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萬科海外投資控股有限公司

VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS

The Board of Directors (the “**Board**”) of Vanke Overseas Investment Holding Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2021 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	3	461,205	474,524
Cost of services		(182,434)	(169,243)
Gross profit		278,771	305,281
Other income	4	753	848
Administrative and other operating expenses		(65,383)	(24,449)
Net increase/(decrease) in fair value of investment properties	9	191,263	(56,173)
Operating profit		405,404	225,507
Finance income	5(a)	2,685	8,145
Finance costs	5(b)	(33,015)	(38,578)
Share of results of associates		99,181	8,259
Profit before taxation	5	474,255	203,333
Income tax	6	(49,563)	(17,607)
Profit for the year		424,692	185,726
Attributable to:			
Shareholders of the company		424,580	185,746
Non-controlling interests		112	(20)
Profit for the year		424,692	185,726
		HK\$	HK\$
Earnings per share — basic and diluted	8	1.09	0.48

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	424,692	185,726
Other comprehensive income for the year:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	<u>(1,195)</u>	<u>(3,414)</u>
Total comprehensive income for the year	<u>423,497</u>	<u>182,312</u>
Attributable to:		
Shareholders of the Company	423,405	182,329
Non-controlling interests	<u>92</u>	<u>(17)</u>
Total comprehensive income for the year	<u>423,497</u>	<u>182,312</u>

Consolidated Statement of Financial Position
At 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties	9	3,317,746	3,127,531
Property, plant and equipment		685,336	640,299
Interests in associates	10	469,052	375,854
Other non-current assets	11	37,620	42,305
Investment instruments	12	–	598,488
		<u>4,509,754</u>	<u>4,784,477</u>
Current assets			
Trade and other receivables	11	185,583	103,622
Investment instruments	12	435,491	–
Tax recoverable		8,506	2,546
Bank balances and cash		811,937	610,851
		<u>1,441,517</u>	<u>717,019</u>
Current liabilities			
Other payables and accruals	13	(295,622)	(228,900)
Bank loan	14	(766,287)	(10,662)
Lease liabilities		(3,881)	(11,197)
Tax payable		(32,357)	(13,229)
		<u>(1,098,147)</u>	<u>(263,988)</u>
Net current assets		<u>343,370</u>	<u>453,031</u>
Total assets less current liabilities		<u>4,853,124</u>	<u>5,237,508</u>

	<i>Note</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current liabilities			
Bank loans	<i>14</i>	(441,281)	(1,221,041)
Lease liabilities		(54,228)	(58,792)
Deferred tax liabilities		(57,388)	(45,887)
		<u>(552,897)</u>	<u>(1,325,720)</u>
NET ASSETS		<u>4,300,227</u>	<u>3,911,788</u>
CAPITAL AND RESERVE			
Share capital		3,895	3,895
Reserves		4,295,990	3,907,643
Total equity attributable to shareholders of the Company		4,299,885	3,911,538
Non-controlling interests		342	250
TOTAL EQUITY		<u>4,300,227</u>	<u>3,911,788</u>

Notes

1 GENERAL INFORMATION

Vanke Overseas Investment Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is a limited liability company incorporated in the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The registered office of the Company is P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands and the 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 consolidated financial statements for the year ended 31 December 2021 comprise the Group and its interest in associates. The consolidated results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2021 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). As 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**”), and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. The equivalent amendments to 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 these amendments 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.

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

3 REVENUE AND SEGMENT INFORMATION

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time</i>		
Property management fee income	16,287	16,561
Asset management fee income	228,737	237,334
<i>Revenue from other sources</i>		
Rental income from investment properties	128,540	136,160
Interest income on investment instruments	87,641	84,469
	<u>461,205</u>	<u>474,524</u>

(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 – bank interest income 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, interest income from an associate and interest income on investment instruments
Asset management:	Asset management fee income from the provision of asset management services

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment except for property, plant and equipment (excluding property under redevelopment and other properties leased for own use), other receivables, other deposits, prepayments, tax recoverable and bank balances and cash. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

Revenue from customers which accounts for 10% or more of the Group's revenue are set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property development segment — Customer A	87,641	84,469
Asset management segment — entities controlled by the ultimate holding company	228,737	237,334
	<u>228,737</u>	<u>237,334</u>

Operating segments

The segment results are as follows:

