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Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01036)

2021 Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
ZHANG Xu *(Chairman)*
(resigned with effect from 23 November 2021)
SUN Jia *(Chairman)*
(appointed with effect from 23 November 2021)
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
(resigned with effect from 23 November 2021)
SUN Jia
(appointed with effect from 23 November 2021)
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 LLP *(as to Hong Kong law)*
Maples and Calder (Hong Kong) LLP
(as to Cayman Islands law)

PRINCIPAL BANKER
Bank of China (Hong Kong) Limited

REGISTERED OFFICE
P.O. Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS
55th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

Telephone:	(852) 2309 8888
Fax:	(852) 2328 8097
Email:	vkoverseas.ir@vanke.com

WEBSITE
http://www.vankeoverseas.com

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wan Chai
Hong Kong

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Sun Jia, aged 44, was appointed an Executive Director and the Chairman of the Vanke Overseas Investment Holding Company Limited (the "Company", together with its subsidiaries, the "Group") in November 2021. He is also a member of the Nomination Committee of the Company. Mr. Sun joined China Vanke Co., Ltd. ("China Vanke"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 2202) and a controlling shareholder of the Company in 2007, and became the general manager of its strategy and investment management department in 2008. In 2010, he was appointed as the general manager of Xi'an Vanke Company Limited. He had been the general manager of Shanghai Vanke Company Limited since 2012, and was appointed as a Vice President of China Vanke in 2015. In March 2016, he was appointed as the Executive Vice President, the Supervisor of Finance and the Chief Financial Officer of China Vanke. He is currently the Chief Partner and Chief Executive Officer of Southern Regional Business Group, and Chief Partner of Shenzhen Vanke of China Vanke. Mr. Sun graduated from the School of Economics, Peking University with a bachelor's degree in 2001. In 2007, he graduated from Harvard Business School with a master's degree in Business Administration.

Ms. Que Dongwu, aged 55, was appointed an Executive Director of the Company in July 2012 and the Chief Executive Officer in February 2019. She is also a member of the Remuneration Committee of the Company and a director of certain subsidiaries of the Group. Ms. Que joined China Vanke in May 1993 and is currently a staff representative supervisor of China Vanke. She is also a director of Vanke Property (Hong Kong) Company Limited ("VPHK"). Ms. Que has over 15 years of experience in corporate finance and real estate investment. She obtained her master degree in Economics from Fudan University, PRC in July 1999.

Mr. Lee Kai-Yan, aged 45, was appointed a Non-Executive Director of the Company in October 2018 and was re-designated as an Executive Director of the Company in August 2019. Mr. Lee joined Vanke Holdings (USA) LLC, a wholly-owned subsidiary of China Vanke and a fellow subsidiary of the Company, in 2013 as its managing director to lead its establishment, expansion, and operations. Mr. Lee was re-assigned from Vanke Holdings (USA) LLC to Vanke US Management LLC, a subsidiary of the Company, since 30 June 2019. Mr. Lee has more than 15 years of professional experience in real estate and financial markets, including through his prior work at the World Economic Forum LLC between 2010 and 2013, Federal Reserve Bank of Boston between 2007 and 2010, and San Joaquin Council of Governments from 2001 to 2004. Mr. Lee previously was appointed as the Redevelopment Commissioner of the Redevelopment Commission of the City of Stockton, California between 2002 and 2004. He is currently on the Executive Director Board of the China General Chamber of Commerce (USA) and on the Executive Committee of the Association of Foreign Investors in Real Estate (AFIRE). Mr. Lee obtained his undergraduate degree in architecture from the University of California, Berkeley, in 2000, and his master degrees from Harvard University in public policy and from Massachusetts Institute of Technology (MIT) in city planning, both in 2007.

Ms. Zhou Yue, aged 39, was appointed an Executive Director of the Company in May 2021. Ms. Zhou has been the managing director of Vanke Overseas UK Management Limited, a subsidiary of the Company in the United Kingdom (the "UK"), since December 2020. She leads the strategic expansion of the business of the Group in the UK specialised for the sourcing, execution and operation of investments in the region. Ms. Zhou has over 14 years of experience in the financial services industry. Prior to joining the Group, Ms. Zhou was a managing director at Perella Weinberg Partners UK Limited where she focused on advising the British and European corporate and private equity clients on mergers and acquisitions and restructuring transactions in the industrials, natural resources and real estate sectors between 2008 and 2020. Ms. Zhou started her career at the Global Industrials Investment Banking Group of Citigroup Global Markets in London, the UK in 2006. Ms. Zhou received a Bachelor of Arts with Honors in Economics from Harvard University in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Fan Wai, aged 52, has been appointed as an Independent Non-Executive Director of the Company in May 2021. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Choi has more than 30 years of experience in the audit and financial services industry. Mr. Choi worked for Deloitte Touche Tohmatsu since January 1998 and was admitted as a partner of Deloitte Touche Tohmatsu in June 2005 until December 2006. Mr. Choi has also profound professional experience in asset management services, including through his prior work at JP Morgan Asset Management, a subsidiary of JP Morgan Chase & Co. (a company whose shares are listed on the New York Stock Exchange, ticker symbol: JPM), between 2007 and 2008, Elmore Capital Limited (a formerly licensed corporation under the SFO) which was subsequently restructured to become Wolver Hill Asset Management Asia Limited (a licensed corporation under the SFO), between 2009 and 2017, and Crowe (HK) CPA Limited from 2017 to 2020. Mr. Choi is currently the director, a responsible officer and partner of AIM Capital Consortium Limited (a licensed corporation under the SFO). Mr. Choi graduated from The Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy in 1991. He is currently a fellow member of Hong Kong Institute of Certified Public Accountants and a fellow member of Institute of Chartered Accountants in England and Wales.

Ms. Law Chi Yin, Cynthia, aged 56, was appointed an Independent Non-Executive Director of the Company in May 2015. She is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Ms. Law has over 25 years of experience in banking and finance. Ms. Law joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in 1987 and worked there until her recent retirement as the Managing Director and Deputy Head of Global Banking of HSBC, China in August 2014. Ms. Law is a veteran banker possessing banking, capital markets and management experience across HSBC's key global businesses including retail banking and wealth management, commercial banking, global trade and receivable finance and had, since 1996, been specialised in global banking and markets in Mainland China. She is currently an adviser to JL Capital Family Office Pte. Ltd., a Singapore based fund management company, in relation to their China related investments. Ms. Law graduated from the University of Toronto with a double major degree in Computer Science for Data Management and Commerce. She is a chartered financial analyst.

Mr. Zhang Anzhi, aged 50, was appointed an Independent Non-Executive Director of the Company in March 2019. He is also the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Zhang has extensive experience in investment banking, corporate finance, investment and general management. Mr. Zhang worked at Deutsche Bank Aktiengesellschaft from 2009 to 2018, during which period he served in various management positions and his last position was managing director and vice chairman of Greater China Corporate Finance. Prior to that, he worked at Merrill Lynch (Asia Pacific) Limited from 2004 to 2009 and his last position was director and Head of Corporate Finance China. Before joining Merrill Lynch, Mr. Zhang worked at J.P. Morgan plc and The Hongkong and Shanghai Banking Corporation Limited as an investment banker.

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$424.6 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 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 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) 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.

BUSINESS REVIEW *(continued)*

Overview *(continued)*

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.

BUSINESS REVIEW *(continued)*

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.

BUSINESS REVIEW *(continued)*

Property development *(continued)*

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) (the "HK Loan Facility") 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 in note 19 to the financial statements. As at 31 December 2021, the maturity profile of the outstanding bank loan was as follows:

	At 31 December 2021 HK$'000	At 31 December 2020 HK$'000
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
	1,207,568	1,231,703

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.

FINANCIAL REVIEW *(continued)*

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.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs")

The Directors manage the business of the Group through a number of KPIs as below.

