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vanke 万科
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 2015**

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 2015 (the “**Period**”) as follows:

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

		Unaudited	
		For the six months ended	
		30 June 2015	30 June 2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	44,506	42,704
Cost of services		(9,969)	(9,727)
Gross profit		34,537	32,977
Other income		86	41
Administrative, leasing and marketing expenses		(6,240)	(5,882)
Increase in fair value of investment properties	8	67,720	64,570
Operating profit		96,103	91,706
Finance costs	4(a)	(6,286)	(10,798)
		89,817	80,908
Share of loss of an associate		(8)	(8)
Profit before taxation	4	89,809	80,900
Taxation charge	5	(4,706)	(4,514)
Profit and total comprehensive income for the period and attributable to shareholders of the Company		85,103	76,386
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share — basic and diluted	6	0.33	0.29

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

Consolidated Statement of Financial Position
At 30 June 2015

		Unaudited	Audited
		At	At
		30 June	31 December
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Plant and equipment		456	11
Investment properties	8	1,561,930	1,494,210
Interest in an associate	9	428,912	408,351
Deferred tax assets		1,365	1,613
		<u>1,992,663</u>	<u>1,904,185</u>
Current assets			
Trade and other receivables	10	5,227	3,709
Tax recoverable		13	17
Amount due from an associate	9	–	21,000
Bank balances and cash		18,104	11,986
		<u>23,344</u>	<u>36,712</u>
Current liabilities			
Other payables and accruals	11	(28,599)	(25,206)
Amount due to an intermediate holding company		(1,388)	(1,378)
Bank loans due within one year, secured		(321,500)	(330,000)
Tax payable		(4,291)	(2,297)
		<u>(355,778)</u>	<u>(358,881)</u>
Net current liabilities		<u>(332,434)</u>	<u>(322,169)</u>
Total assets less current liabilities		1,660,229	1,582,016
Non-current liabilities			
Deferred tax liabilities		(30,494)	(29,593)
NET ASSETS		<u>1,629,735</u>	<u>1,552,423</u>
CAPITAL AND RESERVE			
Share capital		2,596	2,596
Retained profits		1,627,139	1,549,827
TOTAL EQUITY		<u>1,629,735</u>	<u>1,552,423</u>

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited consolidated interim financial information (the “**Interim Financial Information**”) has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Appendix 16 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 2014.

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 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 2014 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 head office and corporate expenses (net of unallocated income), depreciation, 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 <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>For the six months ended 30 June 2015</i>			
Revenue	<u>44,506</u>	<u>–</u>	<u>44,506</u>
Segment results before change in fair value of investment properties	33,114	(8)	33,106
Increase in fair value of investment properties	<u>67,720</u>	<u>–</u>	<u>67,720</u>
Segment results	100,834	(8)	100,826
Head office and corporate expenses (net of unallocated income)			(4,710)
Depreciation			(21)
Finance costs			<u>(6,286)</u>
Profit before taxation			89,809
Taxation charge			<u>(4,706)</u>
Profit for the Period			<u><u>85,103</u></u>

	Rental and property management <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>For the six months ended 30 June 2014</i>			
Revenue	<u>42,704</u>	<u>–</u>	<u>42,704</u>
Segment results before change in fair value of investment properties	32,488	(8)	32,480
Increase in fair value of investment properties	<u>64,570</u>	<u>–</u>	<u>64,570</u>
Segment results	97,058	(8)	97,050
Head office and corporate expenses (net of unallocated income)			(5,351)
Depreciation			(1)
Finance costs			<u>(10,798)</u>
Profit before taxation			80,900
Taxation charge			<u>(4,514)</u>
Profit for the period			<u><u>76,386</u></u>

4. PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2015	30 June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs		
Interest expenses on bank loans	4,266	6,919
Interest expenses on amount due to an intermediate holding company	–	2,239
Other borrowing costs	<u>2,020</u>	<u>1,640</u>
	<u><u>6,286</u></u>	<u><u>10,798</u></u>
(b) Others		
Depreciation	21	1
Contributions to defined contribution plan	32	28
Salaries, wages and other benefits (including Directors' emoluments)	2,973	2,874
Rental receivables from investment properties less direct outgoings of HK\$9,969,000 (six months ended 30 June 2014: HK\$9,727,000)	<u>(34,537)</u>	<u>(32,977)</u>

5. TAXATION CHARGE

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
<i>Current tax</i>		
Hong Kong Profits tax	3,557	3,393
<i>Deferred tax</i>		
Origination and reversal of temporary differences	1,149	1,121
	<u>4,706</u>	<u>4,514</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits for the Period.