For the year ended 31 December 2021

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	<u>144,827</u>	<u>87,641</u>	<u>228,737</u>	<u>461,205</u>
Segment results before changes in fair value of investment properties	77,911	157,436	75,344	310,691
Net increase in fair value of investment properties	<u>191,263</u>	<u>–</u>	<u>–</u>	<u>191,263</u>
Segment results	269,174	157,436	75,344	501,954
Head office and corporate expenses (net of unallocated income)				(28,102)
Finance income — bank interest income				<u>403</u>
Profit before taxation				474,255
Income tax				<u>(49,563)</u>
Profit for the year				<u>424,692</u>

For the year ended 31 December 2020

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	<u>152,721</u>	<u>84,469</u>	<u>237,334</u>	<u>474,524</u>
Segment results before changes in fair value of investment properties	86,877	97,296	90,292	274,465
Decrease in fair value of investment properties	<u>(56,173)</u>	<u>–</u>	<u>–</u>	<u>(56,173)</u>
Segment results	30,704	97,296	90,292	218,292
Head office and corporate expenses (net of unallocated income)				(18,236)
Finance income — bank interest income				<u>3,277</u>
Profit before taxation				203,333
Income tax				<u>(17,607)</u>
Profit for the year				<u>185,726</u>

Total assets by segment

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Property investment	3,365,581	3,183,462
Property development	1,629,459	1,601,562
Asset management	82,531	78,089
	<hr/>	<hr/>
Segment assets	5,077,571	4,863,113
Property, plants and equipment	1,290	504
Other receivables	51,967	24,482
Tax recoverable	8,506	2,546
Bank balances and cash	811,937	610,851
	<hr/>	<hr/>
Total assets	<u>5,951,271</u>	<u>5,501,496</u>

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, property under redevelopment, other property leased for own use, interests in associates and other non-current assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment properties, property under redevelopment, other properties leased for own use and other non-current assets, and the location of operations, in the case of interests in associates.

	Revenue from external customers		Specific non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	194,854	214,624	2,847,784	2,830,475
United Kingdom	60,796	64,357	1,360,417	1,165,376
United States	205,555	195,543	300,263	788,122
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>461,205</u>	<u>474,524</u>	<u>4,508,464</u>	<u>4,783,973</u>

4 OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Compensation received from tenants on early lease termination	91	182
Management fee income	590	539
Others	72	127
	<u>753</u>	<u>848</u>

5 PROFIT BEFORE TAXATION

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(a) Finance income		
Interest income on bank deposits and bank balances	(403)	(3,277)
Interest income on an amount due from an associate	(2,282)	(4,868)
	<u>(2,685)</u>	<u>(8,145)</u>
(b) Finance costs		
Interest expense on bank loan	25,493	22,483
Interest expense on a loan from an intermediate holding company	–	7,902
Interest expense on lease liabilities	2,989	5,489
Other borrowing costs	4,533	2,704
	<u>33,015</u>	<u>38,578</u>
(c) Staff costs (including directors' emoluments)		
Contributions to defined contribution plan	4,767	3,551
Salaries, wages and other benefits	126,234	107,436
	<u>131,001</u>	<u>110,987</u>
(d) Others		
Auditors' remuneration		
— audit services	1,580	1,130
— non-audit services	262	310
Depreciation	11,384	10,426
Impairment losses on trade receivables	1,681	2,539
Impairment losses on investment instruments	31,174	–
Net foreign exchange loss/(gain)	218	(476)
Rental and related income from investment properties less direct outgoings of HK\$29,381,000 (2020: HK\$22,889,000)	(115,446)	(129,832)
	<u>(115,446)</u>	<u>(129,832)</u>

6 INCOME TAX

(a) Income tax represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	5,709	11,332
Over-provision in prior years	(60)	(7,432)
	<u>5,649</u>	<u>3,900</u>
Current tax — Overseas		
Provision for the year	33,992	12,893
Over-provision in prior years	(1,675)	(1,592)
	<u>32,317</u>	<u>11,301</u>
Deferred tax		
Origination and reversal of temporary differences	<u>11,597</u>	<u>2,406</u>
	<u>49,563</u>	<u>17,607</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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

Share of associates' income tax expense of HK\$5,028,000 (2020: HK\$649,000) is included in the share of results of associates for the year ended 31 December 2021.