(i) Occupancy rate of Regent Centre and Ryder Court

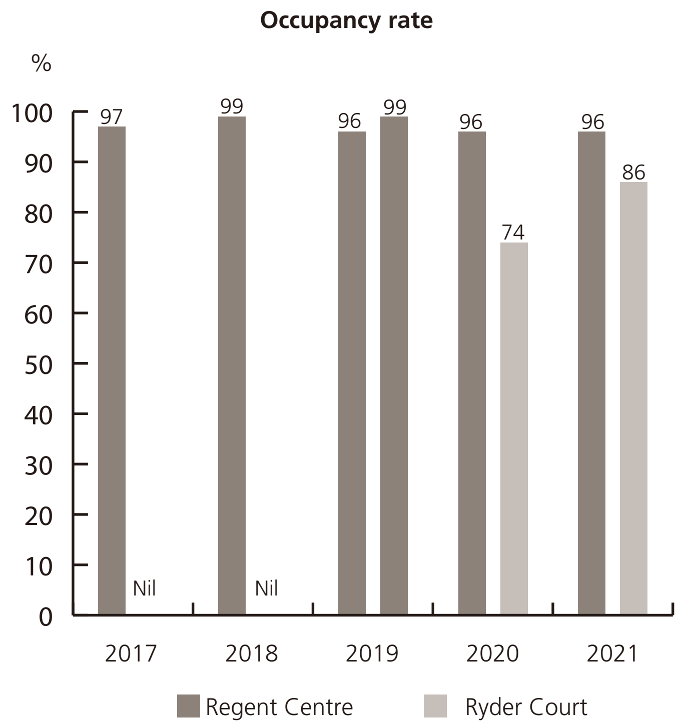
- Definition and calculation: Occupancy rate is a measure of leasing performance. It is defined as gross floor area that have been rented out as a percentage of total gross floor area available for renting.

- Purpose: Occupancy rate is a key driver in maintaining revenue.

- Source of underlying data: Internal company data.

- Quantified KPI data: The graph below shows the year-end occupancy rate of (i) Regent Centre in the last five years (the "Relevant Period") – 2017: 97%, 2018: 99%, 2019: 96%, 2020: 96%, 2021: 96%; and (ii) Ryder Court since the it's acquisition in June 2019 – 2019: 99%, 2020: 74%, 2021: 86%.

- Development in 2021: The occupancy rate of Regent Centre remained the same during the year. The occupancy rate of Ryder Court increased by 12% due to the lease of portion of the vacant area to a new tenant during the year.



- No changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(ii) Passing rent of Regent Centre and Ryder Court

- Definition and calculation: Passing rent is another measure of leasing performance. It is defined as the average rental rate of existing tenancies weighted by gross floor area.

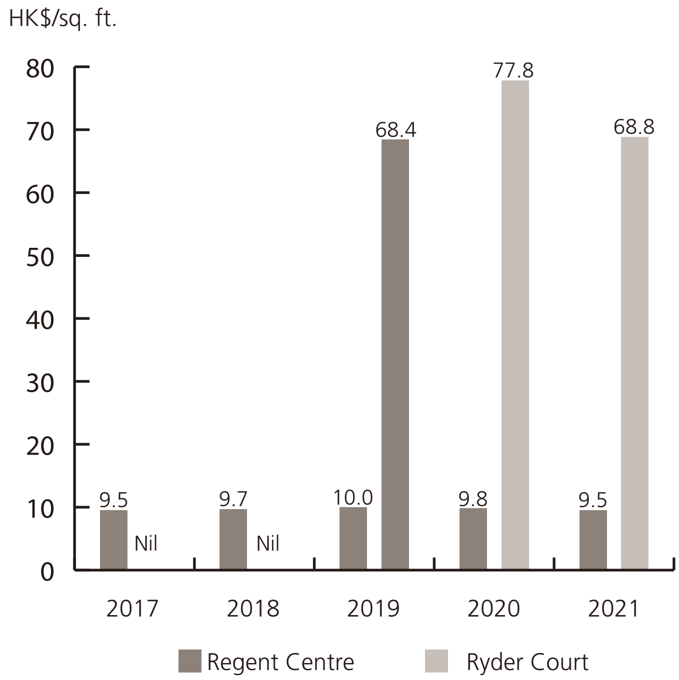
- Purpose: Passing rent is a key driver in achieving revenue growth.

- Source of underlying data: Internal company data.

- Quantified KPI data: The graph below shows the passing rent of (i) Regent Centre at the end of each financial year during the Relevant Period – 2017: HK$9.5 per sq. ft., 2018: HK$9.7 per sq. ft., 2019: HK$10.0 per sq. ft.; 2020: HK$9.8 per sq. ft., 2021: HK$9.5 per sq. ft.; and (ii) Ryder Court at the end of each financial year since its acquisition in June 2019 – 2019: HK$68.4 per sq. ft., 2020: HK$77.8 per sq. ft., 2021: HK$68.8 per sq. ft..

- Development in 2021: The passing rent of Regent Centre has decreased slightly to match up with the rental rate in the market. The passing rent of Ryder Court has decreased due to the lease of portion of the vacant area to a new tenant that had lower passing rent.

Passing rent



- No changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(iii) Cost of services to revenue ratio

- Definition and calculation: Cost of services to revenue ratio measures the operation efficiency by expressing cost of services as a percentage of revenue.

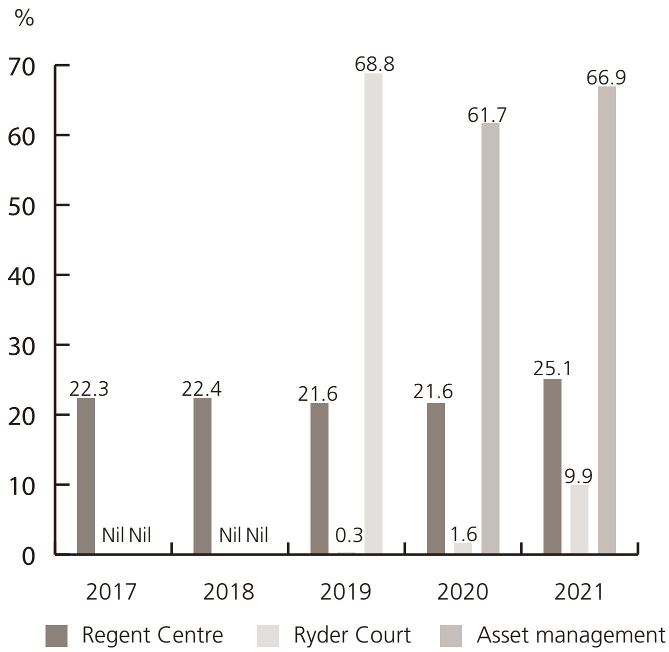
- Purpose: It is a cost control tool, which reflects the direct cost incurred in generating every dollar of revenue.

- Source of underlying data: Figures from the financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (on or before 31 December 2019) or International Financial Reporting Standards ("IFRSs") (as from 1 January 2020).

- Quantified KPI data: The graph below shows the cost of services to revenue ratio for (i) Regent Centre during the Relevant Period – 2017: 22.3%, 2018: 22.4%, 2019: 21.6%, 2020: 21.6%, 2021: 25.1%; (ii) Ryder Court for each the financial year since its acquisition in June 2019 – 2019: 0.3%, 2020: 1.6%, 2021: 9.9%; and (iii) asset management business for each the financial year since the Group began providing asset management services since 30 June 2019 – 2019: 68.8%, 2020: 61.7%, 2021: 66.9%.

- Development in 2021: The cost of services to revenue ratio for Regent Centre has increased due to the increase in direct operating expenses and the decrease in revenue generated from Regent Centre. The cost of services to revenue ratio for Ryder Court has increased due to the costs of the vacant area borne by the Group and the decrease in revenue generated from Ryder Court. The cost of services to revenue ratio for the provision of asset management services has increased 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.

Cost of services to revenue ratio



- Save for the change from HKFRSs to IFRSs mentioned herein, no changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(iv) Gearing ratio

- Definition and calculation: Gearing ratio is a measure of financial leverage, demonstrating the degree to which the Group's activities are funded by interest-bearing debts. It is calculated by first subtracting the bank balances and cash from total interest-bearing debts and then divided the figure by equity attributable to shareholders of the Company.