There is no taxation charge (six months ended 30 June 2014: nil) in the results of an associate for the Period.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$85,103,000 (six months ended 30 June 2014: HK\$76,386,000), and 259,685,288 shares (six months ended 30 June 2014: 259,685,288 shares) in issue during the Period.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the Period (six months ended 30 June 2014: nil).

7. 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 2014: nil).

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

	For the six months ended	
	30 June 2015	30 June 2014
	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 2014: HK\$0.03) per share	<u>7,791</u>	<u>7,791</u>

8. INVESTMENT PROPERTIES

Investment properties of the Group were revalued as at 30 June 2015. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (31 December 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 Period, the increase in fair value of investment properties was HK\$67,720,000 (six months ended 30 June 2014: HK\$64,570,000).

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

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Share of net assets	3,313	3,321
Amount due from an associate (non-current) (<i>note (a)</i>)	<u>425,599</u>	<u>405,030</u>
	<u>428,912</u>	<u>408,351</u>
Amount due from an associate (current) (<i>note (b)</i>)	<u>–</u>	<u>21,000</u>

Notes:

- (a) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate (“**HIBOR**”) plus 2.2% (31 December 2014: HIBOR plus 2.2%) per annum and has no fixed terms of repayment, and is expected to be recovered after one year.
- (b) The balance was unsecured, interest-bearing at HIBOR plus 2.2% per annum and had been recovered in full during the Period.
- (c) On 22 April 2014, a shareholders’ agreement (the “**Shareholders’ Agreement**”) was entered into between, inter alia, the Company, Wkdeveloper Limited (“**Wkdeveloper**”, a wholly-owned subsidiary of the Company and owns 20% equity interest in Ultimate Vantage Limited (“**UVL**”), another shareholder of UVL (the “**JV Partner**”) and UVL (which is an associate of the Group and has been granted the rights to develop the West Rail Tsuen Wan West Station TW6 Property Development Project (the “**TW6 Project**”) to regulate the relationship of the shareholders of UVL inter se and the management of the affairs of UVL.

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

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Trade receivables	2,014	577
Amortised rent receivables	282	105
Other receivables	12	6
Deposits	2,408	2,408
Prepayments	511	613
	<u>5,227</u>	<u>3,709</u>

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

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
0 to 30 days	1,605	547
31 to 90 days	398	30
Over 90 days	11	–
	<u>2,014</u>	<u>577</u>

11. OTHER PAYABLES AND ACCRUALS

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Other payables	2,902	1,705
Deposits received	22,149	20,987
Accruals	3,548	2,514
	<u>28,599</u>	<u>25,206</u>

Except for the rental deposits received on properties of HK\$4,984,000 (31 December 2014: HK\$4,371,000) 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 unaudited revenue for the six months ended 30 June 2015 (the "**Period**") was HK\$45 million, compared to HK\$43 million for the same period last year. 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\$1,562 million as at 30 June 2015 (31 December 2014: HK\$1,494 million), resulting in a fair value gain of HK\$68 million in the first half of the year. Excluding the change in fair value of Regent Centre, the Group's underlying profit for the Period was HK\$17 million, compared to HK\$12 million for the same period last year. The increase in underlying profit was mainly due to the increase in revenue and thus gross profit from operation and saving 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 approximately 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 95% as at 30 June 2015 (31 December 2014: 95%) with an increase in monthly passing rent to HK\$9.0 per square foot as at 30 June 2015 (31 December 2014: HK\$8.7 per square foot). Apart from monthly rent, the tenants are responsible for the payment of property management fee to the landlord, the income of which has been accounted for as part of the revenue of the Group.

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses and excluding change in fair value of investment properties amounted to HK\$33 million for the Period (six months ended 30 June 2014: HK\$32 million).

Property development

The acquisition of a 20% interest in Ultimate Vantage Limited ("**Ultimate Vantage**"), a company granted with the development right of the West Rail Tsuen Wan West Station TW6 Property Development Project (the "**TW6 Project**"), was completed in August 2013 at a final consideration of HK\$727.9 million, of which HK\$150 million had been deferred at an interest rate of 1-month HIBOR plus 2.8% per annum until the date of actual payment (the "**Deferred Consideration**").

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 of size 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.

