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Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

2021 Interim Report

For the six months ended 30 June 2021

Corporate Information

BOARD OF DIRECTORS

Executive Directors

ZHANG Xu (*Chairman*)

QUE Dongwu (*Chief Executive Officer*)

LEE Kai-Yan

ZHOU Yue

(appointed with effect from 26 May 2021)

Non-Executive Director

CHAN Chi Yu

(resigned with effect from 26 May 2021)

Independent Non-Executive Directors

CHAN Wai Hei, William

(his office vacated with effect from 26 May 2021)

CHOI Fan Wai

(appointed with effect from 26 May 2021)

LAW Chi Yin, Cynthia

ZHANG Anzhi

AUDIT COMMITTEE

CHAN Wai Hei, William (*Chairman*)

(his office vacated with effect from 26 May 2021)

CHOI Fan Wai (*Chairman*)

(appointed with effect from 26 May 2021)

CHAN Chi Yu

(resigned with effect from 26 May 2021)

LAW Chi Yin, Cynthia

ZHANG Anzhi

(appointed with effect from 26 May 2021)

REMUNERATION COMMITTEE

ZHANG Anzhi (*Chairman*)

QUE Dongwu

CHAN Wai Hei, William

(his office vacated with effect from 26 May 2021)

CHOI Fan Wai

(appointed with effect from 26 May 2021)

NOMINATION COMMITTEE

LAW Chi Yin, Cynthia (*Chairman*)

ZHANG Xu

ZHANG Anzhi

COMPANY SECRETARY

YIP Hoi Man

AUDITOR

KPMG

(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)

LEGAL ADVISORS TO THE COMPANY

Reed Smith Richards Butler (*as to Hong Kong law*)

Maples and Calder (Hong Kong) LLP

(*as to Cayman Islands law*)

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

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Wan Chai

Hong Kong

Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 30 June 2021 (the “Period”), the Group’s revenue is mainly derived from (i) the leasing of units and car parking spaces in Regent Centre, Hong Kong (“Regent Centre”); (ii) the leasing of Ryder Court in London, the United Kingdom (“Ryder Court”); (iii) interest from investment instruments (“Investment Instruments”) for funding the development of the Park Row property in New York, the United States of America (the “US”); and (iv) provision of asset management services. Revenue for the Period was approximately HK\$230.7 million (six months ended 30 June 2020: HK\$233.2 million), representing a decrease of 1%. The slight decrease was mainly due to the decrease in revenue generated from the investment properties.

The Group’s investment in Regent Centre was at a fair value at approximately HK\$2,004.5 million as at 30 June 2021 (31 December 2020: HK\$2,004.5 million). The Group’s investment in Ryder Court was at a fair value at approximately HK\$1,183.4 million as at 30 June 2021 (31 December 2020: HK\$1,123.0 million). There has been no change in the valuation methodology of the Group’s investment properties. After netting off the additions to investment properties of approximately HK\$1.9 million and the exchange adjustments of investment properties of approximately HK\$13.4 million, the fair value gain amounted to approximately HK\$45.1 million for the Period (six months ended 30 June 2020: fair value loss of HK\$27.7 million).

Excluding the change in fair value of investment properties and share of results of associates of the Group, the Group’s underlying profit for the Period was approximately HK\$109.4 million (six months ended 30 June 2020: HK\$99.0 million), representing an increase of approximately 11%. The increase was mainly due to the increase in net profit generated from the asset management services.

Asset management

From the second half of 2019 onwards, the Group began providing asset management services to Vanke Property (Hong Kong) Company Limited (“VPHK”), an intermediate holding company of the Company, and certain of its subsidiaries (including other subsidiaries of China Vanke Co., Ltd. (“China Vanke”)) (the “VPHK Parties”) with respect to VPHK Parties’ projects in Hong Kong, the United Kingdom and the US. In return, the asset management service fees calculated at 1.25% per annum of the total capital of the relevant projects invested by VPHK Parties was charged by the Group. During the Period, the Group’s revenue from the provision of asset management services amounted to approximately HK\$114.8 million (six months ended 30 June 2020: HK\$114.4 million).

Segment profit from the provision of asset management services increased to approximately HK\$45.0 million for the Period (six months ended 30 June 2020: HK\$38.5 million), mainly due to the decrease in overall employee remuneration and other direct operating expenses of the asset management teams.

Property Investment

The Group’s investment properties comprise (i) various portions of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong; and (ii) Ryder Court, which is located at 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James’s, London, SW1, the United Kingdom.

The Group owns a total gross floor area of approximately 657,000 square feet in Regent Centre and approximately 76,000 square feet in Ryder Court, representing 64% and 100% of the total gross floor area, respectively.

During the Period, the Group renewed the leases of Regent Centre at a stable rental reversion. Occupancy rate of Regent Centre decreased to 95% as at 30 June 2021 (30 June 2020: 97%) with passing rent at HK\$9.6 per square foot as at 30 June 2021 (30 June 2020: HK\$10.0 per square foot). Apart from monthly rent, the tenants are responsible for payment of property management fee to the landlord, whose income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of units and car parking spaces in Regent Centre was approximately HK\$48.8 million (six months ended 30 June 2020: HK\$51.4 million).

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW *(continued)*

Property Investment *(continued)*

As at 30 June 2021, the occupancy rate of the Ryder Court decreased to 86% (30 June 2020: 99%). Total revenue from the leasing of Ryder Court during the Period was approximately HK\$22.8 million (six months ended 30 June 2020: HK\$24.8 million).