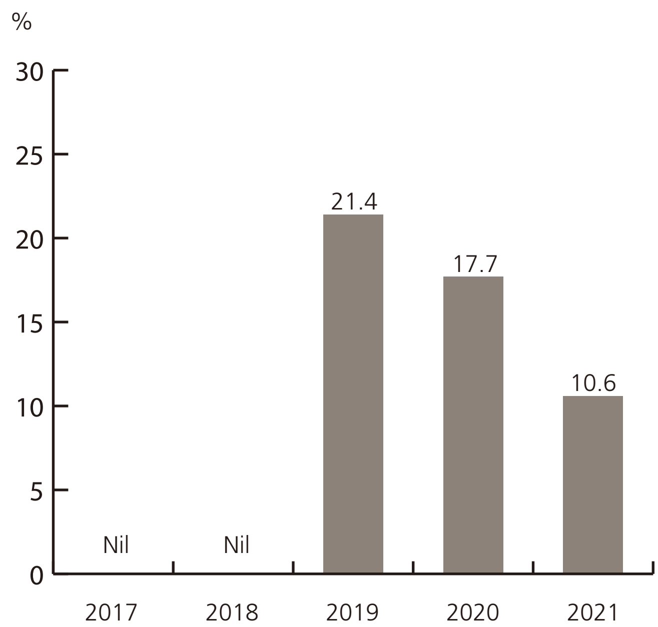
- Purpose: The Group carefully manages its gearing ratio to strike a balance of obtaining funds through debt financing while maintaining its financial health.

- Source of underlying data: Figures from the financial statements prepared in accordance with HKFRSs (on or before 31 December 2019) or IFRSs (as from 1 January 2020).

- Quantified KPI data: The graph shows below the gearing ratio of the Group at the end of each financial year during the Relevant Period – 2017: nil, 2018: nil, 2019: 21.4%, 2020: 17.7%, 2021: 10.6%.

- Development in 2021: The gearing ratio of the Group decreased as a result of the increase of bank balances as at 31 December 2021.

Gearing ratio



- Save for the change from HKFRSs to IFRSs mentioned herein, no changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Key performance indicators ("KPIs") *(continued)*

(v) Return on equity

- Definition and calculation: Return on equity measures the efficiency of the Group at generating profits from each dollar of shareholder equity. It is calculated by dividing profit attributable to shareholders of the Company by average shareholders' equity.

- Purpose: The Group aims to satisfy shareholders' expectation by delivering a stable return on equity.

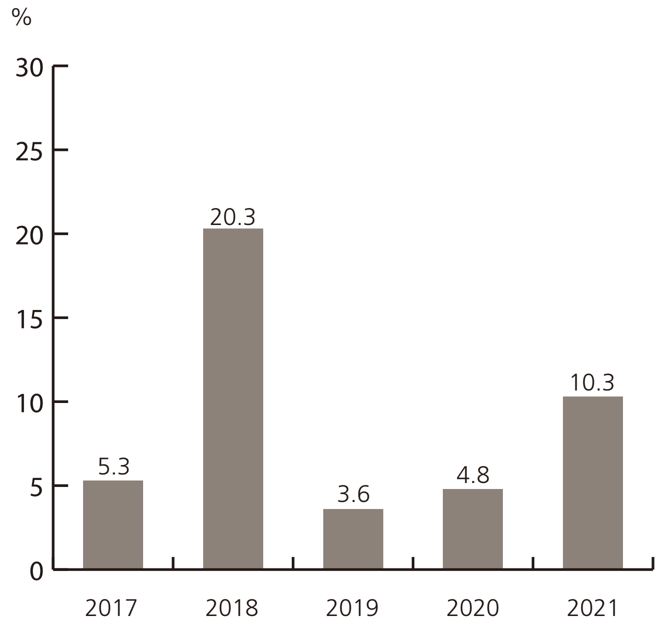
- Source of underlying data: Figures from the financial statements prepared in accordance with HKFRSs (on or before 31 December 2019) or IFRSs (as from 1 January 2020).

- Reconciliation of financial statement information: Average shareholders' equity = Weighted average of share capital and share premium during the year + (Opening balance of other reserves plus closing balance of other reserves)/2

- Quantified KPI data: The graph shows below the return on equity of the Group at the end of each financial year during the Relevant Period – 2017: 5.3%, 2018: 20.3%, 2019: 3.6%, 2020: 4.8%, 2021: 10.3%.

- Development in 2021: The return on equity of the Group increased mainly due to (i) the increase in the fair value of Ryder Court; and (ii) the increase in share of profit from Mission Street Group due to the one-off termination fee received from the tenant for terminating the lease of Mission.

Return on equity



- Save for the change from HKFRSs to IFRSs mentioned herein, no changes have been made to the source of data or calculation methods used over the periods shown.

FINANCIAL REVIEW *(continued)*

Principal risks and uncertainties

The Group's businesses, results of operations, financial conditions and prospects are subject to risks and uncertainties, which may or may not be controllable by the Group. The factors below set out those risks and uncertainties, which in the opinion of the Directors principally affect the Group's businesses, results of operations, financial conditions or prospects. Such factors are by no means exhaustive. There may be other risks and uncertainties which are not identified for the time being or turn out to be material in the future.

(i) Economic conditions and property market in Hong Kong, the UK and the US

Part of the Group's revenue and operating profit are derived from the leasing of the properties in Hong Kong and London, the UK. The Group also shares results of the Mission Street Group which owns a property in San Francisco, the US. As a result, the performance of the Group is susceptible to the economic conditions in Hong Kong, the UK and the US, particularly the performance of the property market. Any adverse changes in the social, political, economic and legal environments in the relevant markets, unfavorable government policies on the property market, increase in supply of properties, global financial crisis or interest rate hikes may adversely affect the relevant property market. These are beyond the control of the Group and, may adversely affect the revenue and profitability of the Group and thus the value of the Group's properties.

(ii) Business partners

The leasing and management of the units and car parking spaces in Regent Centre and the leasing and management of the office premises in Ryder Court are conducted by independent service providers under close supervision of the Group's management. However, there can be no assurance on the performance of the leasing agent and the property managers. Any unsatisfactory performance of the leasing agent and the property managers may potentially lead to drop in property occupancy and passing rent, chances of improper property maintenance and/or repairs of damaged property facilities and increased tenant dissatisfaction, resulting in an adverse impact on revenue and profitability of the Group and thus the value of Regent Centre and Ryder Court.

In addition, our business partners may have economic or business interests or goals that are inconsistent with those of the Group, take action contrary to the Group's policies and objectives, be unable or unwilling to fulfil their contractual obligations or cease to provide services out of their own accord. These may result in an adverse impact on the Group's businesses, results of operations, financial conditions or prospects.

(iii) Financial resources to fund property acquisitions

Property development and property investment are capital intensive. The Group's ability to obtain funding for property acquisition and development is dependent on a number of factors such as general economic conditions, the Group's financial performance, willingness of banks to lend and/or investors to invest and monetary policies in Hong Kong, the UK and the US, which are predominately beyond the control of the Group. As a result, there can be no assurance that the Group will obtain funding from the capital or debt markets on commercially reasonable terms or at all. This may potentially lead to increased funding costs and perhaps an inability to capitalise on potential investment opportunities.

(iv) Staff continuity

The operation of the Group will continue to be dependent on the services of its employees. Competition for skilled and experienced workforce is intense in the property industry. Any significant staff turnover with no suitable replacements being identified in a timely manner may cause disruption to the Group's businesses. The ability of the Group to expand may also be hindered if the Group is unable to identify, hire, train and retain suitably skilled and qualified employees for its businesses.

FINANCIAL REVIEW *(continued)*

Principal risks and uncertainties *(continued)*

(v) Reputation risk

The Group may be involved from time to time in dispute with various parties in the development, leasing and management of the Group's properties, including contractors, suppliers, property managers, tenants and the joint venture partner. The operation of the Group is also subject to compliance of applicable external rules, regulations, laws and standards. Any non-compliance with law or dispute with stakeholders may potentially result in damage to the Group's reputation, disruption to the Group's businesses, financial loss and diversion of resources and management attention.

(vi) Competing interests

At present, China Vanke has two investment platforms for its property businesses in Hong Kong, the UK and the US, namely (a) the Group, in which China Vanke has an indirect shareholding interest of 75%, and (b) VPHK, in which China Vanke has an indirect shareholding interest of 100%.