7 DIVIDENDS

(a) Dividends attributable to the year

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend proposed after the end of reporting period of HK\$0.09 (2020: HK\$0.09) per share	<u>35,058</u>	<u>35,058</u>

At a meeting held on 25 March 2022, the Directors recommended a final dividend of HK\$0.09 per share. This proposed dividend is not reflected as a dividend payable in the Group's consolidated financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year ending 31 December 2022.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.09 (2020: HK\$0.09) per share	<u>35,058</u>	<u>35,058</u>

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$424,580,000 (2020: HK\$185,746,000) and 389,527,932 (2020: 389,527,932) shares in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2020: nil).

9 INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	3,127,531	3,153,973
Additions	16,138	–
Net fair value gain/(loss)	191,263	(56,173)
Exchange adjustments	<u>(17,186)</u>	<u>29,731</u>
At 31 December	<u>3,317,746</u>	<u>3,127,531</u>

All of the Group's investment properties were revalued at 31 December 2021. The valuations were carried out by independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Knight Frank LLP, which have among its 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 in Hong Kong and the United Kingdom are 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. The fair value measurement is positively correlated to the market rent per square foot, and negatively correlated to the capitalisation rates.

10 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Share of net assets	401,788	285,168
Amount due from an associate (non-current) (<i>note (a)</i>)	67,264	90,686
	469,052	375,854
Amount due from an associate (current) (<i>note (a)</i>)	1,834	2,075
Amount due to an associate (current) (<i>note (b)</i>)	119,161	95,561

Notes:

- (a) An amount due from Gold Value Limited of HK\$69,098,000 (2020: HK\$92,761,000) is unsecured, interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK\$1,834,000 (2020: HK\$2,075,000) is expected to be recovered within one year, while the remaining amount of HK\$67,264,000 (2020: HK\$90,686,000) will be recovered after one year.
- (b) An amount due to Ultimate Vantage Limited of HK\$119,161,000 (2020: HK\$95,561,000) is unsecured, interest-free and repayable on demand.

11 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables, net of loss allowance (<i>note (a)</i>)	908	1,809
Unamortised rent receivables	46,278	54,122
Other receivables	10,606	15,639
Other deposits	6,550	5,980
Deposit paid for acquisition of subsidiaries (<i>note 15(a)</i>)	42,646	–
Prepayments	2,929	2,700
Amount due from an associate (<i>note 10(a)</i>)	1,834	2,075
Amount due from an intermediate holding company (<i>note (b)</i>)	58,533	34,959
Amount due from fellow subsidiaries (<i>note (b)</i>)	52,919	28,643
	223,203	145,927
Representing:		
Current	185,583	103,622
Non-current (unamortised rent receivables)	37,620	42,305
	223,203	145,927

(a) **Ageing analysis**

Trade receivables represent mainly rental receivables from tenants of the Group's investment properties. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	804	1,178
31 to 90 days	104	631
	<u>908</u>	<u>1,809</u>

- (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\$26,481,000 (2020: HK\$34,959,000) and HK\$52,439,000 (2020: HK\$28,480,000), respectively, which arose from the provision of asset management services. The ageing of the balance of HK\$54,388,000 (2020: HK\$63,439,000) is less than 30 days from the date of revenue recognition and the ageing of the remaining balance of HK\$24,532,000 (2020: nil) is more than 90 days from the date of revenue recognition.

12 INVESTMENT INSTRUMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross carrying amount	466,665	598,488
Impairment losses recognised during the year (<i>note 5(d)</i>)	(31,174)	–
Net carrying amount	<u>435,491</u>	<u>598,488</u>

The Group invests in the investment instruments for funding a property development project.

The instruments are interest-bearing at 14.15% per annum and the original maturity date is 20 December 2020. The borrowers have the right to extend the original maturity date for five successive one-year periods upon the expiration of each extension period. During the year ended 31 December 2021, the borrowers exercised the second extension option and the maturity date of the instruments was extended to 20 December 2022.

The instruments are guaranteed by a holding company of the borrowers. The balance of HK\$305,008,000 (2020: HK\$413,176,000) is secured by the equity interest of a borrower, while the remaining balance of HK\$161,657,000 (2020: HK\$185,312,000) is unsecured.

During the year, management concluded that the credit risk of the investment instruments increased significantly since initial recognition. The Group recognised a loss allowance at an amount equal to lifetime expected credit losses, calculated based on the present value of cash shortfalls over the expected life of the instruments. A cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. An impairment loss of HK\$31,174,000 was made during the year ended 31 December 2021 (2020: nil).

