,582
	5,643	5,644
(c) Others		
Auditors' remuneration		
— Audit services	**600**	580
— Non-audit services	**355**	478
Depreciation	**69**	3
Rental receivables from investment properties less direct outgoings of HK$20,159,000 (2014: HK$19,784,000)	**(68,908)**	(66,025)

6. TAXATION CHARGE

	2015 *HK$'000*	2014 *HK$'000*
Current tax		
Hong Kong Profits Tax	**7,236**	6,977
Over provision in prior years	**(42)**	(32)
	7,194	6,945
Deferred tax		
Origination and reversal of temporary differences	**2,289**	2,281
	9,483	9,226

Provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

There is no tax component (2014: nil) in the results of an associate for the year ended 31 December 2015.

7. DIVIDENDS

(a) Dividends attributable to the year

	2015	2014
	HK$'000	*HK$'000*
Final dividend proposed after the end of reporting period of HK$0.03 (2014: HK$0.03) per share	**11,686**	7,791

At a meeting held on 1 March 2016, 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 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 2016.

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

	2015	2014
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.03 (2014: HK$0.03) per share	**7,791**	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$161,705,000 (2014: HK$137,555,000) and the weighted average of 313,384,058 shares (2014: 260,858,886 shares, having adjusted for the effect of rights issue) in issue during the year, calculated as follows:

	2015	2014
	'000	*'000*
Weighted average number of shares		
Issued shares at 1 January	**259,685**	259,685
Effect of rights issue	**53,699**	1,174
Weighted average number of shares at 31 December	**313,384**	260,859

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2014: nil).

9. INVESTMENT PROPERTIES

The investment properties of the Group were revalued at 31 December 2015 by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (2014: Vigers Appraisal & Consulting 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 year, the increase in fair value of investment properties was HK$125,690,000 (2014: HK$109,510,000).

10. INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

	2015 ***HK$'000***	2014 *HK$'000*
Share of net assets	**3,312**	3,321
Amount due from an associate (non-current) *(Note (i))*	**455,664**	405,030
	458,976	408,351
Amount due from an associate (current) *(Note (ii))*	**–**	21,000

Notes:

(i) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate ("**HIBOR**") plus 2.2% per annum (2014: HIBOR plus 2.2% per annum) and has no fixed terms of repayment, and is expected to be recovered after one year.

(ii) The balance was unsecured, interest-bearing at HIBOR plus 2.2% per annum (2014: HIBOR plus 2.2% per annum) and has been recovered in full during the year.

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**605**	577
Amortised rent receivables	**445**	105
Other receivables	**63**	6
Deposits	**2,413**	2,408
Prepayments	**413**	613
	3,939	3,709

Trade receivables represent mainly rent receivables from tenants of the Group's properties. The Group maintains a defined policy in respect of rent collection. 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. The ageing analysis of trade receivables (net of allowance for doubtful debts), based on the date of revenue recognition, is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**588**	547
31 to 90 days	**17**	30
	605	577

At 31 December 2015, none of the Group's trade receivables were individually determined to be impaired (2014: nil).

12. OTHER PAYABLES AND ACCRUALS

	2015	2014
	HK$'000	*HK$'000*
Other payables	**1,624**	1,705
Deposits received	**22,359**	20,987
Accruals	**2,890**	2,514
	26,873	25,206

Except for the rental and other deposits received on properties of HK$14,307,000 (2014: HK$5,582,000) 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.

13. TOTAL EQUITY

On 25 June 2015, the board of directors of the Company proposed to raise approximately HK$1,044 million, before expenses, by issuing 129,842,644 rights shares at a subscription price of HK$8.04 per rights share (the "**Rights Issue**"). The Rights Issue was available only to the qualifying shareholders on the basis of the provisional allotment of one rights share for every two underlying shares in issue and held on the record date as at 13 July 2015. The Rights Issue was completed on 5 August 2015. Details of the Rights Issue are disclosed in the Company's announcements dated 25 June 2015, 3 July 2015 and 4 August 2015 and the Company's prospectus dated 14 July 2015.

As a result of the Rights Issue, the equity of the Company was increased by HK$1,043,935,000 with HK$1,299,000 being credited to the share capital account and the balance of HK$1,042,636,000 being credited to the share premium account of the Company. The Rights Issue expenses totaling HK$11,759,000 were charged to the share premium account thereby reducing the balance of the account to HK$1,030,877,000 at 31 December 2015.

14. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

As announced on 13 January 2016, the Group has decided not to proceed with the potential acquisition of a property under development located in the Wan Chai district of Hong Kong from China Vanke. As a result, the Directors resolved to apply the remaining net proceeds of the Rights Issue, being approximately HK$709 million after applying HK$323 million of the total proceeds of approximately HK$1,032 million for repayment of bank loans in December 2015, for future property acquisition opportunities.