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 of the Group amounted to approximately HK\$56.6 million for the Period (six months ended 30 June 2020: HK\$63.8 million), representing a decrease of 11%. The decrease was mainly due to (i) the decrease in rental income generated from Regent Centre and Ryder Court as a result of the lower average occupancy rate and passing rent during the Period; and (ii) the increase in direct outgoings incurred by Ryder Court's vacated area.

Property development

The Group's property development projects comprise (i) investment in the development of the West Rail Tsuen Wan West Station TW6 property development project (the "TW6 Project" and also known as "The Pavilia Bay"); (ii) investment in 657 and 663–667 Mission Street, San Francisco, California, the US ("Mission Street Property"); (iii) participation in the Investment Instruments for funding the development of the property located at 25 Park Row, New York, the US; and (iv) the development of the property comprising pieces or parcels of ground located at 62, 64, 66 and 68 Chun Yeung Street, Hong Kong (the "Chun Yeung Street Property").

One of the Group's property development projects is represented by investment in Ultimate Vantage Limited ("Ultimate Vantage"), a 20% associate of the Group. Ultimate Vantage is a special purpose vehicle established in January 2013 for the development of the TW6 Project. Up to the date hereof, all units have been sold at gross proceeds of approximately HK\$10.1 billion and over 99% of the sold units of The Pavilia Bay have been handed over to the buyers.

Gold Value Limited ("Gold Value"), a 20% associate of the Group, was formed by the Group and the joint venture partner in Ultimate Vantage (the "TW6 Partner") in November 2016 for the purpose of providing first and second mortgage financing to the buyers of the TW6 Project on market terms (the "Provision of Mortgages"). Finance for the business of Gold Value is provided by the Group and the TW6 Partner by way of interest-bearing shareholder's loans on a several basis and in proportion to each of the parties' shareholding interest in Gold Value.

The Group's total investment in Ultimate Vantage and Gold Value (collectively, the "TW6 Associates"), comprising the share of net assets of the Group in the TW6 Associates as well as amounts due from the TW6 Associates, amounted to approximately HK\$182.1 million as at 30 June 2021 (31 December 2020: HK\$193.9 million). The decrease in total investment of the Group during the Period was mainly due to the partial repayment of the amount due from Gold Value of approximately HK\$13.2 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value). During the Period, the Group has also received advance from Ultimate Vantage of HK\$10.6 million, being advances from Ultimate Vantage to all its shareholders in proportionate to their respective shareholdings.

The Group's share of profit of TW6 Associates amounted to approximately HK\$1.4 million for the Period (six months ended 30 June 2020: share of loss of HK\$1.1 million). The increase in share of profit was mainly due to the handover of certain units to the buyers of The Pavilia Bay during the Period.

Another of the Group's property investment is represented by investment in 657–667 Mission Street Venture LLC, a 45% associate of the Group, and its subsidiaries (collectively, the "Mission Street Group"). The Mission Street Group owns the Mission Street Property with a total gross floor area of approximately 155,000 square feet.

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW *(continued)*

Property development *(continued)*

During the Period, the Group had shared a profit of approximately HK\$115.7 million (six months ended 30 June 2020: share of loss of HK\$15.4 million) from Mission Street Group. The share of profit was mainly due to the one-off termination fee received from a tenant for terminating the lease.

The Group's another property development project is represented by the participation in 49% effective interest in the Investment Instruments for funding the development of the property located at 25 Park Row, New York, the US ("Park Row") held by Supreme J Limited, an indirect wholly-owned subsidiary of the Company. During the Period, the revenue generated from the Investment Instruments amounted to approximately HK\$44.3 million (six months ended 30 June 2020: HK\$42.6 million).

The Group owns approximately 99.89% effective interest in the Chun Yeung Street Property. The Chun Yeung Street Property is being redeveloped into a hospitality-related property and has not begun generating revenue for the Group during the Period. The development is expected to be completed in 2022.

Segment profit increased to approximately HK\$162.4 million for the Period (six months ended 30 June 2020: HK\$28.8 million), mainly due to the share of profit of Mission Street Group during the Period.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were approximately HK\$10.2 million during the Period (six months ended 30 June 2020: HK\$7.3 million). The increase was mainly due to the increase in average headcount during the Period.

Finance income

Finance income for the Period amounted to approximately HK\$1.5 million (six months ended 30 June 2020: HK\$5.5 million), comprising interest income on bank deposits and bank balances of approximately HK\$0.3 million for the Period (six months ended 30 June 2020: HK\$2.7 million) and interest income on shareholders' loans due from Gold Value amounted to approximately HK\$1.2 million for the Period (six months ended 30 June 2020: HK\$2.8 million). The decrease in finance income is due to the decrease in bank interest rates and average shareholders' loans due from Gold Value during the Period.

Events after the Reporting Period

There have been no matters that have occurred subsequent to the reporting date which have significantly affected, or may significantly affect the Group's operations, results or state of affairs.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW

Liquidity, financial resources, gearing and capital structure

Equity attributable to shareholders of the Company amounted to approximately HK\$4,147.2 million as at 30 June 2021 (31 December 2020: HK\$3,911.5 million). The increase was mainly due to the equity attributable to the shareholders of the Company for the Period of approximately HK\$270.8 million less a declaration of 2020 final dividend of approximately HK\$35.1 million.