13 OTHER PAYABLES AND ACCRUALS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other payables	18,504	18,559
Rental and other deposits received	24,491	23,935
Accruals	65,631	53,804
Amount due to an associate (<i>note 10(b)</i>)	119,161	95,561
Amount due to an intermediate holding company (<i>note (a)</i>)	66,673	36,593
Amount due to fellow subsidiaries (<i>note (a)</i>)	1,162	448
	<u>295,622</u>	<u>228,900</u>

Notes:

- (a) 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 properties and other payables of HK\$10,006,000 (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.

14 BANK LOANS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Secured bank loans	1,208,546	1,234,509
Other borrowing costs capitalised	(978)	(2,806)
	<u>1,207,568</u>	<u>1,231,703</u>
<i>Representing secured bank loans repayable:</i>		
Within 1 year or on demand	766,287	10,662
After 1 year but within 2 years	–	774,667
After 2 years but within 5 years	441,281	446,374
	<u>441,281</u>	<u>1,221,041</u>
Total bank loans	<u>1,207,568</u>	<u>1,231,703</u>

At 31 December 2021, the Group has 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\$789,653,000) (31 December 2020: GBP75,000,000 (equivalent to HK\$799,650,000)) (the “**UK Loan Facility**”).

Among the HK Loan Facility and the UK Loan Facility, the balance of GBP42,000,000 (equivalent to HK\$442,205,000) (31 December 2020: GBP42,000,000 (equivalent to HK\$447,804,000) and GBP72,786,000 (equivalent to HK\$766,341,000) (31 December 2020: GBP73,786,000 (equivalent to HK\$786,705,000)) are utilised as at 31 December 2021, respectively.

The HK Loan Facility is interest-bearing at the 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\$1,323,446,000 at 31 December 2021 (31 December 2020: HK\$1,123,071,000). It is repayable by instalments in accordance with repayment schedule and will be matured on 16 January 2022. The loan has been renewed on 14 January 2022 (see note 15(c)).

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 31 December 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.

15 EVENTS AFTER THE REPORTING PERIOD

- (a) On 22 November 2021, the Group entered into a sale and purchase agreement with a fellow subsidiary wholly owned by the controlling shareholder of the Company to acquire the entire issued share capital of Enigma Company Limited (“**Enigma**”) and the shareholder’s loan due from Enigma and its subsidiaries, for a cash consideration of HK\$852,922,000 (subject to adjustment). The completion of the acquisition took place on 31 January 2022. Enigma is an investment holding company, through its subsidiaries holding properties in Hong Kong. As at 31 December 2021, a deposit of HK\$42,646,000 was paid for this acquisition. Details of the above acquisition are disclosed in the Company’s announcements dated 22 November 2021 and 31 January 2022 and the Company’s circular dated 31 December 2021. The acquisition constituted a notifiable transaction and connected transaction under Chapter 14 and Chapter 14A of the Listing Rules respectively.
- (b) On 21 January 2022, the Group entered into a sale and purchase agreement with an independent third party (the “**Purchaser**”) to dispose of the entire issued share capital of Lithium Real Estate (Jersey) Limited (“**Lithium Jersey**”), for a cash consideration of GBP38,515,000 (equivalent to HK\$405,517,000). The completion of the disposal took place on 28 January 2022 (the “**Completion**”). Upon Completion, the Group also received an amount equal to the shareholder’s loan due from Lithium Jersey of GBP18,552,000 (equivalent to HK\$195,331,000) as the Purchaser procured Lithium Jersey to repay all such loan on a dollar-to-dollar basis. At Completion, Lithium Jersey held Ryder Court located at 13-17 Bury Street and 12, 14, 16 Ryder Street, London, SW1Y 6QB, United Kingdom. Details of the above disposal are disclosed in the Company’s announcements dated 21 January 2022 and 28 January 2022 and the Company’s circular dated 25 February 2022. The disposal constituted a notifiable transaction under Chapter 14 of the Listing Rules.
- (c) On 14 January 2022, Lithium Jersey executed an agreement with its banker in relation to the refinancing of a loan of GBP72,786,000 (equivalent to HK\$766,341,000) (the “**Bank Loan**”) which was originally due on 16 January 2022. The renewed loan was interest-bearing at the Sterling Overnight Interbank Average Rate plus approximately 2% per annum and will be matured on 13 January 2025. Lithium Jersey has the right to extend the original maturity date for two successive one-year periods upon the expiration of each extension period. Upon Completion, in relation to the Bank Loan, the Purchaser procured the repayment by Lithium Jersey of the Bank Loan and the release and/or discharge of certain security documents in relation to the Bank Loan. No adjustments have been made to these financial statements as a result of this refinancing and therefore the loan is presented as a current liability as at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The fiscal year 2021 was a year of COVID-19 recovery from a near standstill and a massive economic shock the world has ever experienced in decades. However, the strong pick-up in activities seen earlier the year was losing momentum towards the end of the year due to the rapid-spreading of the highly contagious Omicron variant of COVID-19 which may undermine the efficacy of COVID-19 vaccines bringing sets of challenges and responsibilities for the world to tackle and holding back growth. To operate in such a difficult macroeconomic environment, one fact is certain: we need to be more dedicated, more tenacious, more flexible and more resilient.