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$89.1 million (2014: HK$85.8 million), representing an increase of 4%. The increase was mainly due to increase in passing rent for the units in Regent Centre.

The Group's investment in Regent Centre was fair valued at HK$1,619.9 million as at 31 December 2015 (31 December 2014: HK$1,494.2 million), resulting in a fair value gain of HK$125.7 million for the year (2014: HK$109.5 million). Excluding the change in fair value of Regent Centre, the Group's underlying profit for the year was HK$36.0 million (2014: HK$28.0 million), representing an increase of 29%. The increase was mainly due to increase in gross profit from operations and savings in finance costs.

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 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 93% as at 31 December 2015 (31 December 2014: 95%) against an increase in monthly passing rent to HK$9.2 per square foot as at 31 December 2015 (31 December 2014: HK$8.7 per square foot). Apart from the monthly rent, the tenants are responsible for payment of property management fee to the landlord, which income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of Regent Centre was HK$89.1 million (2014: HK$85.8 million).

Gross profit from operation increased to HK$68.9 million (2014: HK$66.0 million), as a result of the increase in revenue and a slightly improved cost of services to revenue ratio of 22.6% (2014: 23.1%). During the year, there was a higher proportion of new leases being entered resulting in a higher commission paid to a property agent.

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$66.3 million for the year (2014: HK$65.1 million).

Property development

The Group's property development activities 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 residential buildings with a total gross floor area of no more than 675,021 square feet, of which no less than 520 residential units shall each be size of not exceeding 538 square feet in saleable area, and a government accommodation portion as constituted by a sports centre with a gross floor area of approximately 129,000 square feet and various parking spaces. As at the date hereof, the construction of the TW6 Project has proceeded to the superstructure stage. Ultimate Vantage will soon make an application for pre-sale of the project. Based on current progress, it is expected that the project can be completed in 2018.

The Group's total investment in the TW6 Project amounted to HK$459.0 million as at 31 December 2015 (31 December 2014: HK$429.4 million). The increase was due to advances of HK$50.6 million for financing the property development expenditure in the TW6 Project less repayment of HK$21.0 million from the loan proceeds generated from drawdown of banking facilities in Ultimate Vantage.

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 years.

Head Office and corporate expenses

Head Office and corporate expenses, net of unallocated income, were HK$9.9 million in the year (2014: HK$9.9 million).

Finance costs, net

In June 2014, Ultimate Vantage obtained banking facilities to finance the development of the TW6 Project. The drawdown and distribution of the land tranche of the facilities by Ultimate Vantage to its shareholders provided funding to the Group in July 2014 to repay the interest-bearing advance of HK$150 million owed to Vanke Property (Hong Kong) Company Limited ("**Vanke HK**") and to reduce the Group's bank borrowings by HK$190 million. Finance costs for the year reduced to HK$12.4 million (2014: HK$17.9 million), representing a decrease of 31%.

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$1.5 million (2014: HK$1,000).

FINANCIAL REVIEW

Rights Issue

As announced on 25 June 2015, the Group proposed to raise HK$1,043.9 million before expenses by issuing 129,842,644 rights shares at a subscription price of HK$8.04 per rights share. Qualifying shareholders were provisionally allotted one rights share for every two shares of the Company held on the record date as at 13 July 2015. Wkland Investments Company Limited (an indirect wholly-owned subsidiary of China Vanke) and CSI Capital Management Limited (an indirect wholly-owned subsidiary of CITIC Securities Company Limited) severally and irrevocably undertook to subscribe for or procure subscriptions for their entitlements to the Rights Issue of 109,623,483 rights shares. The remaining 20,219,161 rights shares were underwritten by CLSA Limited and Credit Suisse (Hong Kong) Limited. The Rights Issue was oversubscribed by 732,011 rights shares and completed on 5 August 2015. Total expenses for the Rights Issue amounted to HK$11.8 million.

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 for the time being 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.

For details, please refer to the Company's announcements dated 25 June 2015, 3 July 2015, 4 August 2015, 24 December 2015 and 13 January 2016 and the Company's prospectus dated 14 July 2015.

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to HK$2,738.5 million as at 31 December 2015 (31 December 2014: HK$1,552.4 million). The increase was mainly due to the increase in equity of HK$1,032.2 million as a result of the Rights Issue and the profit for the year of HK$161.7 million less 2014 final dividend of HK$7.8 million.

The Group had no interest-bearing debts as at 31 December 2015 (31 December 2014: HK$333.0 million). The decrease was mainly due to application of part of the net proceeds from the Rights Issue to repay in full the outstanding bank loan on 28 December 2015.