The Group's interest-bearing bank and other borrowings of approximately HK\$1,301.9 million as at 30 June 2021 (31 December 2020: 1,301.7 million) were mainly denominated in pound sterling. The bank loans of approximately HK\$1,236.8 million (31 December 2020: HK\$1,231.7 million) were arranged on a floating rate basis, while the lease liabilities of approximately HK\$65.1 million (31 December 2020: HK\$70.0 million) were arranged on a fixed rate basis.

The Group has two banking facilities amounting to HK\$1,000.0 million (31 December 2020: HK\$1,000.0 million) (the "HK Loan Facility") and GBP75.0 million (equivalent to approximately HK\$809.4 million) (31 December 2020: GBP75.0 million (equivalent to approximately HK\$799.7 million)) in which GBP42.0 million (equivalent to approximately HK\$453.3 million) (31 December 2020: GBP42.0 million (equivalent to approximately HK\$447.8 million) and GBP72.8 million (equivalent to approximately HK\$785.5 million) (31 December 2020: GBP73.8 million (equivalent to approximately HK\$786.7 million)) have been utilised as at 30 June 2021. After deducting other borrowing costs capitalised of approximately HK\$1.3 million (31 December 2020: HK\$1.4 million) and HK\$0.7 million (31 December 2020: HK\$1.4 million), the total outstanding bank loan was approximately HK\$452.0 million and HK\$784.8 million, respectively. As at 30 June 2021, the maturity profile of outstanding bank loan was as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Within 1 year or on demand	784,790	10,662
After 1 year but within 2 years	–	774,667
After 2 years but within 5 years	451,988	446,374
	1,236,778	1,231,703

As at 30 June 2021, the debt-to-equity ratio of the Company, which is calculated as interest-bearing bank and other borrowings divided by total equity of the Group, was 31.4% (31 December 2020: 33.3%). The ratio of net debts (interest-bearing bank and other borrowings net of bank balances and cash) divided by total equity was 15.5% (31 December 2020: 17.7%).

The Group's bank balances and cash amounted to approximately HK\$659.7 million as at 30 June 2021 (31 December 2020: HK\$610.9 million). One of the Group's properties, Chun Yeung Street Property, which is free from encumbrances for the time being, can be leveraged to raise funds and bring in additional cash resources to the Group as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW *(continued)*

Risk of fluctuations in exchange rates

As the Group operates in Hong Kong, the US and the United Kingdom, all its assets and liabilities are denominated in Hong Kong dollar, the US dollar and pound sterling. The Group will monitor the foreign exchange exposures and take appropriate measures from time to time in order to minimise the Group's foreign exchange exposures. The Group holds a natural hedge on its foreign exchange exposure in pound sterling by way of a bank loan denominated in pound sterling to cover its equity investment in Ryder Court.

Capital commitments

The Group had a contractual commitment of HK\$331.9 million as at 30 June 2021 (31 December 2020: HK\$27.0 million) in respect of capital expenditure to be incurred in the development of Chun Yeung Street Property and the renovation of Ryder Court.

Contingent liabilities and financial guarantees

As at 30 June 2021, a banking facility granted to a subsidiary of the Company engaging in the businesses of property investment, which is subject to a guarantee given to a bank by the Company for up to 100% (31 December 2020: 100%) of the fund drawn down, had been utilised to the extent of GBP42.0 million (equivalent to approximately HK\$453.3 million) (31 December 2020: GBP42.0 million (equivalent to approximately HK\$447.8 million)).

Pledge of assets

As at 30 June 2021, the Group's secured bank loans were secured by the following assets of the Group:

- (i) floating charge over all the assets of Lithium Real Estate (Jersey) Limited, a subsidiary which holds Ryder Court, including the investment properties with a carrying value of HK\$1,183.4 million at 30 June 2021 (31 December 2020: HK\$1,123.0 million);
- (ii) the entire share capital of Access Rich Limited, Cheer Win Limited, Chericourt Company Limited, WK Parking Limited and WK Property Financial Limited (collectively, the "Regent Centre Companies"), all being the subsidiaries which hold Regent Centre;
- (iii) the entire share capital of Future Best Developments Limited, the holding company of the Regent Centre Companies; and
- (iv) floating charge over all the rental related receivables of the Regent Centre Companies.

Significant investments held, material acquisitions and disposals of subsidiaries and associates

There were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associates during the Period. There was no plan authorised by the Directors for material investments or additions of capital assets at the date of this interim report.

Management Discussion and Analysis *(continued)*

EMPLOYEES AND REMUNERATION POLICY

The Group had 97 employees as at 30 June 2021 (30 June 2020: 93). As a result of the decrease in the overall employee remuneration, there was a decrease in staff costs (including emoluments of directors of the Company (the “Directors”)) to approximately HK\$58.1 million (six months ended 30 June 2020: HK\$62.5 million) during the Period.

VPHK provides administrative and management support to the Group on a cost basis. Total fee payable to VPHK amounted to approximately HK\$4.2 million during the Period (six months ended 30 June 2020: HK\$5.3 million), with the decrease mainly attributable to the payment of office overhead expenses to the suppliers directly by the Group itself during the Period.

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 mandatory provident fund scheme. Other employment benefits are awarded at the discretion of the Group.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2020: nil).

