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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 2013

RESULTS

The Board of Directors of Vanke Property (Overseas) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013 as follows:

Consolidated Income Statement

For the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Continuing operations:			
Turnover	3	82,550	77,574
Cost of services		(19,647)	(17,645)
Gross profit		62,903	59,929
Other income	4	122	379
Administrative, leasing and marketing expenses		(15,023)	(17,770)
Increase in fair value of investment properties		125,110	130,240
Operating profit		173,112	172,778
Finance income	5(a)	391	–
Finance costs	5(a)	(14,052)	(654)
		159,451	172,124
Share of loss of an associate		(9)	–
Profit before taxation	5	159,442	172,124
Taxation charge	6	(7,936)	(9,233)
Profit for the year from continuing operations		151,506	162,891
Discontinued operations:			
Profit for the year from discontinued operations	7	–	344,543
Profit for the year		151,506	507,434

Consolidated Income Statement (Continued)

For the year ended 31 December 2013

	<i>Note</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
Attributable to:			
Shareholders of the Company			
— Continuing operations		151,506	161,718
— Discontinued operations		—	344,475
		151,506	506,193
Non-controlling interests			
— Continuing operations		—	1,173
— Discontinued operations		—	68
		—	1,241
		151,506	507,434
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share — basic and diluted	8		
— Continuing operations		0.58	0.62
— Discontinued operations		—	1.33

Details of dividends payable to the shareholders of the Company attributable to the profit for the year are set out in note 9.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year	151,506	507,434
Other comprehensive income for the year (after tax and reclassification adjustments): <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	–	6,283
Change in fair value of available-for-sale financial assets Transferred to consolidated income statement upon derecognition of investment in an available-for-sale financial asset	–	106,599
Share of hedging reserve of an associate	–	(79,073)
Cash flow hedges		(1,774)
— Fair value losses	–	(7,010)
— Realised upon settlement	–	21,415
Other comprehensive income for the year	–	46,440
Total comprehensive income for the year	151,506	553,874
Attributable to:		
Shareholders of the Company		
— Continuing operations	151,506	161,718
— Discontinued operations	–	390,915
	151,506	552,633
Non-controlling interests		
— Continuing operations	–	1,173
— Discontinued operations	–	68
	–	1,241
Total comprehensive income for the year	151,506	553,874

There is no tax effect relating to each of the components in the other comprehensive income.

Consolidated Balance Sheet

At 31 December 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		14	–
Investment properties		1,384,700	1,259,590
Interest in an associate	10	387,120	–
Deferred tax assets		2,068	1,994
		<u>1,773,902</u>	<u>1,261,584</u>
Current assets			
Trade and other receivables	11	3,720	15,883
Tax recoverable		1,004	17
Amount due from an associate	10	343,452	–
Bank balances and cash		20,708	50,151
		<u>368,884</u>	<u>66,051</u>
Current liabilities			
Other payables and accruals	12	(24,735)	(20,248)
Amount due to an intermediate holding company		(151,658)	–
Bank loans due within one year, secured		(5,500)	–
Tax payable		(467)	(2,503)
		<u>(182,360)</u>	<u>(22,751)</u>
Net current assets		<u>186,524</u>	<u>43,300</u>
Total assets less current liabilities		<u>1,960,426</u>	<u>1,304,884</u>
Non-current liabilities			
Bank loans due after one year, secured		(510,000)	–
Deferred tax liabilities		(27,767)	(25,940)
		<u>(537,767)</u>	<u>(25,940)</u>
Net assets		<u>1,422,659</u>	<u>1,278,944</u>
Capital and reserve			
Share capital		2,596	2,596
Retained profits		1,420,063	1,276,348
Total equity		<u>1,422,659</u>	<u>1,278,944</u>

Notes

1. GENERAL INFORMATION

Vanke Property (Overseas) Limited (the “Company”) 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 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 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 of Directors of the Company considers that 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 issued shares of which are listed on the Shenzhen Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The 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 Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost basis except that investment properties are stated at their fair value.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following standards and amendments are relevant to the Group:

- *Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

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

Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

Notes (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (Continued)

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12, *Consolidation — Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes to the consolidated financial statements included in the annual report.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes to the consolidated financial statements included in the annual report. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