Mr. Sun Jia, an Executive Director of the Company (the "Executive Director"), is also the Chief Partner and Chief Executive Officer of Southern Regional Business Group, and Chief Partner of Shenzhen Vanke of China Vanke. Ms. Que Dongwu, an Executive Director, is also a director of VPHK. Mr. Lee Kai-Yan, an Executive Director, is connected to China Vanke by virtue of his current position as a director of certain subsidiaries of China Vanke. As a result, the Group and VPHK may compete with each other in their property businesses in Hong Kong, the UK and the US.

The Group has formulated a risk management policy having considered the requirements regarding internal control contained in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A risk management system has been established to provide the Board of Directors and the management an effective oversight of the risks the Group is facing, promote accountability across the organisation and ensure efficient controls are in place to mitigate the top risks the Group is facing. Key risk indicators have also been established for the purpose of enhancing the Board's oversight of key risk exposures, monitoring changes in the levels of risk exposure and contributing to the early warning signals that enable the Company to report risks, prevent crises and mitigate in time.

FINANCIAL REVIEW *(continued)*

Environmental policies

The Group is committed to build a better environment by adopting an environmental-friendly approach in its business operation. The Group is committed to complying with all applicable environmental laws and regulations in conducting its business. The Group aims to reduce emissions and use of resources in its operation through the following:

(i) Enhancing the efficiency of use of resources in the Group's business operation;

(ii) Adopting the use of energy-efficient equipment across the Group's properties and offices;

(iii) Encouraging employees to minimise their daily use of resources such as electricity;

(iv) Engaging tenants to adopt environmental-friendly initiatives to minimise their use of resources such as water and electricity consumption;

(v) Providing support to tenants on environmental-friendly practices, for example, provision of recycling facilities;

(vi) Encouraging contractors and/or service providers to adopt environmental-friendly practices in their design, services and products;

(vii) Undertaking property development projects which is conducive to environmental protection and to obtain environmental certification such as BEAM Plus, LEED, China GBL, and other equivalent green building labels, where practicable; and

(viii) Encouraging responsible investment by taking sustainability considerations into the Group's investment decisions, where practicable.

The Group favours service providers, contractors, suppliers and business partners who follow environmental-friendly practices in providing their design, services and products and will continue to promote environmental awareness among the Group's key stakeholders, including tenants, business partners, shareholders and employees, through ongoing communication and engagement.

During the year, the Group was not aware of any environmental laws or regulations that might have a material impact on the property rental and management business of the Group or any non-compliance with any relevant environmental laws that might have a significant impact on the businesses of the Group. For more details of the sustainability policies, please refer to the Environmental, Social and Governance Report 2021 of the Company.

Compliance with laws and regulations

During the year, the Group was not aware of any non-compliance with any relevant laws and regulations that might have a significant impact on the businesses of the Group.

FINANCIAL REVIEW *(continued)*

Relationship with suppliers, customers and employees

Suppliers

The Group appoints external service providers in respect of the leasing and management of its owned premises and car parking spaces in Regent Centre (the "Property Managers"). Common areas and common facilities in Regent Centre are managed by an independent third party estate manager (the "Estate Manager") pursuant to a deed of mutual covenant and management agreement dated 24 March 1997. The Property Managers and the Estate Manager are familiar with the tenancy and property management affairs in Regent Centre, as they have been entrusted with such responsibilities since completion of development of the project in 1996. Relationship with the Property Managers and the Estate Manager dated back to July 2012 when China Vanke became the controlling shareholder of the Company. The Group works closely with the Property Managers and the Estate Manager on all tenancy and property management affairs, including sourcing and assessment of tenants, rental receivable management and general property maintenance. In addition, regular meetings are held to facilitate two-way communications.

Vanke Overseas UK Management Limited, an indirect wholly-owned subsidiary of the Company, has acted as the asset manager of Ryder Court (the "RC Asset Manager") since the acquisition of Ryder Court by it in 2019. Common areas and facilities are managed by an independent third party property manager (the "RC Property Manager"). The RC Asset Manager focuses on all major strategies and initiatives such as leasing (terminations, renewals, identification of new tenants) and capital improvements, whereas the RC Property Manager provides staff on site and manages general property accounting and maintenance. In addition, regular meetings are held between the RC Asset Manager and RC Property Manager to maintain constant communication/alignment of tasks.

Customers

The tenants in Regent Centre are the Group's key customers. The Group is committed to providing quality services to its customers. During the year, the Group maintained active dialogue with the Property Managers and the Estate Manager and carried out independent customer satisfaction survey on all aspects of property management and leasing affairs in Regent Centre. A customer service hotline has also been established for the tenants of Regent Centre to voice their comments, feedback and complaints to the Group.

The tenants of Ryder Court are also the Group's key customers. The Group, through its ownership of the RC Asset Manager, maintains active dialogue with the tenants at both quarterly tenant meetings as well as any other necessary discussions that need to take place on an ad hoc basis.

The key customers of the Group's asset management services are the subsidiaries of China Vanke. With the established relationship with China Vanke, the Group continues to be the core asset management service provider of China Vanke.

Employees

The Group values its employees and encourages its staff to achieve a good work-life balance. Staff turnover rate was 22% in 2021 (2020: 16%). The average length of services of the employees in the Group, since the change of controlling shareholder of the Company to China Vanke in July 2012, was 1.8 years (31 December 2020: 1.3 year) as at 31 December 2021.

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

Dividend Policy

The Company adopts a general dividend policy that aims to provide shareholders of the Company with a reasonable dividend payout to the extent practicable.

In proposing the final dividend, the Board has taken into account, inter alia:

- the Group's actual and expected financial performance;
- the interests of its shareholders as a whole;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- any restrictions on payment of dividends by the Company to its shareholders or by the Company's subsidiaries to the Company;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- possible effects on the Group's creditworthiness;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- other factors that the Board deem appropriate.

Any dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed subject to and in accordance with the Company's Articles of Association.

Any dividends unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company subject to and in accordance with the Company's Articles of Association.

Recommendation

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 24 June 2022 (the "2022 AGM"), the proposed final dividend will be payable to the shareholders on 13 July 2022.

Gratitude

I would like to take this opportunity to express my sincere gratitude to all employees for their steadfast dedication and diligence in ensuring the Group's operations and providing high quality services in the past remarkably difficult year amid the pandemic. I would also like to thank my fellow directors for their continuous contribution and guidance and all our shareholders, stakeholders and customers for their support.

On behalf of the Board

Sun Jia
Chairman and Executive Director

Hong Kong, 25 March 2022

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries are set out on pages 101 to 102 of the Annual Report.

BUSINESS REVIEW

A discussion and analysis of the Group's performance, including a discussion of the principal risks and uncertainties facing the Group, can be found in the Management Discussion and Analysis set out on pages 5 to 21 of the Annual Report. The discussion and analysis forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 48 and the consolidated statement of profit or loss and other comprehensive income on page 49 of the Annual Report.

During the board meeting on 25 March 2022, the Directors recommended a final dividend for the year ended 31 December 2021 of HK$0.09 per share totalling approximately HK$35,058,000 (2020: HK$0.09 per share totalling approximately HK$35,058,000), which will be payable on 13 July 2022 if approved by the shareholders at the 2022 AGM.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company was incorporated.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 52 of the Annual Report and note 21(a) to the financial statements respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the balance in the share premium account is distributable. Accordingly, total distributable reserves of the Company amounted to HK$1,622,079,000 as at 31 December 2021 (2020: HK$1,656,601,000).

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK$78,000 (2020: HK$158,000).

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Zhang Xu *(Chairman)*
 (resigned with effect from 23 November 2021)
Sun Jia *(Chairman)*
 (appointed with effect from 23 November 2021)
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

Choi Fan Wai (appointed with effect from 26 May 2021)
Chan Wai Hei, William (his office vacated with effect from 26 May 2021)
Law Chi Yin, Cynthia
Zhang Anzhi

Mr. Lee Kai-Yan, Ms. Law Chi Yin, Cynthia, and Mr. Zhang Anzhi retired pursuant to Article 116 of the Company's Articles of Association and were re-elected as directors of the Company at the annual general meeting of the Company held on 25 June 2021 (the "2021 AGM"). Ms. Zhou Yue and Mr. Choi Fan Wai retired pursuant to Article 99 of the Company's Articles of Association and were re-elected as directors of the Company at the 2021 AGM.

Pursuant to Article 116 of the Company's Articles of Association, Ms. Que Dongwu, Ms. Zhou Yue and Mr. Choi Fan Wai will retire by rotation at the 2022 AGM and, being eligible, offer themselves for re-election.