OUTLOOK

Year 2021 has been and is filled with uncertainties as a result of the outbreak and rapid spread of coronavirus disease 2019 (COVID-19) variants and uncertainties about the effectiveness of vaccines against the variants despite the fact that various vaccines have been approved one after another and such approvals have raised hopes and many countries have eased their lockdown and economic recovery seems to start to pick up pace in 2021. The overall economic activity remains below the pre-pandemic level as the pandemic restrictions such as social distancing and travel restrictions continue to burden certain economic segments.

Furthermore, although the government has imposed various cooling measures on Hong Kong property market to prevent it from overheating, transacted prices remained at the top end of, if not beating, market expectations in recent government land tenders. Together with prevailing low interest rates, the market was optimistic on the Hong Kong property prices and transacted prices for residential properties continued to be high. It is expected that the market sentiment continues to be upbeat due to the decreased housing supply. The Group will continue to seek opportunities in the market for business diversification and expansion.

To operate in such a difficult and uncertain macroeconomic environment, the Group needs to be more devoted, more determined, more vigilant and more robust. Notwithstanding the uncertainties having brought certain level of impact on the markets which the Group operates in, the Group is currently financially healthy to deal with any economic impact that may arise from the aforesaid uncertainties. Besides, the Group believes uncertainties create opportunities – the Group will continue to look for new investment opportunities, including those in other real estate markets across the world as to diversify its business, which have good development and investment potential with the objective of being open-minded about new opportunities for growth and expansion of the Group’s business and value creation for the Shareholders as a whole.

In the second half of 2021, the Group’s investment properties in Hong Kong and London, namely Regent Centre and Ryder Court, are expected to maintain the occupancy rates and passing rents. In addition, the Group’s investment instruments and asset management business are expected to generate stable revenue and profits. Looking to the future, the Group is still hopeful that together we can weather this storm and overcome the latest challenges brought upon by the pandemic.

Report on Review of Interim Financial Information



Review report to the Board of Directors of Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 9 to 24 which comprises the consolidated statement of financial position of Vanke Overseas Investment Holding Company Limited and its subsidiaries (the "Group") as of 30 June 2021 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof, and to be in compliance with either International Accounting Standard 34 ("IAS 34"), *Interim financial reporting*, issued by the International Accounting Standards Board or Hong Kong Accounting Standard 34 ("HKAS 34"), *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants, depending on whether the issuer's annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs") respectively. As the annual financial statements of the Group are prepared in accordance with both IFRSs and HKFRSs, the directors are responsible for the preparation and presentation of the interim financial information in accordance with both IAS 34 and HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 and HKAS 34.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 August 2021

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021 – unaudited

	Note	For the six months ended	
		30 June 2021 HK\$'000	30 June 2020 HK\$'000
Revenue	3	230,707	233,191
Cost of services		(83,366)	(86,949)
Gross profit		147,341	146,242
Other income	4	343	116
Administrative and other operating expenses		(12,338)	(8,839)
Increase/(decrease) in fair value of investment properties		45,081	(27,686)
Operating profit		180,427	109,833
Finance income	5(a)	1,452	5,522
Finance costs	5(b)	(16,460)	(21,587)
Share of results of associates		117,107	(16,488)
Profit before taxation	5	282,526	77,280
Income tax	6	(10,960)	(22,440)
Profit for the period		271,566	54,840
Attributable to:			
Shareholders of the Company		271,539	54,850
Non-controlling interests		27	(10)
Profit for the period		271,566	54,840
		HK\$	HK\$
Earnings per share – basic and diluted	7	0.70	0.14

The notes on pages 15 to 24 form part of this interim financial information. Details of dividends paid and payable to shareholders of the Company are set out in note 8.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 – unaudited

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Profit for the period	271,566	54,840
Other comprehensive income for the period:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	(768)	1,812
Total comprehensive income for the period	270,798	56,652
Attributable to:		
Shareholders of the Company	270,780	56,662
Non-controlling interests	18	(10)
Total comprehensive income for the period	270,798	56,652

The notes on pages 15 to 24 form part of this interim financial information.

Consolidated Statement of Financial Position

At 30 June 2021

	Note	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Non-current assets			
Investment properties	9	3,187,883	3,127,531
Property, plant and equipment		657,407	640,299
Interests in associates	10	496,799	375,854
Other non-current assets	11	41,170	42,305
Investment instruments		–	598,488
		4,383,259	4,784,477
Current assets			
Trade and other receivables	11	79,767	103,622
Investment instruments		647,848	–
Tax recoverable		164	2,546
Bank balances and cash		659,719	610,851
		1,387,498	717,019
Current liabilities			
Other payables and accruals	12	(258,287)	(228,900)
Bank loans	13	(784,790)	(10,662)
Lease liabilities		(8,150)	(11,197)
Tax payable		(16,000)	(13,229)
		(1,067,227)	(263,988)
Net current assets		320,271	453,031
Total assets less current liabilities		4,703,530	5,237,508
Non-current liabilities			
Bank loans	13	(451,988)	(1,221,041)
Lease liabilities		(56,960)	(58,792)
Deferred tax liabilities		(47,054)	(45,887)
		(556,002)	(1,325,720)
NET ASSETS		4,147,528	3,911,788