The development of the TW6 Project is partly financed by shareholders' loans from the joint venture partners on a several basis and in proportion to their respective shareholding interest in Ultimate Vantage and partly by project loan facilities of up to HK\$4,800 million comprising a land tranche for the purpose of refinancing approximately 50% of the premium paid by Ultimate Vantage in respect of the TW6 Project and construction tranches for the purpose of financing the construction costs relating to the residential and government accommodation portions of the TW6 Project (the "TW6 Loan Facilities").

The land tranche of the TW6 Loan Facilities was drawn in July 2014, with the loan proceeds being distributed by Ultimate Vantage to the joint venture partners as repayment of shareholders' loans. Out of the portion attributable to the Group of HK\$343.5 million, the Group had applied HK\$150 million for payment of the Deferred Consideration and HK\$190 million for repayment of bank loan, with the balance of HK\$3.5 million being utilised for general working capital of the Group.

The Group's total investment in the TW6 Project amounted to HK\$429 million as at 30 June 2015 (31 December 2014: HK\$429 million), comprising share of net assets of HK\$3 million and shareholder's loan payable by Ultimate Vantage of HK\$426 million. As at the date hereof, the construction of the TW6 Project has been proceeded to the superstructure stage. It is expected that the entire project can be completed with the issuance of certificate of compliance in 2018.

Segment loss, as a result of the Group's share of loss in Ultimate Vantage, was negligible in both periods.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were HK\$4.7 million during the Period (six months ended 30 June 2014: HK\$5.4 million). The decrease was mainly due to a decrease in legal and professional fees during the Period.

Finance costs

Finance costs were HK\$6.3 million during the Period (six months ended 30 June 2014: HK\$10.8 million). The decrease was mainly due to repayment of the Group's interest-bearing debts by HK\$340 million in July 2014.

FINANCIAL REVIEW

Gearing

The Group's gearing, calculated as a percentage of total liabilities of HK\$386 million (31 December 2014: HK\$388 million) to total assets of HK\$2,016 million (31 December 2014: HK\$1,941 million), was 19% as at 30 June 2015 (31 December 2014: 20%).

There was no significant change in total liabilities of the Group at period end. The increase in total assets of the Group was mainly due to the increase in fair value of the Property during the Period.

Liquidity and debt maturity profile

The Group's bank balances and cash amounted to HK\$18 million as at 30 June 2015 (31 December 2014: HK\$12 million). Together with undrawn banking facilities of HK\$260 million (31 December 2014: HK\$250 million), the Group's available cash resources amounted to HK\$278 million as at 30 June 2015 (31 December 2014: HK\$262 million).

The Group's total interest-bearing debts amounted to HK\$323 million as at 30 June 2015 (31 December 2014: HK\$333 million), which will be due in December 2015. The decrease in the interest-bearing debts was due to a loan repayment of HK\$10 million during the Period.

The interest-bearing debts are represented by (i) a term loan facility of HK\$283 million, and (ii) a revolving loan facility of HK\$300 million, of which HK\$40 million had been drawn as at 30 June 2015 (collectively, the "**Loan Facilities**"). The Loan Facilities are secured by a mortgage over the Property and are due for renewal in December 2015. Pending refinancing of the Loan Facilities at an opportune time, the interest-bearing debts were classified as current liabilities in the financial statements according to the loan maturity date, which resulted in a net current liability position of the Group as at 30 June 2015.

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's interest-bearing debts carry interest at floating rate. 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 30 June 2015 (31 December 2014: nil).

Contingent liabilities and financial guarantees

The Group had a contingent liability of up to HK\$960 million as at 30 June 2015 (31 December 2014: HK\$960 million) in respect of a corporate guarantee given by the Company to banks on a several basis and in proportion to its shareholding interest in Ultimate Vantage for the TW6 Loan Facilities.

Pledge of assets

The Group's investment properties with a carrying value of HK\$1,562 million as at 30 June 2015 (31 December 2014: HK\$1,494 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 or associates during the Period.