Pursuant to Article 99 of the Company's Articles of Association, Mr. Sun Jia is due to retire from the Board and, being eligible, will offer himself for re-election at the 2022 AGM.

None of the Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2021, 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 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Interests in associated corporations

Name of Director	Name of associated corporation	Type of shares	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives	Total Interests	Percentage of issued share capital
Sun Jia	China Vanke	A shares	–	5,800	–	–	–	5,800 *(Note 1)*	0.00006%
Que Dongwu	China Vanke	A shares	60,700	–	–	–	–	60,700 *(Note 1)*	0.00062%
Lee Kai-Yan	Vanke US Management LLC ("Vanke US")	Ordinary	–	–	20%	–	–	20% *(Note 2)*	20%

Notes:

1. *The total number of ordinary A shares of China Vanke in issue as at 31 December 2021 was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at 31 December 2021 was 1,901,186,842. 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.*

2. *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 31 December 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 of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 Stock Exchange pursuant to the Model Code.

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 and the Group have been admitted as business partners entrusting part of their bonuses into a collective account (the "collective bonuses") for investment management by Shenzhen Yang'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. Sun Jia, Ms. Que Dongwu, Mr. Lee Kai-Yan and Ms. Zhou Yue are beneficiaries in the scheme.

Save for the above, at no time during the year 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 to 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 and its subsidiaries did not have any share option scheme in force during the year.

SUBSTANTIAL SHAREHOLDERS

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 under section 336 of the SFO (the "Register") shows that as at 31 December 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:

1. *As recorded in the Register, the 292,145,949 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited, which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments Company Limited is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of VPHK. VPHK is a direct wholly-owned subsidiary of Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate 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.*

2. *As recorded in the Register, the 30,080,000 ordinary shares of the Company are held by CSI Capital Management Limited, which is a direct wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a wholly-owned subsidiary of CITIC Securities Company Limited.*

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained the percentage prescribed under the Listing Rules of the Company's shares in public hands as at the latest practicable date prior to the issue of this Annual Report.

INDEMNITY OF DIRECTORS

The Articles of Association of the Company provides that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the directors of the Company and its subsidiaries.

Save for the above, during the year ended 31 December 2021, the Company was not aware of any permitted indemnity provision in force for the benefit of one or more (existing or former) directors of the Company (whether entered into by the Company or not) or its associated companies (if made by the Company).

MANAGEMENT CONTRACTS

On 7 January 2022, the Group renewed the agreement relating to the sharing of administrative services with VPHK on a cost basis for a period of three years taking retrospective effect and commencing from 1 January 2022, which is terminable by either party on giving no less than one month's notice. Total fees paid/payable to VPHK for such services amounted to HK$7,129,000 for the year (2020: HK$9,462,000).

On 1 December 2020, the Group entered into an agreement relating to the sharing of administrative services with VPHK on a cost basis for a period of three years taking retrospective effect and commencing from 1 January 2020, which is terminable by either party on giving no less than one month's notice. Total fees received/receivable from VPHK for such services amounted to HK$590,000 for the year (2020: HK$539,000).

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in the section "Management Contracts", the Company entered into contracts with VPHK in relation to the sharing of administrative services on a cost basis. The Company is an indirect 75%-owned subsidiary of VPHK, which in turn is an indirect wholly-owned subsidiary of China Vanke. Mr. Sun Jia (through his spouse) has beneficial interests in the issued shares of China Vanke. Ms. Que Dongwu is a director of VPHK and is beneficially interested in the issued shares of China Vanke.

Save as disclosed above, no contracts of significance were entered into between the Company or any of its subsidiaries and the Company's holding company or a subsidiary of the Company's holding company, nor were there any contracts of significance in relation to the Group's businesses in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Set out below is information disclosed pursuant to Rule 8.10(2) of the Listing Rules.

The following Directors are also directors and/or officers of China Vanke and/or its subsidiaries and affiliates as set out in the table below.

Name of Director	Position held in China Vanke and/or its subsidiaries and affiliates
Sun Jia	The Chief Partner and Chief Executive Officer of Southern Regional Business Group, and Chief Partner of Shenzhen Vanke of China Vanke
Que Dongwu	A staff representative supervisor of the supervisory committee of China Vanke
Lee Kai-Yan	Director or officer of certain subsidiaries of China Vanke

At present, the Group owns property development and investment projects in Hong Kong, the UK and the US. VPHK and its subsidiaries (excluding the Group) (the "VPHK Group") also own property development and investment projects in Hong Kong, the UK and the US. Depending on circumstances, either the Group or VPHK Group participates in acquisitions of land or property development projects in Hong Kong from the Hong Kong Government or entities controlled by the Hong Kong Government through public auction or tender on a sole basis or by way of a joint venture arrangement with independent third parties, or acquire property development and investment projects in Hong Kong, the UK and the US on a sole basis or by way of a joint venture arrangement.

VPHK is an indirect wholly-owned subsidiary of China Vanke. Mr. Sun Jia holds managerial positions in certain subsidiaries or business units of China Vanke. Ms. Que Dongwu is a common director of the Company and VPHK. Mr. Lee Kai-Yan is connected to China Vanke by virtue of his current position as a director or officer of certain subsidiaries of China Vanke. Mr. Sun Jia (through his spouse) and Ms. Que Dongwu have beneficial interests in the issued shares of China Vanke.

Ms. Zhou Yue, an executive Director, and Mr. Choi Fan Wai, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, the independent non-executive Directors, do not participate in the routine business of VPHK. The independent non-executive Directors, with the assistance of the chief financial officer and company secretary of the Company, exercise due care and skills in ensuring that the Group is capable of carrying on its business at arm's length and independently from VPHK.

Save as disclosed above, the Directors were not (i) aware of any other business of China Vanke which competes or is likely to compete, either directly or indirectly, with the Group's businesses; or (ii) aware that any of them had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

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.

CONNECTED TRANSACTION

On 22 November 2021, Vanke Hong Kong Investment Company Limited, an indirect wholly-owned subsidiary of the Company as purchaser, entered into a sale and purchase agreement with Oceanic Jade Limited, a subsidiary of VPHK and as seller, to acquire (i) the entire issued share capital of Enigma Company Limited ("Enigma"), a company incorporated in the BVI; and (ii) the shareholder's loan due by Enigma and its subsidiaries (the "Enigma Group") to VPHK, at a consideration of HK$852.9 million (subject to adjustment) by way of cash. The Enigma Group holds the Yee Kuk Street Property and is principally engaged in property development in Hong Kong. On 20 January 2022, the independent shareholders of the Company approved the 2021 Acquisition.

The Group has been exploring opportunities to increase its scale and profitability with the aim of optimising return for its shareholders and is positive about the long-term prospect of the property market in Hong Kong. The Group intends to develop the Yee Kuk Street Property into a residential-based project. The Board believes that the 2021 Acquisition represents an attractive investment opportunity to the Company and would increase the Group's overall competitiveness by broadening the Group's property portfolio and income base which is crucial amid increasing competitions.

As Oceanic Jade Limited is a wholly-owned subsidiary of VPHK, a controlling shareholder indirectly holding 75% of the issued share capital of the Company, Oceanic Jade Limited is a connected person and the 2021 Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

For details of the said transaction, please refer to the Company's announcements dated 22 November 2021, 20 January 2022 and 31 January 2022 and circular dated 31 December 2021.

CONTINUING CONNECTED TRANSACTIONS

On 7 March 2019, Vanke Overseas Management Holding Company Limited ("VOI Management Holding"), Vanke Overseas UK Management Limited ("VOI UK") and Vanke US Management LLC ("VOI US") and Vanke Holdings USA LLC ("Vanke US"), VPHK and Chogori Investment (Hong Kong) Limited ("Chogori", together with Vanke US and VPHK, collectively the "VPHK Parties") entered into a management services framework agreement, which took effect on 30 June 2019 and pursuant to which the Group would provide overseas asset management services to VPHK and certain of its subsidiaries (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects in the US and the UK). On 29 August 2019, VOI Management Holding, VOI UK, VOI US, Vanke Holdings (Hong Kong) Company Limited ("VOI HK", together with VOI UK, VOI US and VOI Management Holding collectively, the "VOI Parties") and the VPHK Parties entered into a supplemental management services framework agreement (together with the management services framework agreement, the "CCT Agreements"), which took effect on 1 November 2019 and pursuant to which the Group would extend the scope of services under the management services framework agreement to also provide Hong Kong asset management services to VPHK and certain of its subsidiaries (including other subsidiaries of China Vanke which may become interested in any property development and/or investment projects in Hong Kong). The two agreements shall be referred to as the "Old Managements Services Framework Agreements" hereinafter.