Consolidated Statement of Financial Position *(continued)*

At 30 June 2021

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
CAPITAL AND RESERVES		
Share capital	3,895	3,895
Reserves	4,143,365	3,907,643
Total equity attributable to shareholders of the Company	4,147,260	3,911,538
Non-controlling interests	268	250
TOTAL EQUITY	4,147,528	3,911,788

The notes on pages 15 to 24 form part of this interim financial information.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 — unaudited

	Attributable to shareholders of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	3,895	1,030,877	(4,222)	2,880,988	3,911,538	250	3,911,788
Changes in equity for the six months ended 30 June 2021:							
Profit for the period	–	–	–	271,539	271,539	27	271,566
Exchange differences arising on translation of foreign operations	–	–	(759)	–	(759)	(9)	(768)
Total comprehensive income	–	–	(759)	271,539	270,780	18	270,798
Final dividend approved in respect of the previous year (note 8(b))	–	–	–	(35,058)	(35,058)	–	(35,058)
At 30 June 2021	3,895	1,030,877	(4,981)	3,117,469	4,147,260	268	4,147,528
At 1 January 2020	3,895	1,030,877	(805)	2,730,300	3,764,267	267	3,764,534
Changes in equity for the six months ended 30 June 2020:							
Profit for the period	–	–	–	54,850	54,850	(10)	54,840
Exchange differences arising on translation of foreign operations	–	–	1,812	–	1,812	–	1,812
Total comprehensive income	–	–	1,812	54,850	56,662	(10)	56,652
Final dividend approved in respect of the previous year (note 8(b))	–	–	–	(35,058)	(35,058)	–	(35,058)
At 30 June 2020	3,895	1,030,877	1,007	2,750,092	3,785,871	257	3,786,128

The notes on pages 15 to 24 form part of this interim financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021 — unaudited

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
Operating activities		
Net cash generated from operations	131,401	128,349
Hong Kong Profits Tax paid	(500)	(14,050)
Hong Kong Profits Tax refunded	–	1,319
Overseas tax paid	(4,385)	–
Net cash generated from operating activities	126,516	115,618
Investing activities		
Payments for additions of investment properties	(1,855)	–
Payments for additions of property, plant and equipment	(18,531)	(2,534)
Net repayment from investment instruments	–	8,473
Bank interest received	277	2,540
Interest received from associates	1,212	2,832
Repayment from an associate	13,192	29,151
Advance from an associate	10,600	–
Payment for additional investment in an associate	(16,875)	(14,609)
Net cash (used in)/generated from investing activities	(11,980)	25,853
Financing activities		
Interest and other borrowing costs paid	(13,587)	(17,675)
Capital element of lease rentals paid	(5,546)	(4,306)
Interest element of lease rentals paid	(1,562)	(3,212)
Proceeds from new bank loan	–	402,691
Repayment of bank loans	(10,771)	(9,680)
Repayment of loan from an intermediate holding company	–	(395,029)
Dividends paid	(35,058)	(35,058)
Net cash used in financing activities	(66,524)	(62,269)
Net increase in cash and cash equivalents	48,012	79,202
Cash and cash equivalents at the beginning of the period	610,851	450,893
Effect of foreign exchange rate changes	856	(3,326)
Cash and cash equivalents at the end of the period	659,719	526,769
Analysis of the balances of cash and cash equivalents at 30 June		
Bank balances and cash	659,719	526,769

The notes on pages 15 to 24 form part of this interim financial information.

Notes to the Unaudited Interim Financial Information

1 GENERAL INFORMATION

Vanke Overseas Investment Holding Company Limited (the “Company” and together with its subsidiaries, the “Group”) is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The principal activities of the Group are asset management, property development and property investment.

The Board considers the immediate holding company and the ultimate holding company to be Wkland Investments Company Limited and China Vanke Co., Ltd.. Wkland Investments Company Limited is a company incorporated in the British Virgin Islands with limited liability, while China Vanke Co., Ltd. is 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated interim financial information (the “Interim Financial Information”) has been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”) and Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Interim Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”).

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies as required by accounting standards are set out below.

The IASB has issued certain amendments to IFRSs that are first effective for the current accounting period of the Group. The equivalent revised HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the Interim Financial Information. 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 IAS 34 and 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.

The 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 2020 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 IFRSs or HKFRSs.

The Interim Financial Information is unaudited, but has been reviewed by KPMG, the Company’s independent auditor, 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. KPMG’s independent review report to the Board of Directors is included on page 8 of this interim report. In addition, this Interim Financial Information has been reviewed by the Company’s Audit Committee.

Notes to the Unaudited Interim Financial Information *(continued)*

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue recognised during the period is as follows:

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time</i>		
Property management fee income	8,057	8,369
Asset management fee income	114,797	114,379
<i>Revenue from other sources</i>		
Rental income from investment properties	63,527	67,867
Interest income on investment instruments	44,326	42,576
	230,707	233,191

(b) Segment reporting

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

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 three segments:

Property investment:	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 associates that principal activities are property development and financing from the Group's perspective, interest income from an associate and interest income on investment instruments
Asset management:	Asset management fee income from the provision of asset management services

Notes to the Unaudited Interim Financial Information *(continued)*

3 REVENUE AND SEGMENT INFORMATION *(continued)*

The segment results are as follows:

For the six months ended 30 June 2021 (the "Period")