Subsequent event

On 25 June 2015, the Company announced an issue of 129,842,644 rights shares to the qualifying shareholders on the basis of one rights share for every two shares of the Company held on the record date as at 13 July 2015 and at a subscription price of HK\$8.04 per rights share (the "**Rights Issue**"). The Rights Issue was completed on 5 August 2015 and raised estimated net proceeds of approximately HK\$1,032 million to the Company for the purpose of financing the potential acquisition of a property under development located in the Wan Chai district of Hong Kong from China Vanke Co., Ltd. ("**China Vanke**") at such terms and consideration to be negotiated and agreed by the Board (the "**Potential Acquisition**"). The Potential Acquisition is expected to constitute a major and connected transaction for the Company under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Should the Potential Acquisition be approved by all parties, including the Board and the independent shareholders of the Company, the proceeds from the Rights Issue will be applied for the purpose of financing the Potential Acquisition, with the balance, if any, to be applied for financing other property acquisition opportunities available to the Group from time to time. If the Potential Acquisition does not proceed, the net proceeds from the Rights Issue are to be applied as to approximately HK\$323 million for repayment of the Group's bank borrowings and the balance of approximately HK\$709 million for future property acquisition opportunities. For details of the Rights Issue, please refer to the Company's announcements dated 25 June 2015, 3 July 2015 and 4 August 2015 and the Company's prospectus dated 14 July 2015.

EMPLOYEES

The Group had four employees as at 30 June 2015 (31 December 2014: four) comprising the Chief Financial Officer & Company Secretary of the Company and his assistants in the finance and company secretarial department.

Vanke Property (Hong Kong) Company Limited (“**Vanke HK**”), an intermediate holding company of the Company, provides administrative and management services to the Group on a cost basis pursuant to the terms of a management agreement dated 19 July 2013. Total fee payable by the Group for such services amounted to HK\$875,000 for the Period (six months ended 30 June 2014: HK\$942,000).

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.

China Vanke operates a business partnership scheme for the purpose of promoting work enthusiasm and creativity among the operation and management teams and strengthening the ties between these teams and the shareholders of China Vanke, with the ultimate objective of creating a greater value for China Vanke and its stakeholders. Pursuant to the scheme, certain employees of China Vanke and its subsidiaries (including the Group) have been admitted as business partners entrusting part of their bonuses into a collective bonus account in favor of Shenzhen Ying’an Financial Advisory Limited for investment management. The vesting and return of the bonus including investment return are subject to the rules of the scheme as set out in a letter of authorization and undertaking signed by all business partners.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2014: nil).

OUTLOOK

During the Period, the principal activities of the Company continued to be property development and investment in Hong Kong. In June 2015, the Directors announced the one-for-two Rights Issue, which had the financial effect of strengthening the capital base of the Company and providing funding for the Group to expand its property portfolio in Hong Kong. China Vanke showed its strong support to the Company by subscribing in full its assured entitlement in the Rights Issue, thus maintaining its shareholding in the Company at 75%, while at the same time, offering the Company an opportunity to acquire its property under

development in the Wan Chai district of Hong Kong. The site area for the Wan Chai property is approximately 9,000 square feet, which is to be re-developed into a composite building with domestic gross floor area of approximately 52,700 square feet and non-domestic gross floor area of approximately 11,500 square feet. The Rights Issue received favorable responses from the shareholders of the Company and was satisfactorily completed on 5 August 2015, despite the recent financial market turmoil caused by the fear of default of the Greece bonds and the slowdown of the Mainland economy. The Potential Acquisition is expected to constitute a major and connected transaction to the Company under the Listing Rules. The Directors will diligently negotiate with China Vanke on the terms and conditions of the Potential Acquisition and hope to enter into a binding sale and purchase agreement in the interest of the Company and its shareholders as a whole as soon as practicable. Further details of the Potential Acquisition will be announced in accordance with the Listing Rules' requirement in a timely manner.

While waiting for realisation of this property acquisition opportunity, the Group will actively manage the rental performance in Regent Centre and its investment in the TW6 Project. Revenue from Regent Centre has reached an all-time high during the Period and the Group will strive hard to maintain the leasing momentum in the second half of the year. The development of the TW6 Project has been progressing on schedule and, barring unforeseen circumstances, the project is expected to be launched to the market for pre-sale in 2016. Refinancing of the Loan Facilities prior to their maturity in December 2015 is high on the agenda. Given the strong leasing performance of Regent Centre, the Group is confident that the loan can be refinanced at favorable terms, which should generate additional financial resources for the Group to explore other property acquisition opportunities available from time to time.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Code provision A.2.1

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

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

The Board 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 the 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 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

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the Period.

PUBLICATION OF RESULTS 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 the shareholders of the Company and published on the aforesaid websites in due course.

BOARD OF DIRECTORS

As 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, 12 August 2015