3. TURNOVER AND SEGMENT INFORMATION

Turnover recognised during the year are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations:		
Rental and property management	<u>82,550</u>	<u>77,574</u>
Discontinued operations:		
Rental and property management	–	247,578
Warehousing	–	5,923
	<u>–</u>	<u>253,501</u>

Operating segment

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

Notes (Continued)

3. TURNOVER AND SEGMENT INFORMATION (Continued)

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 from continuing operations are as follows:

	Rental and property management HK\$'000	Property development HK\$'000	Total HK\$'000
<i>For the year ended 31 December 2013</i>			
Turnover	<u>82,550</u>	<u>–</u>	<u>82,550</u>
Segment results before change in fair value of investment properties	61,314	(9)	61,305
Increase in fair value of investment properties	<u>125,110</u>	<u>–</u>	<u>125,110</u>
Segment results	186,424	(9)	186,415
Head office and corporate expenses (net of unallocated income)			(13,312)
Finance income			391
Finance costs			<u>(14,052)</u>
Profit before taxation from continuing operations			159,442
Taxation charge			<u>(7,936)</u>
Profit for the year from continuing operations			<u>151,506</u>
<i>For year ended 31 December 2012</i>			
Turnover	<u>77,574</u>	<u>–</u>	<u>77,574</u>
Segment results before change in fair value of investment properties	59,218	–	59,218
Increase in fair value of investment properties	<u>130,240</u>	<u>–</u>	<u>130,240</u>
Segment results	189,458	–	189,458
Head office and corporate expenses (net of unallocated income)			(16,680)
Finance costs			<u>(654)</u>
Profit before taxation from continuing operations			172,124
Taxation charge			<u>(9,233)</u>
Profit for the year from continuing operations			<u>162,891</u>

Notes (Continued)

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Geographical information

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

4. OTHER INCOME

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations:		
Others	<u>122</u>	<u>379</u>
Discontinued operations:		
Dividend income from listed available-for-sale financial assets	–	9,739
Others	<u>–</u>	<u>930</u>
	<u>–</u>	<u>10,669</u>

5. PROFIT BEFORE TAXATION

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(a) Finance income and costs		
<i>Continuing operations:</i>		
Finance income		
— Interest income on bank deposits and balances	<u>(391)</u>	<u>–</u>
Finance costs		
— Interest expenses on bank loans and overdrafts wholly repayable within five years	8,379	654
— Interest expenses on amount due to an intermediate holding company wholly repayable within five years	1,732	–
— Other borrowing costs	<u>3,941</u>	<u>–</u>
	<u>14,052</u>	<u>654</u>
<i>Discontinued operations:</i>		
Finance income		
— Interest income on bank deposits and balances	–	(3,313)
Finance costs		
— Interest expenses on bank loans and overdrafts wholly repayable within five years	<u>–</u>	<u>38,067</u>

Notes (Continued)

5. PROFIT BEFORE TAXATION (Continued)

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
(b) Staff costs (including directors' emoluments)		
<i>Continuing operations:</i>		
Contributions to defined contribution plan	15	48
Salaries, wages and other benefits	<u>2,078</u>	<u>3,023</u>
	<u><u>2,093</u></u>	<u><u>3,071</u></u>
<i>Discontinued operations:</i>		
Contributions to defined contribution plan	–	1,171
Salaries, wages and other benefits	<u>–</u>	<u>28,001</u>
	<u><u>–</u></u>	<u><u>29,172</u></u>
(c) Others		
<i>Continuing operations:</i>		
Auditors' remuneration		
— Audit services	525	500
— Non-audit services	560	216
Depreciation	–	20
Impairment loss on trade receivables	–	31
Legal and professional fees directly attributable to the transactions conducted pursuant to an agreement dated 13 May 2012 in relation to change of controlling shareholder of the Company (the "Agreement")	–	9,871
Loss on disposal of plant and equipment	–	96
Rental receivables from investment properties less direct outgoings of HK\$19,647,000 (2012: HK\$17,625,000)	<u>(62,903)</u>	<u>(59,949)</u>
<i>Discontinued operations:</i>		
Amortised income from held-to-maturity investments	–	(5,988)
Auditors' remuneration	–	324
Depreciation	–	1,268
Direct operating expenses for generating warehousing income	–	2,202
Fair value loss on derivative financial instruments	–	1,574
Foreign exchange loss, net	–	143
Impairment loss on amount due from an associate	–	2,565
Loss on disposal of plant and equipment	–	45
Operating lease charges: minimum lease payments		
— property rental	–	1,896
Rental receivables from investment properties less direct outgoings of nil (2012: HK\$47,840,000)	–	(199,738)
Transferred to consolidated income statement upon derecognition of an available-for-sale financial asset	<u>–</u>	<u>(79,073)</u>