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	71,584	44,326	114,797	230,707
Segment results before changes in fair value of investment properties	56,553	162,401	44,953	263,907
Increase in fair value of investment properties	45,081	–	–	45,081
Segment results	101,634	162,401	44,953	308,988
Head office and corporate expenses (net of unallocated income)				(10,242)
Finance income – bank interest income				240
Finance costs				(16,460)
Profit before taxation				282,526
Income tax				(10,960)
Profit for the period				271,566

For the six months ended 30 June 2020

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	76,236	42,576	114,379	233,191
Segment results before changes in fair value of investment properties	63,818	28,829	38,510	131,157
Decrease in fair value of investment properties	(27,686)	–	–	(27,686)
Segment results	36,132	28,829	38,510	103,471
Head office and corporate expenses (net of unallocated income)				(7,294)
Finance income – bank interest income				2,690
Finance costs				(21,587)
Profit before taxation				77,280
Income tax				(22,440)
Profit for the period				54,840

Notes to the Unaudited Interim Financial Information *(continued)*

4 OTHER INCOME

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
Compensation received from tenants on early lease termination	91	62
Others	252	54
	343	116

5 PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
(a) Finance income		
Interest income on bank deposits and bank balances	(240)	(2,690)
Interest income on an amount due from an associate	(1,212)	(2,832)
	(1,452)	(5,522)
(b) Finance costs		
Interest expenses on bank loans	12,647	9,774
Interest expense on a loan from an intermediate holding company	–	7,902
Interest expenses on lease liabilities	1,562	3,212
Other borrowing costs	2,251	699
	16,460	21,587
(c) Others		
Depreciation		
– owned property, plant and equipment	139	41
– other properties leased for own use	5,519	4,823
Contributions to defined contribution plan	2,516	1,583
Salaries, wages and other benefits (including Directors' emoluments)	55,539	60,903
Net foreign exchange (gain)/loss	(69)	198
Rental and related income from investment properties less direct outgoings of HK\$13,575,000 (six months ended 30 June 2020: HK\$11,105,000)	(58,009)	(65,131)

Notes to the Unaudited Interim Financial Information *(continued)*

6 INCOME TAX

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the Period	3,844	12,837
Current tax – Overseas		
Provision for the Period	5,949	8,391
Deferred tax		
Origination and reversal of temporary differences	1,167	1,212
	10,960	22,440

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits for the Period.

Overseas taxation is calculated at rate of tax applicable in the jurisdictions in which the Group is assessed for tax.

Share of associates' taxation charge of HK\$285,000 (six months ended 30 June 2020: taxation credit of HK\$182,000) is included in the results of associates for the Period.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$271,539,000 (six months ended 30 June 2020: HK\$54,850,000), and 389,527,932 shares (six months ended 30 June 2020: 389,527,932 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 2020: nil).

Notes to the Unaudited Interim Financial Information *(continued)*

8 DIVIDEND

(a) Dividend attributable to the interim period:

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2020: nil).

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

	For the six months ended	
	30 June 2021	30 June 2020
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the Period, of HK\$0.09 (six months ended 30 June 2020: approved and paid of HK\$0.09) per share	35,058	35,058

9 INVESTMENT PROPERTIES

	At	At
	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
At 1 January	3,127,531	3,153,973
Additions	1,855	–
Fair value gain/(loss)	45,081	(56,173)
Exchange adjustments	13,416	29,731
At 30 June/31 December	3,187,883	3,127,531

Investment properties of the Group were revalued as at 30 June 2021 and 31 December 2020. The valuations were carried out by independent firms of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Knight Frank LLP, which have among their staff with relevant professional qualifications and have recent experience in the location and category of the property being valued. The fair value of investment properties is determined by taking into account the net rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at appropriate capitalisation rates, and with reference to the comparable sale transactions as available in the market.

Notes to the Unaudited Interim Financial Information *(continued)*

10 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Share of net assets	419,150	285,168
Amount due from an associate (non-current) <i>(note (a)(i))</i>	77,649	90,686
	496,799	375,854
Amount due from an associate (current) <i>(note (a)(i))</i>	1,920	2,075
Amount due to an associate (current) <i>(note (a)(ii))</i>	106,161	95,561

Notes:

(a) Amounts due from/to associates comprise of:

- (i) An amount due from Gold Value Limited of HK\$79,569,000 (31 December 2020: HK\$92,761,000) is unsecured and interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK\$1,920,000 (31 December 2020: HK\$2,075,000) is expected to be recovered within one year, while the remaining amount of HK\$77,649,000 (31 December 2020: HK\$90,686,000) will be recovered after one year.
- (ii) An amount due to Ultimate Vantage Limited of HK\$106,161,000 (31 December 2020: HK\$95,561,000) is unsecured, interest-free and repayable on demand.

11 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Trade receivables, net of loss allowance	1,675	1,809
Unamortised rent receivables	49,804	54,122
Other receivables	12,458	15,639
Other deposits	6,044	5,980
Prepayments	1,562	2,700
Amount due from an associate <i>(note 10(a)(i))</i>	1,920	2,075
Amount due from an intermediate holding company <i>(note (b))</i>	18,588	34,959
Amounts due from fellow subsidiaries <i>(note (b))</i>	28,886	28,643
	120,937	145,927
Representing:		
Current	79,767	103,622
Non-current (unamortised rent receivables)	41,170	42,305
	120,937	145,927

Notes to the Unaudited Interim Financial Information *(continued)*

11 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS *(continued)*

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition, is as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
0 to 30 days	1,015	1,178
31 to 90 days	660	631
	1,675	1,809

Trade receivables are due within 15 to 90 days from the date of revenue recognition.