The Group had no gearing as at 31 December 2015. As at 31 December 2014, the Group's net borrowings, being total interest-bearing debts of HK$333.0 million less bank balances and cash of HK$12.0 million, was HK$321.0 million. This translated into a gearing ratio of 21% as at 31 December 2014, calculated as a percentage of net borrowings of HK$321.0 million to equity attributable to shareholders of the Company of HK$1,552.4 million.

The Group had available cash resources of HK$715.7 million as at 31 December 2015 (31 December 2014: HK$262.0 million, comprising bank balances and cash of HK$12.0 million and undrawn banking facilities of HK$250.0 million), of which HK$709.1 million was earmarked for property acquisition purpose. 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 dollar. As a result, it has no exposure to foreign exchange rate fluctuation.

The Group reviews its interest rate exposure on a regular basis and, if appropriate, will consider entering into interest rate swap contracts to hedge the exposure to the extent required.

Capital commitments

The Group had no significant capital commitments as at 31 December 2015 (31 December 2014: nil).

Contingent liabilities and financial guarantees

The Group had a contingent liability of HK$960.0 million as at 31 December 2015 (31 December 2014: HK$960.0 million) in respect of a corporate guarantee given in favor of the banking facilities of Ultimate Vantage (the "**TW6 Loan 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 Loan Facilities of HK$4,800.0 million, HK$1,822.3 million (31 December 2014: HK$1,717.3 million) was utilised by Ultimate Vantage as at 31 December 2015.

Pledge of assets

The all-monies mortgage created over the Group's investment properties together with other loan collaterals are in the course of being discharged, following repayment of the outstanding bank loan on 28 December 2015.

As at 31 December 2014, the Group's investment properties with a carrying value of HK$1,494.2 million were pledged to secure banking facilities of the Group.

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

The Group had four employees as at 31 December 2015 (31 December 2014: four), comprising the Chief Financial Officer and Company Secretary of the Company and his assistants in the finance and company secretarial department. Total staff costs (including directors' emoluments) amounted to HK$5.6 million in the year (2014: HK$5.6 million).

Vanke HK provides administrative and management support to the Group on a cost basis. During the year, total fee payable to Vanke HK reduced to HK$1.3 million (2014: HK$1.7 million), as a result of a lower rent charged by Vanke HK for occupation of office space.

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.

OUTLOOK

The market conditions in Hong Kong are expected to be challenging in 2016, amid the concerns on the global economic outlook, turbulent oil prices and possible interest rate hikes in the United States. These negative factors have triggered a sell-off of equities across the globe since the third quarter of 2015 and driven down the price of the local residential properties from its height in September 2015. A majority of the Group's tenants are involved in the export sector and, undoubtedly the muted world trade demand and a stronger Hong Kong dollar will weigh against their businesses. The Group is vigilant about such challenges and will use its best endeavors to attract tenants from the outside district and to retain the existing tenants, where practicable. The Group will also work in conjunction with the property managers and adopt measures to further increase customer satisfaction in the tenancy and property management affairs in Regent Centre. Despite the negative headwinds in the market, the Group remains confident on the leasing performance of Regent Centre and will strive to maintain high occupancy rate and passing rent in the property in 2016.

In June 2015, the Group announced a one-for-two rights issue at a subscription price of HK$8.04 per rights share. The subscription price represented a premium of 34% to the consolidated net asset of the Company of HK$5.98 per share as at 31 December 2014. The rights issue was 101% subscribed, despite the deteriorated market condition after the outbreak of the Greece crisis, and raised net cash of HK$1,032.2 million for property acquisition and loan repayment purpose. While the opportunity to buy a property under development in the Wan Chai district of Hong Kong fell through, the Directors believe that the recent correction of the property price in Hong Kong may present more property acquisition opportunities for the Company in the near future. The Directors will exercise due care in considering such opportunities and invest the remaining rights issue proceeds of HK$709.2 million in a prudent manner.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.03 per share (2014: 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 13 May 2016 (the "**2016 AGM**"), the final dividend will be payable to the shareholders on or about 31 May 2016.

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 2016 AGM

The Register of Members and the Transfer Books of the Company will be closed from Thursday, 12 May 2016 to Friday, 13 May 2016, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2016 AGM. In order to be eligible to attend and vote at the 2016 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 Wednesday, 11 May 2016.

(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, 20 May 2016 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, 19 May 2016.

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 2015, 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 there was 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 2015. 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 2015, 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 2015.

SCOPE OF WORK OF KPMG

The financial figures in respect of this results announcement for the year ended 31 December 2015 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 2015 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 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, 1 March 2016