On 7 September 2020, the VOI Parties and the VPHK Parties entered into a new management services framework agreement (the "New Management Services Framework Agreement"), pursuant to which the VPHK Parties will engage the VOI Parties on an exclusive basis to provide asset management services to the VPHK Parties and other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects, subject to terms and conditions of the New Management Services Framework Agreement. The New Management Services Framework Agreement became effective on 30 October 2020 until 31 December 2022 and replace and supersede the Old Management Services Framework Agreements in their entirety.

Each of the VOI Parties is a subsidiary of the Company. VPHK, an indirect wholly-owned subsidiary of China Vanke, is an intermediate holding company of the Company. Each of the VPHK Parties is an indirect wholly-owned subsidiary of China Vanke. Therefore, each of the VPHK Parties is a connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to the New Management Services Framework Agreement, the annual cap for the transactions under for the period from 1 January 2021 to 31 December 2021 was HK$263 million.

During the year ended 31 December 2021, the Group generated revenue of approximately HK$228.7 million from the transactions under the New Management Services Framework Agreement.

For details of the Old Management Services Framework Agreements, please refer to the Company's announcement dated 8 March 2019 and circular dated 21 May 2019 and the Company's announcement dated 29 August 2019 and circular dated 30 September 2019 in relation to the Old Management Services Framework Agreements.

For details of the said transactions under the New Management Services Framework Agreement, please refer to the Company's announcement dated 7 September 2020 and circular dated 12 October 2020 in relation to the New Management Services Framework Agreement.

The Independent Non-executive Directors of the Company have reviewed and confirmed that the transactions contemplated under the New Management Services Framework Agreement for the year ended 31 December 2021 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing findings and conclusion according to Rule 14A.56 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 81.9% of the total sales for the year and sales to the largest customer included therein amounted to 49.6%. Purchases from the Group's five largest suppliers accounted for less than 30.0% of the total purchases for the year.

At no time during the year have the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

BANK LOANS AND OTHER BORROWINGS

The Group had outstanding bank loans and other interest-bearing borrowings of HK$1,265.7 million as at 31 December 2021 (31 December 2020: HK$1,301.7 million).

PROPERTIES

Particulars of the properties and property interests of the Group as at 31 December 2021 are set out on page 103 of the Annual Report.

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 will become immediately due and payable.

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

EVENTS AFTER THE REPORTING PERIOD

Except for the details of the events after the reporting period set out in note 26 to the financial statements, the Group does not have any material event that have occurred since the end of the financial year ended 31 December 2021.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 104 of the Annual Report.

AUDITOR

The financial statements have been audited by KPMG who will retire and, being eligible, offer themselves for re-appointment at the 2022 AGM. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the 2022 AGM. There was no change in auditors of the Company in any of the preceding three years.

On behalf of the Board

Sun Jia
Chairman and Executive Director

Hong Kong, 25 March 2022

Corporate Governance Report

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices and holds the view that strong corporate governance is prominent in developing the businesses of the Group and generating long-term profit and sustainable value for our shareholders. 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.

THE BOARD

The Board is responsible for determining the overall strategies and policies and approving the business plan of the Group, and ensuring the Group's business operations are properly planned, authorised, undertaken and monitored. The implementation of strategies and policies and day-to-day operations of the Group's business are delegated to the management led by the Executive Directors. All policy matters of the Group, material transactions or transactions where there is conflict of interests are reserved for the Board's decision. The principal functions of the Board are:

- to determine the overall objectives, strategies, policies and business plan of the Group;
- to monitor and control operating and financial performance;
- to approve major funding, investment and divestment proposals;
- to oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to approve the nominations of directors and appointment of key personnel; and
- to assume responsibility for corporate governance.

Board Composition: As at the date of this report, the Board comprises four Executive Directors and three Independent Non-Executive Directors.

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

THE BOARD *(continued)*

During the year ended 31 December 2021, the changes to the compositions of the board were as follows:

– Mr. Zhang Xu resigned as Executive Director and ceased to act as the Chairman of the Board with effect from 23 November 2021;

– Mr. Sun Jia was appointed as Executive Director and the Chairman of the Board with effect from 23 November 2021;

– Mr. Chan Chi Yu resigned as the Non-Executive Director with effect from 26 May 2021;

– the office of Mr. Chan Wai Hei, William was vacated and he ceased to act as the Independent Non-Executive Director with effect from 26 May 2021;

– Ms. Zhou Yue was appointed as Executive Director with effect from 26 May 2021; and

– Mr. Choi Fan Wai was appointed as Independent Non-executive Director with effect from 26 May 2021.

A list of Directors which identifies their roles and functions (the "Directors List") is maintained on the websites of the Company and the Stock Exchange from time to time. Independent Non-Executive Directors are also identified as such in the Directors List and all other corporate communications containing the names of the Directors (where appropriate).

Biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of this Annual Report. Independent Non-Executive Directors provide the Board with diversified skills, expertise and experience. An updated list of the Directors identifying their roles and functions is available on the websites of the Company and the Stock Exchange.

Appointment, re-election and removal of Directors: Each of the Directors has entered into a letter of appointment with the Company for a specific term, out of which all Independent Non-Executive Directors are appointed for a term of three years. His/her directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

The Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then eligible for re-election. In addition, the Directors are to retire at the annual general meeting of the Company once every three years.

Independent Non-Executive Directors: The Company has three Independent Non-Executive Directors, which meets the requirements under the Listing Rules that at least one third of the Board comprises independent non-executive directors. Mr. Choi Fan Wai possesses the appropriate qualification in accounting. Each of the Independent Non-Executive Directors had confirmed his/her independence with the Stock Exchange and has provided an annual confirmation of his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules. None of the Independent Non-Executive Directors has served the Company for more than nine years. Based on the Nomination Committee's assessment, the Board considers that all the existing Independent Non-Executive Directors are independent.

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Four board meetings were held during the year ended 31 December 2021 and the attendance of each Director is set out in the section headed "Attendance at Meetings" of this report. In addition, a board meeting was held on 25 March 2022 for the purpose of, amongst other things, approving the Group's audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2021.

THE BOARD *(continued)*

The Chairman of the Board also held a meeting with the Independent Non-executive Directors without the presence of other directors during the year.

Independent views into the Board: The Board believes that the Independent Non-Executive Directors constituting more than one-third of the Board provides adequate checks and balances that safeguard the interests of the shareholders and the Group. All our Independent Non-Executive Directors from various different backgrounds with a diverse range of business, financial services and professional experience possess diversified expertise, skills and experience. Their views and participation in Board meetings and committees' meetings bring independent judgment and advice on issues relating to the Group's strategies, prospects, internal control and conflicts of interest, and ensure that the interests of the shareholders are well taken into account.

As disclosed in this Annual Report, Directors have sufficient access to information relating to the Group or engage independent professional advisors if they consider appropriate, and also have good access to the advice and services of the Company Secretary who is also the Chief Financial Officer of the Company. Management or other relevant staff can be asked to join the Board meetings, where appropriate, to provide information to the Directors so that the Board will be able to make informed decisions.