- (b) The amounts due from an intermediate holding company and fellow subsidiaries are unsecured, interest-free and recoverable on demand. Included in the balances were trade receivables from an intermediate holding company and fellow subsidiaries of HK\$18,588,000 (31 December 2020: HK\$34,959,000) and HK\$28,765,000 (31 December 2020: HK\$28,480,000), respectively, which arose from the provision of asset management services. The ageing of these balances are less than 30 days from the date of revenue recognition.

12 OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Other payables	18,460	18,559
Rental and other deposits received	24,132	23,935
Accruals	74,190	53,804
Amount due to an associate <i>(note 10(a)(ii))</i>	106,161	95,561
Amount due to an intermediate holding company <i>(note (a))</i>	34,566	36,593
Amounts due to fellow subsidiaries <i>(note (a))</i>	778	448
	258,287	228,900

- (a) The amounts due to an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.
- (b) Except for the rental and other deposits received on investment properties and other payables of HK\$12,101,000 (31 December 2020: HK\$11,584,000) which are expected to be settled after one year, all of the other payables, rental and other deposits received and accruals are expected to be settled within one year or repayable on demand.

Notes to the Unaudited Interim Financial Information *(continued)*

13 BANK LOANS

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Secured bank loans	1,238,792	1,234,509
Other borrowing costs capitalised	(2,014)	(2,806)
Total bank loans	1,236,778	1,231,703
<i>Representing secured bank loans repayable:</i>		
Within 1 year or on demand	784,790	10,662
After 1 year but within 2 years	–	774,667
After 2 years but within 5 years	451,988	446,374
	451,988	1,221,041
Total bank loans	1,236,778	1,231,703

At 30 June 2021, the Group had two banking facilities amounting to HK\$1,000,000,000 (31 December 2020: HK\$1,000,000,000) (the “HK Loan Facility”) and GBP75,000,000 (equivalent to HK\$809,415,000) (31 December 2020: GBP75,000,000 (equivalent to HK\$779,650,000)) (the “UK Loan Facility”).

Among the HK Loan Facility and the UK Loan Facility, the balance of GBP42,000,000 (equivalent to HK\$453,272,000) (31 December 2020: GBP42,000,000 (equivalent to HK\$447,804,000)) and GBP72,786,000 (equivalent to HK\$785,520,000) (31 December 2020: GBP73,786,000 (equivalent to HK\$786,705,000)) were utilised as at 30 June 2021, respectively.

The HK Loan Facility is interest-bearing at the London Inter-bank Offered Rate (“LIBOR”) plus 2.1% per annum, secured by share charges in respect of the equity interests of certain subsidiaries of the Group (the “HK Subsidiaries”) and floating charges over all the rental related receivables of the HK Subsidiaries, and guaranteed by the Company. It has an initial term of 12 months from its utilisation date and upon the end of the initial 12-month term, the Group may exercise not more than four consecutive 12-month extension options subject to satisfaction of certain extension conditions.

The HK Loan Facility is subject to the fulfilment of covenants relating to the HK Subsidiaries’ and the Company’s financial ratios, obligations on the HK Subsidiaries’ immediate holding companies to maintain their beneficial interests in the HK Subsidiary’s issued share capital and obligation on the Company’s ultimate holding company to maintain its beneficial interest of at least 30% of the entire issued share capital of a subsidiary of the Group.

The UK Loan Facility is interest-bearing at the LIBOR plus 1.95% per annum and secured by all assets held by a subsidiary (the “UK Subsidiary”). These included the Group’s investment properties located in the United Kingdom of HK\$1,183,423,000 at 30 June 2021 (31 December 2020: HK\$1,123,071,000). It is repayable by instalment in accordance with repayment schedule and will be matured on 16 January 2022.

Notes to the Unaudited Interim Financial Information *(continued)*

13 BANK LOANS *(continued)*

The UK Loan Facility is subject to the fulfilment of covenants relating to certain of the UK Subsidiary's statement of financial position ratios and an obligation on its immediate holding company to maintain its beneficial interest in that UK Subsidiary's issued share capital.

At 30 June 2021, none of the covenants relating to drawn down facilities had been breached. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

14 COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the financial statements were as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000
Contracted for	331,918	27,042

15 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Interim Financial Information, the Group entered into the following material related party transactions in its ordinary course of business during the Period.

	For the six months ended	
	30 June 2021 HK\$'000	30 June 2020 HK\$'000
Asset management fee income received/receivable from <i>(note (a))</i>		
– an intermediate holding company	57,409	63,303
– fellow subsidiaries	57,388	51,076
Management and administrative fee income receivable from <i>(note (b))</i>		
– an intermediate holding company	55	–
– a fellow subsidiary	175	–
Information technology related service fee payable to a fellow subsidiary <i>(note (c))</i>	638	–
Management and administrative fee payable to an intermediate holding company <i>(note (b))</i>	4,171	5,270
Key management personnel compensation <i>(note (d))</i>	760	870

Notes:

- (a) *Assets management fee income is charged at terms agreed by both parties. The details of the amounts due from an intermediate holding company and fellow subsidiaries are set out in note 11(b).*
- (b) *Management and administrative fee is charged at terms agreed by both parties. The details of the amounts due from/to an intermediate holding company and fellow subsidiaries are set out in note 11(b) and 12(a).*
- (c) *Information technology related service fee is charged of terms agreed by both parties. The details of the amount due to fellow subsidiaries are set out in note 12(a).*
- (d) *Key management personnel represent the directors of the Company.*

Other Information

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 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 this interim report. The interim financial information has also been reviewed by the Company's Audit Committee (which does not have any disagreement).