Although 2021 was also a year filled with a mix of economic growth and economic pressure around the globe, with the concerted effort of the team to gradually return to the path expected before the COVID-19 pandemic, the Group recorded a profit attributable to the shareholders of the Company for the year of approximately HK\$424.7 million (2020: HK\$185.7 million), representing an increase of approximately 129%. The increase was mainly due to the combined effect of (i) the increase in the fair value of an investment property of the Group, Ryder Court, located in London, the United Kingdom (the “UK”); and (ii) the increase in share of profit from an associate due to the one-off termination fee received from the tenant for terminating the lease for the investment property located in California, the United States of America (the “US”) which is owned by an associate of the Group.

In 2020, in order to enhance the Group’s asset management capabilities in Hong Kong, the UK and the US, the Group entered into a new management services framework agreement with Vanke Property (Hong Kong) Company Limited (“VPHK”) and certain of its subsidiaries (collectively, the “VPHK Parties”) which took effect from 30 October 2020 until 31 December 2022 and which replaced and superseded the management services framework agreement and the supplemental agreement entered into by the same parties in 2019. Under the new management services framework agreement, the Group will continue to be engaged on an exclusive basis to provide management services to the VPHK Parties in Hong Kong, the UK and the US (the “Management Services”). Key members of the management team of the Group who had previously worked at renowned conglomerates in property investment and development firms with rich experience in property development and investment continue to contribute to the Group. With the contribution of these personnel, the Group lays a solid foundation to cultivate its asset management and property development and investment capabilities in the property markets, adding to the income stream from the asset management arm and increasing the overall competitive edge of the Group in the real estate business sector. This asset management business has contributed significant income to the Group during the year under review.

For details of the Management Services, please refer to the Company’s announcement dated 7 September 2020 and circular dated 12 October 2020.

During the year under review, the Group held various equity interests or investment instruments (as the case may be) in certain properties in Hong Kong, London in the UK, and San Francisco and New York in the US which included (i) approximately 99.89% effective interest in 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**”); (ii) approximately 99.95% effective interest in the investment property Ryder Court located at 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James’s, London, SW1, the UK (“**Ryder Court**”); (iii) 45% effective interest in the investment property located at 657 and 663–667 Mission Street, San Francisco, California, the US (“**Mission**”); and (iv) 100% of the holding entity which participates in 49% effective interest in the investment instruments (“**Investment Instruments**”) for funding the development of the property located at 25 Park Row, New York, the US (“**Park Row**”) (collectively, the “**Investments**”). The Investments continued to enable the Group to generate revenue and profits for providing long-term growth prospects and investment return to the shareholders of the Company in 2021.

As disclosed in the announcement and the circular of the Company dated 22 November 2021 and 31 December 2021 respectively, Vanke Hong Kong Investment Company Limited, a wholly-owned subsidiary of the Company, proposed to acquire the entire issued share capital of Enigma Company Limited which indirectly holds the property comprising pieces or parcels of ground located in No. 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong (the “**Yee Kuk Street Property**”) (the “**2021 Acquisition**”). The completion of the 2021 Acquisition took place on 31 January 2022 as disclosed in the announcement of the Company of the same date. The Group intends to develop the Yee Kuk Street Property into a residential-based project. It is expected that sales of the residential units built on the Yee Kuk Street Property would contribute income to the Group from the second half of 2024.