Notes (Continued)

6. TAXATION CHARGE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Continuing operations:		
<i>Current tax</i>		
Hong Kong Profits Tax	6,233	7,189
(Over)/under provision in prior years	<u>(50)</u>	<u>20</u>
	6,183	7,209
<i>Deferred tax</i>		
Origination and reversal of temporary differences	<u>1,753</u>	<u>2,024</u>
	<u>7,936</u>	<u>9,233</u>
Discontinued operations:		
<i>Current tax</i>		
Hong Kong Profits Tax	–	8,274
Over provision in prior years	<u>–</u>	<u>(1,879)</u>
	–	6,395
<i>Deferred tax</i>		
Origination and reversal of temporary differences	<u>–</u>	<u>15,125</u>
	<u>–</u>	<u>21,520</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

There is no tax component (2012: share of associates' taxation of HK\$14,550,000) in the results of an associate for the year ended 31 December 2013.

Notes (Continued)

7. DISCONTINUED OPERATIONS

Pursuant to the Agreement, the Group's businesses, other than those relating to the units and car park podium in Regent Centre then owned by the Group, were distributed to the shareholders of the Company, whose names appeared on the register of members of the Company on 13 July 2012, upon completion of the Agreement on 16 July 2012 (the "Distribution In Specie").

The results of the distributed businesses were reported as discontinued operations in the Group's financial statements for the year ended 31 December 2012. Details are as follows:

	<i>Note</i>	2012 <i>HK\$'000</i>
Turnover	3	253,501
Cost of services		<u>(52,592)</u>
Gross profit		200,909
Other income	4	10,669
Administrative, leasing and marketing expenses		(21,861)
Increase in fair value of investment properties		36,626
Other gains, net		<u>81,967</u>
Operating profit		308,310
Finance income	5(a)	3,313
Finance costs	5(a)	<u>(38,067)</u>
		273,556
Share of profits less losses of associates		<u>92,507</u>
Profit before taxation	5	366,063
Taxation charge	6	<u>(21,520)</u>
Profit for the year from discontinued operations		<u><u>344,543</u></u>

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company from the continuing operations and discontinued operations of HK\$151,506,000 and nil (2012: HK\$161,718,000 and HK\$344,475,000), respectively, and 259,685,288 shares (2012: 259,685,288 shares) in issue during the year.

Diluted earnings per share for the continuing operations and discontinued operations equals to the basic earnings per share for the continuing operations and discontinued operations as the Company had no dilutive potential shares in issue during the year (2012: nil).

Notes (Continued)

9. DIVIDENDS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
2013 final dividend, proposed of HK\$0.03 per share (2012: HK\$0.03 per share paid on 7 June 2013) (<i>Note (a)</i>)	7,791	7,791
Special cash dividend of HK\$0.7803 per share, paid on 16 July 2012 (<i>Note (b)</i>)	–	202,632
	<u> </u>	<u> </u>

Notes:

- (a) At a meeting held on 25 February 2014, 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 2014.
- (b) The Distribution In Specie and the payment of the special cash dividend were approved by the independent shareholders of the Company on 9 July 2012 and reflected as appropriations of reserves upon distribution/payment on 16 July 2012.

10. INTEREST IN AN ASSOCIATE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Share of net assets	3,330	–
Amount due from an associate (non-current) (<i>Note (a)</i>)	383,790	–
	<u> </u>	<u> </u>
	<u>387,120</u>	<u> </u>
Amount due from an associate (current) (<i>Note (b)</i>)	343,452	–
	<u> </u>	<u> </u>

Notes:

- (a) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate (“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 is unsecured, interest-bearing at HIBOR plus 2.2% per annum and is expected to be recovered within one year.