Furthermore, the primary duties of the Audit Committee involve assisting our Board with an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

INDUCTION, UPDATES AND TRAINING

Each newly appointed Director will be given an induction regarding the governance policies of the Company, businesses and operation of the Group as well as their duties and responsibilities under the statute and common law and relevant rules and regulations. Monthly updates are provided to the Directors for the purpose of giving them a balanced and understandable assessment of the Group's performance, position and prospects. Directors have participated in continuing professional development to develop and refresh their knowledge and skills. Each Director is required to submit his/her training record to the Company on an annual basis. The Company Secretary will also assist the Directors to fulfill the training requirement by keeping the Directors notified on details of the relevant seminars and training courses from time to time. The Board also reviews and monitors the training and continuous professional development of the Directors periodically. A summary of training record received by the Directors for the year ended 31 December 2021 is set out as follows:

	Reading materials and/or updates relating to corporate governance and businesses of the Group	Attending training courses, seminars and/or forums	Receiving briefings from the Chief Financial Officer & the Company Secretary
Name of Director			
Executive Directors			
Sun Jia *(Chairman)*	✓		✓
Que Dongwu *(Chief Executive Officer)*	✓	✓	✓
Lee Kai-Yan	✓	✓	✓
Zhou Yue	✓	✓	✓
Independent Non-Executive Directors			
Choi Fan Wai	✓	✓	✓
Law Chi Yin, Cynthia	✓	✓	✓
Zhang Anzhi	✓	✓	✓

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors are set out in note 7 to the financial statements in this Annual Report.

Principles of Remuneration Policy:

The major principles of the Group's remuneration policy are:

- no individual is involved in determining his/her own remuneration;
- remuneration should align with those offered for comparable position by comparable companies of similar size and business scope in the market; and
- remuneration should reflect work complexity, time commitment, responsibility and performance (both financial and qualitative) with a view to attracting, motivating and retaining high performers.

Remuneration of Executive Directors: Each of the Executive Directors received a fee of HK$200,000 per annum for being a director of the Company. No other remuneration is payable to the Executive Directors for the time being except for Mr. Lee Kai-Yan and Ms. Zhou Yue. Total remuneration paid to Mr. Lee Kai-Yan and Ms. Zhou Yue for the year ended 31 December 2021 amounted to approximately HK$5,907,000 (2020: HK$4,761,000) and approximately HK$3,134,000 (2020: nil), respectively. In addition, effective rent paid to a landlord for an apartment provided to Ms. Que Dongwu by the Company for the year ended 31 December 2021 amounted to approximately HK$281,000 (2020: HK$297,000).

Remuneration of Non-Executive Directors, including the Independent Non-Executive Directors: Each of the Non-Executive Directors received a fee of HK$150,000 per annum for being a director of the Company. Each of the Independent Non-Executive Directors received a fee of HK$200,000 per annum for being a director of the Company. The Non-Executive Director and all Independent Non-Executive Directors are entitled to an allowance of HK$10,000 for attending each meeting in person and an allowance of HK$5,000 for attending each meeting by phone or video conference. No other remuneration is payable to the Non-Executive Directors or the Independent Non-Executive Directors for the time being.

None of the Directors has waived or agreed to waive any remuneration for the year.

Remuneration Committee: The Company established a Remuneration Committee with written terms of reference revised on 20 August 2015. The current committee is chaired by Mr. Zhang Anzhi, an Independent Non-Executive Director, and comprising a majority of the Independent Non-Executive Directors. The other members of the committee are Mr. Choi Fan Wai, an Independent Non-Executive Director, and Ms. Que Dongwu, an Executive Director.

The principal duties and functions of the Remuneration Committee are:

- to make recommendations to the Board regarding the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- to determine the specific remuneration packages of all Executive Directors and senior management;
- to make recommendations to the Board of the remuneration of Non-Executive Directors; and
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

REMUNERATION OF DIRECTORS *(continued)*

Principles of Remuneration Policy: *(continued)*

For the remuneration of the Executive Directors, the Remuneration Committee adopted the model described in code provision B.1.2(c)(i) of the CG Code.

The latest terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange.

The Remuneration Committee held two meetings for the year ended 31 December 2021 and a summary of work done of the Remuneration Committee include, among other things:

- reviewing the Company's policy and structure for all Director and senior management's remuneration; and
- determining the specific remuneration packages of all Directors and senior management for the year ended 31 December 2021 after considering and assessing the performances of the Directors and senior management.

The attendance of each member of the Remuneration Committee to its meeting is set out in the section headed "Attendance at Meetings" of this report.

NOMINATION OF DIRECTORS

The Board, through the Nomination Committee, reviews its structure, size, composition and diversity from time to time to ensure that it has the balance of skills and experience and independent element appropriate for the requirement of the Group's businesses.

Nomination Committee: The Company established a Nomination Committee with written terms of reference revised on 13 February 2019. The current committee is chaired by Ms. Law Chi Yin, Cynthia, an Independent Non-Executive Director, and comprising a majority of the Independent Non-Executive Directors. The other members of the committee are Mr. Zhang Anzhi, an Independent Non-Executive Director, and Mr. Sun Jia, an Executive Director.

The principal duties and functions of the Nomination Committee are:

- to review the structure, size, composition and diversity of the Board and make recommendations to the Board regarding any proposed changes as and when necessary;
- to develop and maintain a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the committee to identify, select and recommend candidates for directorship during the year and review periodically and disclose in this report the policy and the progress made towards achieving the objectives set in the policy;
- to identify and nominate qualified individuals to the Board for appointment as additional Directors or to fill Board vacancies as and when they arise;
- to assess the independence of Independent Non-Executive Directors;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; succession planning for Directors;
- to review the board diversity policy of the Board (the "Board Diversity Policy") and make disclosure of its review results in this report; and
- to conform to any requirement or direction that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law or regulation.

The latest terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange.

NOMINATION OF DIRECTORS *(continued)*

The Company adopted the Board Diversity Policy which was revised on 13 February 2019 and sets out the approach to achieve diversity on the Board. The policy is summarised as follows:

– in reviewing the Board's composition, the Nomination Committee will consider a number of aspects including skills, regional and industry experience, background, race, gender and other qualities of Directors and take into account such differences in determining the optimum composition of the Board;

– in identifying qualified individuals to become Board members, nomination of the individuals for Board approval will be made by the Nomination Committee based on merit while taking into account diversity (including but not limited to diversity in gender, age, cultural and educational background, professional experience, skills, knowledge and length of service); and

– the Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption.

Having considered the business needs of the Company, the Nomination Committee considers that the current Board is sufficiently diversified in terms of its skills, experience, knowledge, expertise, culture, independence, age and gender.

On top of the Board Diversity Policy, the Nomination Committee has also adopted a nomination policy (the "Nomination Policy") which sets out, inter alia, the selection criteria and procedure for selecting and recommending candidates for directorship during the year. The selection criteria used in assessing the suitability of a candidate include the candidate's character, skills, knowledge, experience and those criteria set out in Rule 3.08 of the Listing Rules. Where the candidate is appointed for the position of Independent Non-Executive Director, the Committee will also assess his/her independence with reference to the requirements set out in the Listing Rules. In the case of re-appointment of Director, the Nomination Committee would take into account factors such as contribution from the retiring Directors. The procedure of appointing and re-appointing a Director is summarised as follows:

- the Nomination Committee to identify potential candidates possibly with the assistance from external agencies and/or advisors;
- the Nomination Committee to evaluate candidates' suitability to become a member of the Board based on the criteria set out in the Nomination Policy by means of interviews (or other ways);
- the Nomination Committee to nominate one or more qualified candidates for the Board's consideration;
- the Board to agree on a preferred candidate;
- the Chairman of the Board to negotiate terms of appointment with the preferred candidate; and
- the Chairman of the Board, in consultation with the chairmen of the Remuneration Committee and the Nomination Committee, finalises a letter of appointment for the Board's approval.

Any shareholder who wishes to nominate any person for election as a director at the Company's general meeting may make a written submission to the Company at its principal place of business in Hong Kong at 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate on the basis of qualifications, experience and background. Details of the nomination procedures are available on the Company's website.

NOMINATION OF DIRECTORS *(continued)*

The Nomination Committee held two meetings for the year ended 31 December 2021 and a summary of work done of the Nomination Committee include, among other things:

- reviewing the structure, size, composition and diversity of the Board;
- assessing the independence of Independent Non-Executive Directors;
- reviewing and recommending the appointment of Ms. Zhou Yu as an Executive Director;
- reviewing and recommending the appointment of Mr. Choi Fan Wai as an Independent Non-Executive Director;
- reviewing and recommending the appointment of Mr. Sun Jia as an Executive Director and the Chairman of the Board;
- reviewing and considering the vacation of Chan Wai Hei, William's office as an Independent Non-Executive Director;
- recommending to the Board the re-appointment of retiring Directors at the 2021 AGM after considering the Directors' contribution; and
- reviewing the disclosure of the Board Diversity Policy in the corporate governance report.