Furthermore, as disclosed in the announcements of the Company dated 21 January 2022 and 28 January 2022 and the circular of the Company dated 25 February 2022 respectively, Lithium Concept Limited, an indirect subsidiary of the Company in which the Company indirectly owns 99.95%, proposed to dispose of the entire issued share capital of Lithium Real Estate (Jersey) Limited which directly holds Ryder Court and the above disposal transaction was completed on 28 January 2022 (the “**Disposal**”).

During the year under review, the Group’s revenue is derived from the leasing of units and car parking spaces in Regent Centre, the leasing of Ryder Court, interest from the Investment Instruments and provision of asset management services. Revenue for the year was approximately HK\$461.2 million (2020: HK\$474.5 million), representing a decrease of approximately 3%. The decrease was mainly due to the netting effect of (i) the increase in interest income on the Investment Instruments; (ii) the decrease in revenue generated from Regent Centre and Ryder Court; and (iii) the decrease in revenue generated from the asset management services.

The Group's investment in Regent Centre was at a fair value of HK\$1,994.3 million as at 31 December 2021 (31 December 2020: HK\$2,004.5 million). The Group's investment in Ryder Court was at a fair value of approximately HK\$1,323.4 million as at 31 December 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 HK\$16.1 million (2020: nil) and the exchange adjustments of investment properties of HK\$17.2 million (2020: HK\$29.7 million), the fair value gain amounted to approximately HK\$191.3 million for the year (2020: fair value loss of HK\$56.2 million). The significant increase in fair value of Ryder Court was due to (i) the decrease in capitalisation rates with reference to the implied property value of GBP132 million upon the Disposal; and (ii) the overall increase in market rent in London as a result of the market recovery from the COVID-19 pandemic.

Asset management

From the second half of 2019 onwards, the Group began providing asset management services to VPHK Parties with respect to VPHK Parties' projects in Hong Kong, the UK 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. Revenue from the provision of asset management services during the year amounted to approximately HK\$228.7 million (2020: HK\$237.3 million).

Segment profit from the provision of asset management services decreased to approximately HK\$75.3 million for the year (2020: HK\$90.3 million), mainly due to the increase in overall employee remuneration and other direct operating expenses of the asset management teams and the decrease in the total capital of the relevant projects invested by VPHK Parties during the year.

Property investment

The Group's investment properties comprise (i) various portions of Regent Centre (“**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 UK.

The Group owns 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 of the buildings respectively.

During the year, the Group renewed the leases of Regent Centre at a stable rental reversion. Occupancy rate of Regent Centre was 96% as at 31 December 2021 (31 December 2020: 96%) against a slight decrease in monthly passing rent to HK\$9.5 per square foot as at 31 December 2021 (31 December 2020: HK\$9.8 per square foot). Apart from monthly rent, the tenants are responsible for payment of a 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 during the year in Regent Centre was approximately HK\$98.7 million (2020: HK\$102.1 million).

As at 31 December 2021, the occupancy rate of Ryder Court increased to 86% (31 December 2020: 74%). Total revenue from the leasing of Ryder Court during the year was approximately HK\$46.1 million (2020: HK\$50.6 million).

Segment profit before change in fair value of investment properties of the Group amounted to approximately HK\$77.9 million for the year (2020: HK\$86.9 million), representing a decrease of approximately 10%. The decrease was mainly due to the netting effect of (i) the decrease in revenue generated from Regent Centre and Ryder Court; (ii) the increase in direct operating expenses of Regent Centre and Ryder Court; and (iii) the decrease in interest expenses incurred by Regent Centre during the year.

Upon completion of the Disposal having taken place on 28 January 2022, Lithium Real Estate (Jersey) Limited has ceased to be a subsidiary of the Group, the Company is no longer holding any interest in Ryder Court and the financial results of Lithium Real Estate (Jersey) Limited are no longer consolidated into the financial statements of the Group.

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 Park Row; (iv) the development of the Chun Yeung Street Property; and (v) the development of the Yee Kuk 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 Pavilia Bay. Up to the date hereof, all units have been sold at gross proceeds of approximately HK\$10.1 billion and all 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. 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 an amount due from Gold Value, amounted to approximately HK\$173.5 million as at 31 December 2021 (31 December 2020: HK\$193.9 million). The decrease in total investment of the Group during the year was mainly due to partial repayment of amount due from Gold Value of approximately HK\$23.7 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value). During the year ended 31 December 2021, the Group has also received advances from Ultimate Vantage of HK\$23.6 million, being advances from Ultimate Vantage from all its shareholders in proportionate to their respective shareholdings.