In August 2013, the Group acquired the entire issued share capital of Wkdeveloper Limited (“Wkdeveloper”) and all related shareholder's loan from Vanke Property (Hong Kong) Company Limited, an intermediate holding company of the Company, at the consideration of HK\$727,900,000. The principal assets held by Wkdeveloper are 20% equity interest in Ultimate Vantage Limited, which is the holder of the rights to the development of the West Rail Tsuen Wan West Station TW6 Property Development, and the shareholders' loan due from Ultimate Vantage Limited.

Notes (Continued)

11. TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables, net of allowances for doubtful debts	715	619
Amortised rent receivables	289	594
Other receivables	6	11,744
Deposits	2,397	2,393
Prepayments	313	533
	<u>3,720</u>	<u>15,883</u>

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 rents have been overdue for 15 days, and legal actions will be taken when rents 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 30 days	549	570
31 to 90 days	166	49
	<u>715</u>	<u>619</u>

12. OTHER PAYABLES AND ACCRUALS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Other payables	2,232	1,632
Deposits received	20,371	16,852
Accruals	2,132	1,764
	<u>24,735</u>	<u>20,248</u>

Except for the rental deposits received on properties of HK\$9,031,000 (2012: HK\$8,322,000) 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 turnover is derived from the leasing of units and car parking spaces in Regent Centre. Turnover for the year was HK\$83 million (2012: HK\$78 million), representing an increase of 6%. The increase was mainly due to improved leasing performance of Regent Centre.

The Group's investment in Regent Centre was fair valued at HK\$1,385 million at 31 December 2013 (2012: HK\$1,260 million), resulting in a fair value gain of HK\$125 million for the year (2012: HK\$130 million). Excluding the change in fair value of Regent Centre, the Group's underlying profit for the year from continuing operations is HK\$26 million (2012: HK\$33 million), representing a decrease of 21%. The decrease was mainly due to increase in borrowing costs to finance the acquisition of a 20% interest in a West Rail property development project situated at the Tsuen Wan Town Lot No. 402 (the "TW6 Project").

As a result of the change of controlling shareholder of the Company, all businesses, other than those relating to the holding of units and car parking spaces in Regent Centre, were distributed to the former controlling shareholder of the Company in July 2012 (the "Discontinued Operations"). Profit in the prior year deriving from the Discontinued Operations amounted to HK\$345 million.

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 year, the Group renewed a majority of the leases at a positive rental reversion. Together with new leases being concluded, occupancy of the Property increased to 97% at 31 December 2013 (2012: 93%). Passing rent of the Property also improved to HK\$8.3 psf at 31 December 2013 (2012: HK\$7.9 psf).

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses but before change in fair value of investment properties amounted to HK\$61 million for the year (2012: HK\$59 million).

Property development

On 16 May 2013, the Group entered into an agreement to acquire the entire issued share capital of Wkdeveloper Limited ("Wkdeveloper") and all related shareholder's loan from Vanke Property (Hong Kong) Company Limited ("Vanke HK"), an intermediate holding company of the Company. Wkdeveloper legally and beneficially holds 20% equity interest in Ultimate Vantage Limited ("Ultimate Vantage"), which has been granted the right to develop

the TW6 Project in January 2013. The acquisition of the 20% interest in the TW6 Project was completed in August 2013 at a total consideration of HK\$727.9 million (the “Acquisition”), of which HK\$150 million has been deferred until distribution of loan proceeds from Ultimate Vantage. New World Development Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and independent from the Group, owns the remaining 80% interest in the project.

The TW6 Project involves the non-industrial development of a land lot located near the West Rail Tsuen Wan West Station having a site area of approximately 13,804 square meters and a maximum developable gross floor area for the residential portion of 62,711 square meters. The total number of residential units available in the development shall not be less than 894, of which not less than 520 residential units shall each be in the size of not exceeding 50 square meters in saleable area. Foundation works for the TW6 Project will soon commence.

The Acquisition constituted a major and connected transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 21 June 2013.

For details of the Acquisition, please refer to the Company’s announcement dated 16 May 2013 and the Company’s circular dated 4 June 2013.

FINANCIAL REVIEW

Gearing

The Group’s gearing, calculated as a percentage of total liabilities of HK\$720 million (2012: HK\$49 million) to total assets of HK\$2,143 million (2012: HK\$1,328 million), was 34% as at 31 December 2013 (2012: 4%). The increase was mainly due to draw down of bank loans to finance the Acquisition.