Apart from reviewing the interim financial information, the Audit Committee has also considered the significant accounting principles and policies adopted by the Company and discussed with management the internal control and financial reporting matters in respect of this interim report.

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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Period.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

There has been no change to the information of the Directors since the date of the issuance of the annual report of the Company for the year ended 31 December 2020, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information *(continued)*

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2021, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in associated corporations

Name of Director	Name of associated corporation	Type of shares	Number of ordinary shares held					Percentage of issued share capital	
			Interest held as beneficial owner	Interest held by spouse	Interest held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives		
Zhang Xu	China Vanke	A shares	42,639	-	-	-	-	42,639 (Note 1)	0.0004%
Que Dongwu	China Vanke	A shares	60,700	-	-	-	-	60,700 (Note 1)	0.0006%
Lee Kai-Yan	Vanke US Management LLC ("Vanke US")	Ordinary	-	-	20%	-	-	20% (Note 2)	20%

Notes:

- The total number of ordinary A shares of China Vanke in issue as at 30 June 2021 was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at 30 June 2021 was 1,893,535,668. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.
- Mr. Lee Kai-Yan has 49% membership interest in Minerva US LLC, which in turn has 20% membership interest in Vanke US. Accordingly, Minerva US LLC is a controlled corporation of Mr. Lee Kai-Yan and Mr. Lee Kai-Yan is deemed interested in Vanke US.

All the interests in the shares disclosed under this section represent long position in the shares of the associated corporations of the Company. Save as disclosed herein, as at 30 June 2021, none of the Directors or any of their spouses or children aged under eighteen years of age had any interests or short positions in the shares, underlying shares and debentures or were granted any right to subscribe for the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Other Information *(continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a business partnership scheme adopted by China Vanke in 2014, certain employees of the China Vanke Group have been admitted as business partners entrusting part of their bonuses into a collective account for investment management by Shenzhen Ying'an Financial Advisory Limited, including the introduction of leveraged finance for investment. All business partners in the scheme have undertaken that the collective bonuses and derivative assets will be centralised under closed-end management, without any payment to specific individuals, before the release of the contingent obligation requiring the return of the collective bonuses. An investment management and holding agreement was executed by all business partners. Mr. Zhang Xu, Ms. Que Dongwu and Mr. Lee Kai-Yan are one of the beneficiaries in the scheme.

Save for the above, at no time during the Period was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements that enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The Company did not have any share option scheme in force during the Period.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept by the Company under section 336 of the SFO (the "Register") records that, as at 30 June 2021, the Company has been notified of the following interests or short positions in the shares of the Company:

Name of substantial shareholder	Long position/ short position	Capacity of interest	Total number of shares in which the shareholder is interested	Percentage of shareholding
China Vanke (Note 1)	Long position	Held by controlled corporations	292,145,949	75.0%
CITIC Securities Company Limited (Note 2)	Long position	Held by controlled corporations	30,080,000	7.72%

Notes:

- As recorded in the Register, the 292,145,949 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited ("Wkland Investments"), which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of Vanke Property (Hong Kong) Company Limited ("VPHK"). VPHK is a direct wholly-owned subsidiary of Shanghai Vanke Enterprise Company Limited. Shanghai Vanke Enterprise Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.
- As recorded in the Register, the 30,080,000 ordinary shares of the Company are held by CSI Capital Management Limited, which is an indirect wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a direct wholly-owned subsidiary of CITIC Securities Company Limited.

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of the Company as at 30 June 2021 as recorded in the Register, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

Other Information *(continued)*

LOAN FACILITY WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

The following disclosures are made in compliance with the disclosure requirements under Rule 13.21 of the Listing Rules.

On 17 June 2020, Chericourt Company Limited (“Chericourt”), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the “Facility Agreement”) with a bank for a term loan facility of HK\$1,000,000,000 (the “Loan Facility”) for a period of 12 months from its utilisation date and upon the end of the initial 12-month term, Chericourt may exercise not more than four consecutive 12-month extension options subject to satisfaction of certain extension conditions. Under the Loan Facility, it would constitute an event of default if China Vanke ceases to be the beneficial owner (by way of indirect ownership through the Company) of at least 30% of the entire issued share capital of Future Best Developments Limited, an indirect wholly-owned subsidiary of the Company. Upon the occurrence of the event of default, the Loan Facility under the Facility Agreement together with accrued interest, and all other amounts accrued under the Facility Agreement shall be immediately due and payable.

Until the publication of this interim report, the circumstances giving rise to the obligations under Rule 13.18 of the Listing Rules continued to exist.

PUBLICATION OF INTERIM REPORT

This interim report in both English and Chinese is available in printed form and on the website of the Company at www.vankeoverseas.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Shareholders may at any time change their means of receiving corporate communications of the Company (in hard copy or through electronic means) free of charge by giving reasonable notice in writing to the Company’s Hong Kong Share Registrar or by email to vankeoverseas.ecom@computershare.com.hk.