The Group's share of profit of TW6 Associates increased slightly to HK\$3.3 million for the year (2020: HK\$3.1 million).

Another of the Group's property development projects 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 Mission with a total gross floor area of approximately 155,000 square feet.

During the year, the Group had shared a profit of HK\$95.9 million (2020: HK\$5.2 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 Park Row held by Supreme J Limited, an indirect wholly-owned subsidiary of the Company. The revenue generated from the Investment Instruments during the year amounted to approximately HK\$87.6 million (2020: HK\$84.5 million).

Segment profit increased to approximately HK\$157.4 million for the year (2020: HK\$97.3 million), mainly due to the share of profit of Mission Street Group during the year.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were approximately HK\$28.1 million during the year (2020: HK\$18.2 million). The increase was mainly due to (i) the legal and professional fees arising from the 2021 Acquisition and Disposal during the year; and (ii) the increase in staff costs as a result of the increase in average headcount during the year.

Finance income

Finance income for the year amounted to approximately HK\$2.7 million (2020: HK\$8.1 million), comprising interest income on bank deposits and bank balances of HK\$0.4 million (2020: HK\$3.2 million) and interest income on shareholders' loans due from Gold Value amounted to approximately HK\$2.3 million (2020: HK\$4.9 million). The decrease in finance income was due to the decrease in bank interest rates and average shareholders' loans due from Gold Value during the year.

FINANCIAL REVIEW

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to approximately HK\$4,299.9 million as at 31 December 2021 (31 December 2020: HK\$3,911.5 million). The increase was due to the equity attributable to the shareholders of the Company for the year of HK\$423.5 million less a payment of 2020 final dividend of HK\$35.1 million.

The Group's interest-bearing bank and other borrowings of approximately HK\$1,265.7 million as at 31 December 2021 (31 December 2020: HK\$1,301.7 million) were mainly denominated in pound sterling. The bank loans of HK\$1,207.6 million (31 December 2020: HK\$1,231.7 million) were arranged on a floating rate basis, while the lease liabilities of HK\$58.1 million (31 December 2020: HK\$70.0 million) were arranged on a fixed rate basis. The decrease was due to partial repayment of a bank loan and the depreciation of pound sterling against Hong Kong dollar during the year.

The Group has two banking facilities amounting to HK\$1,000.0 million (31 December 2020: HK\$1,000.0 million) and GBP75.0 million (equivalent to approximately HK\$789.7 million) (31 December 2020: GBP75.0 million (equivalent to approximately HK\$799.7 million)) in which GBP42.0 million (equivalent to approximately HK\$442.2 million) (31 December 2020: GBP42.0 million (equivalent to approximately HK\$447.8 million)) and GBP72.8 million (equivalent to approximately HK\$766.3 million) (31 December 2020: GBP73.8 million (equivalent to approximately HK\$786.7 million)) have been utilised as at 31 December 2021. After deducting other borrowing costs capitalised of approximately HK\$0.9 million (31 December 2020: 1.4 million) and nil (31 December 2020: HK\$1.4 million), the total outstanding bank loans were approximately HK\$441.3 million (31 December 2020: HK\$446.4 million) and HK\$766.3 million (31 December 2020: HK\$785.3 million), respectively. The maturity dates of these bank loans are set out on page 15 to this announcement. As at 31 December 2021, the maturity profile of the outstanding bank loan was as follows:

	At 31 December 2021 <i>HK\$'000</i>	At 31 December 2020 <i>HK\$'000</i>
Within 1 year or on demand	766,287	10,662
After 1 year but within 2 years	–	774,667
After 2 years but within 5 years	441,281	446,374
	<u>1,207,568</u>	<u>1,231,703</u>

As at 31 December 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 29.4% (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 10.6% (31 December 2020: 17.7%).

The Group's bank balances and cash amounted to HK\$811.9 million as at 31 December 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.

Risk of fluctuations in exchange rates

As the Group operates in Hong Kong, the US and the UK, 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\$280.1 million as at 31 December 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 31 December 2021, the banking facility granted to a subsidiary of the Company engaging in the businesses of property investment, which is subject to a guarantee given to the 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\$442.2 million) (31 December 2020: GBP42.0 million (equivalent to approximately HK\$447.8 million)).