Liquidity and debt maturity profile

The Group had total banking facility of HK\$600 million at the beginning of the year, of which HK\$530 million had been utilised to finance the Acquisition. Total available cash resources, comprising bank balances and cash and undrawn banking facilities, amounted to HK\$91 million at 31 December 2013 (2012: HK\$650 million).

Included in the amount due to an intermediate holding company is an interest-bearing debt of HK\$150 million arising from the Acquisition, which is repayable only upon distribution of loan proceeds from Ultimate Vantage to its shareholders.

Total interest-bearing debts at 31 December 2013 amounted to HK\$665.5 million (2012: nil), of which HK\$155.5 million is repayable within 2014 and the balance of HK\$510 million in December 2015. The Group will consider refinancing the bank loan as and when appropriate to lengthen the debt maturity profile and to replenish the cash resources of the Group.

Taking into account the expected cash inflows to be generated from leasing of the Property and the shareholder's loan to be partially repaid by Ultimate Vantage, the Directors are of the opinion that, in the absence of unforeseen circumstances, the Group would 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's bank borrowings bear 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 at 31 December 2013 (2012: nil).

Contingent liabilities and financial guarantees

The Group had no significant contingent liabilities and financial guarantees as at 31 December 2013 (2012: nil).

Pledge of assets

The Group's investment properties with a carrying value of HK\$1,385 million at 31 December 2013 (2012: HK\$1,260 million) were pledged to secure banking facilities of the Group.

EMPLOYEES

The Group had two employees at 31 December 2013 (2012: nil).

All former employees were employed by companies within the Discontinued Operations. To ensure continuing operation of the Group's existing businesses without interruption, the Group entered into a management agreement with a wholly-owned subsidiary of Wing Tai Properties Limited ("Wing Tai"), the former controlling shareholder of the Company, on 18 June 2012 regarding the provision of administrative, property management, agency and leasing services to the Group. On 1 November 2013, the Group entered into a new management agreement with Wing Tai, terminating the provision of administrative services but retaining the property management, agency and leasing services at renewed terms. Total fees payable by the Group for such services amounted to HK\$5.3 million for the year (2012: HK\$2.2 million).

Vanke HK as 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 fees payable by the Group for such services amounted to HK\$4.4 million for the year (2012: nil).

The Executive Directors will review the organisational structure of the Group from time to time to ensure that it is optimal to the business needs of the Group. 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

In July 2012, China Vanke Co., Ltd. (“China Vanke”), the largest residential property developer in Mainland China, acquired a controlling stake in the Company. All businesses, other than holding of units and car parking spaces in Regent Centre, had been distributed to the former controlling shareholder of the Company. Since then, China Vanke has been evaluating different alternatives to expand the business of the Group.

In May 2013, China Vanke decided that it would be beneficial for the Group to participate in property development activities in Hong Kong through acquiring the TW6 Project from Vanke HK. The Directors concurred with the Acquisition in view of the expected prosperity of the property market in Hong Kong and the favorable location of the site just adjacent to the West Rail Tsuen Wan West Station.

Through expanding its activity to property development and the ongoing support from China Vanke, the Directors are optimistic about the future prospects of the Group. Depending on financial resources available, the Group will continue to consider further property development and investment opportunities but will only do so in a financially prudent manner.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.03 per share (2012: 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 22 May 2014 (the “2014 AGM”), the final dividend will be payable to the shareholders on or about 6 June 2014.

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 2014 AGM

The Register of Members and the Transfer Books of the Company will be closed from Wednesday, 21 May 2014 to Thursday, 22 May 2014, both days inclusive, for the purpose of ascertaining the shareholders’ entitlement to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 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 Tuesday, 20 May 2014.

(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 Wednesday, 28 May 2014 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 Tuesday, 27 May 2014.

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 2013, 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 amongst 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 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 2013. 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 2013, 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 2013.

SCOPE OF WORK OF KPMG

The financial figures in respect of this results announcement for the year ended 31 December 2013 have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s financial statements for the year ended 31 December 2013 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 Directors:

Mr. Wang Wen Jin, Mr. Chan Chi Yu

Independent Non-Executive Directors (in alphabetical order):

Mr. Chan Wai Hei, William, Mr. Chung Wai Sum, Patrick, Mr. Shium Soon Kong

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

Hong Kong, 25 February 2014