Pledge of assets

As at 31 December 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\$1,323.4 million at 31 December 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**"), subsidiaries which holds 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

As disclosed above, apart from the 2021 Acquisition, there were no other significant investments held, material acquisitions or disposals of subsidiaries and associates during the year.

EMPLOYEES AND REMUNERATION POLICY

The Group had 105 employees as at 31 December 2021 (31 December 2020: 96). With the increase in average number of employees in Hong Kong, there was a significant increase in staff costs (including Directors' emoluments) to approximately HK\$131.0 million (2020: HK\$111.0 million) during the year.

VPHK provides administrative and management support to the Group on a cost basis. During the year, total fee payable to VPHK in relation to administrative and management support to the Group amounted to approximately HK\$7.1 million (2020: HK\$9.5 million) during the year, with the decrease mainly attributable to the decrease in the rental expenses recharged by VPHK as portion of the office rent in Hong Kong was paid by the Group directly to the landlord.

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.

OUTLOOK

After two years of surprises and uncertainties bringing unprecedented challenges to the global economy caused by the COVID-19 pandemic, it was anticipated that 2022 would be the year of a recovery, a rebound and a return to normal conditions along with vaccination rates. Yet, while many countries are rolling out vaccination programs, the outlook continues to be shrouded in uncertainties and be dominated by the global spread of the COVID-19 pandemic with a new, highly transmittable variant of COVID-19 and therefore, remains a difficult period for many businesses of all sizes and across all industries.

Due to the COVID-19 pandemic, the border between Hong Kong and mainland China is still closed to the vast majority of travelers and the Hong Kong Government imposes travel restrictions of varying scales on international travels. The trade deal between the US and China which now remains at a standstill and the current geopolitical conflicts in the world have also added to the uncertainties for the 2022 outlook. All of these uncertainties have brought and is expected to bring certain level of impact on the markets which the Group operates in. Despite the hardship as set forth above, the Group will use its best endeavors to explore investment opportunities in the property markets in 2022 and continues to leverage on the network of VPHK and its subsidiaries to penetrate into the global market with a view to expanding its customer base both locally and overseas.

The Group is financially healthy and, with appropriate cost management, is prepared for any economic pressure that may arise from the aforesaid uncertainties. Looking into 2022, the Group believes that the COVID-19 will continue to persist and it will be a year of a mix of struggles, resilience and hope but uncertainties create opportunities – the Group will keep an eye on investment opportunities, including those in other real estate markets in the world, 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 its shareholders as a whole.

The Group’s investment property in Hong Kong, Regent Centre, is expected to maintain the occupancy rate and passing rent in 2022. The Group’s Investment Instruments are expected to generate less revenue and profit in 2022 due to the repayments from the borrowers. In addition, the Group’s asset management business is expected to generate stable revenue and profit in 2022.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.09 per share (2020: HK\$0.09 per share). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on Friday, 24 June 2022 (the “**2022 AGM**”), the proposed final dividend will be payable to the shareholders on Monday, 13 July 2022.

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 2022 AGM

The Register of Members and the Transfer Books of the Company will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022, both days inclusive, for the purpose of ascertaining the shareholders’ entitlement to attend and vote at the 2022 AGM. In order to be eligible to attend and vote at the 2022 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 Monday, 20 June 2022.

(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 Monday, 4 July 2022 for the purpose of ascertaining the shareholders’ entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with Computershare at the abovementioned address no later than 4:30 p.m. on Thursday, 30 June 2022.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out on page 16 to this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Listing Rules during the year ended 31 December 2021.

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 2021. 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. The Board reviews and monitors the compliance of such codes and guidelines periodically.

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 2021.

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 2021, including the accounting policies and practices adopted by the Group, and also discussed the internal control and financial reporting matters applicable to the Group with the management.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been compared by the Group’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect 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.

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 Hong Kong 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. Sun Jia (Chairman)

Ms. Que Dongwu (Chief Executive Officer)

Mr. Lee Kai-Yan

Ms. Zhou Yue

Independent Non-Executive Directors (in alphabetical order):

Mr. Choi Fan Wai

Ms. Law Chi Yin, Cynthia

Mr. Zhang Anzhi

By order of the Board
**VANKE OVERSEAS INVESTMENT HOLDING
COMPANY LIMITED**
Que Dongwu
Chief Executive Officer and Executive Director

Hong Kong, 25 March 2022