The attendance of each member of the Nomination Committee to its meetings is set out in the section headed "Attendance at Meetings" of this report.

ACCOUNTABILITY AND AUDIT

Financial Reporting: The Directors acknowledge their responsibilities for the preparation of financial statements which give a true and fair view, and to ensure that appropriate accounting policies are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on pages 44 to 47 of the Annual Report.

Risk management and internal control: The Board is responsible for overseeing the Group's risk management and internal control systems and for reviewing their effectiveness for each financial year at least annually. The Audit Committee supports the Board in monitoring the key risks to the Group and in the design and operating effectiveness of the Group's risk management and internal control systems. Management of the Group, comprising the Executive Directors and the Chief Financial Officer, assesses and presents to the Audit Committee on a regular basis its assessment of the key risks of the Group, the strengths and weaknesses of the overall internal control system, with action plan to address weaknesses being identified. The Group does not have an internal audit function in view of its small size and simplicity of operation. Instead, the Group engaged an independent consultant to carry out agreed testing procedures on the internal control system of the Group in a risk-focused manner.

The Group adopts a top-down as well as a bottom-up approach in identifying and assessing risks of the Group. Detailed risk registers and key risk indicators have been drawn up for each of the key risks being identified for evaluation and management of the relevant risks. Management is responsible to assess the key risks on an ongoing basis by reference to any changes in the external environment and the business model of the Group. Standard operating procedures with built-in controls such as authorisations and approvals, verifications, reconciliations and segregation of duties have been established governing the key operating activities of the Group. The Board and the Audit Committee are responsible for overseeing the monitoring activities of the Group's risk management and internal control systems. Internal control deficiencies, if any, are communicated in a timely manner to those parties responsible for taking corrective action, including management and the Board, as appropriate.

ACCOUNTABILITY AND AUDIT *(continued)*

Risk management and internal control systems are designed for the purpose of managing rather than eliminating the risk of failure to achieve business objectives. As a result, the systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has conducted a review of the effectiveness of the risk management and internal control system of the Group. Based on the review and having considered the independent consultant's findings and recommendations, the management's assessment and recommendation from the Audit Committee, the Board is satisfied that the Group has maintained effective and adequate risk management and internal control systems during the year ended 31 December 2021. In addition, the Board is satisfied with the effectiveness of the Company's processes for financial reporting and Listing Rule compliance as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

Audit Committee: The Company established an Audit Committee with written terms of reference revised on 13 February 2019. The current committee is chaired by Mr. Choi Fan Wai, an Independent Non-Executive Director. The other members of the committee are Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi, the Independent Non-Executive Directors.

The principal duties and functions of the Audit Committee are:

- to recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and to assess the independence of the external auditor;
- to review the Group's interim and annual financial statements;
- to oversee the Group's financial reporting system;
- to oversee the Group's internal control and risk management systems; and
- to discuss issues arising from the audits and any matters raised by the external auditor.

The latest terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

The Audit Committee held three meetings during the year ended 31 December 2021 and a summary of work done of the Audit Committee include, among other things:

- review the half-yearly and annual results of the Group with management and the external auditor;
- review the accounting policies and practices adopted by the Group;
- consider policies and practices of the Company on corporate governance and make recommendations to the Board;
- recommend to the Board the re-appointment of KPMG as the external auditor;
- consider the independence and remuneration of the external auditor;
- discuss the external auditor's audit plan and findings;
- review reports on the Company's compliance with the CG Code and disclosures in this report;
- assess the effectiveness of the risk management and internal control systems for the Group;
- review reports in respect of risk management system for the Group; and
- review reports on the key risk indicators established by the Group for its top five risks.

The attendance of each member of the Audit Committee at its meetings is set out in the section headed "Attendance at Meetings" of this report.

AUDITORS' REMUNERATION

Remuneration in respect of audit and non-audit services provided by KPMG during the year ended 31 December 2021 is analysed as follows:

Services rendered:	Remuneration HK$'000
Audit services	1,580
Non-audit services	262

COMPANY SECRETARY

The appointment and removal of the company secretary of the Company (the "Company Secretary") is subject to Board approval. Ms. Yip Hoi Man was appointed as the Company Secretary on 12 December 2019. Ms. Yip has been a member of the Hong Kong Institute of Certified Public Accounts since 2007 and is currently also the Chief Financial Officer of the Company. She is a full-time employee of the Group. While Ms. Yip reports to the Chairman and the Chief Executive Officer of the Company, she is reachable by each member of the Board and provide him/her her advice and report on matters of the Company on a regular basis as the Company Secretary has knowledge of the Group's daily business and affairs.

Ms. Yip confirmed that she had complied with all the required qualifications, experience and training requirements and had taken no less than 15 hours of relevant professional training during the year ended 31 December 2021 in compliance with Rule 3.29 of the Listing Rules.

During the year ended 31 December 2021, Ms. Yip, as the Company Secretary, provided assistance to the Board for making sure that the corporate governance procedures are complied with and matters and businesses relating to the Board were efficiently and properly handled, and provided the Board with all necessary information for the Board proceedings and regular updates on the business and the operation of the Group.

Ms. Yip maintained proper records of minutes of the Board meetings and Board committees meetings with adequate details (including the questions raised by the Board members and views provided by professional parties) in accordance with the relevant law and regulations. The above records are delivered to the Board or the Board committees (as the case may be) for their review, approval and records. A member of the Board can inspect those records upon request from time to time.

In addition, on a regular basis, Ms. Yip organises seminar(s) on the regulatory updates and circulates reference materials which are of relevance to the Group for the Board so as to enable them to keep abreast of the changes in laws and regulations and the recent regulatory development. She also assists the relevant Directors with their obligations for proper disclosure of interests and dealings in the Group's securities in accordance with the SFO and the Listing Rules and other applicable regulations.

The Company Secretary also makes sure the Group's compliance with its obligations under the Listing Rules and the Takeovers Code. She is responsible for the preparation, publication and delivery of annual reports and interim reports to our Shareholders and the dissemination of information relating to continuing obligations, notifiable transactions, connected transactions, inside or price sensitive information of the Group in accordance with the Listing Rules.

The Company Secretary has an important role in facilitating communication among Directors internally and in ensuring externally that there is a good and effective communication channel in place between the Group and Shareholders.

INSIDE INFORMATION

The Group issues guidelines to its directors, officers and employees governing the disclosure of inside information as defined under Part XIVA of the Securities and Futures Ordinance, Chapter 571. Unless the inside information falls within any of the safe harbors as permitted under the Securities and Futures Ordinance, the Group is required to disseminate such information through the electronic publication system operated by the Stock Exchange to the public in a timely manner.

Where any director, officer or employee of the Group is aware of the existence of any potential inside information or information that may be material to the trading volume or price of the shares of the Company, he/she is required to inform a designated officer within the Group (the "Designated Officer"), who shall in consultation with professional advisers (if required), form a preliminary view as to whether the information should be regarded as inside information or any of the safe harbor provisions is applicable to the Company. The Designated Officer shall notify the Board on any information regarded as inside information and seek its approval to handle subsequent compliance matters.

All Directors, officers and relevant employees are required to take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. If the Group believes that the necessary degree of confidentiality cannot be maintained, the Group will immediately disclose the information to the public as soon as reasonably practicable.

COMMUNICATION WITH SHAREHOLDERS

The Company adopted a shareholder communication policy on 28 March 2012 to promote effective communication of the Company with its shareholders. Information relating to the Group is mainly disseminated to the shareholders through publication of notices, announcements and circulars at the websites of the Company and the Stock Exchange and despatch of interim reports, annual reports and circulars to the shareholders. Annual general meetings and other general meetings are held in compliance with the Listing Rules and other legal requirements to provide a forum for shareholders to exchange their views with the Board. Directors will be present at the meeting to answer questions from shareholders.

On 25 June 2021, the 2021 AGM was held for the shareholders of the Company to consider and approve the results of the Group for the year ended 31 December 2020, the payment of a final dividend for the year ended 31 December 2020, the re-appointment of Mr. Lee Kai-Yan as Executive Director, Ms. Zhou Yue as Executive Director, Mr. Choi Fan Wai, Ms. Law Chi Yin, Cynthia and Mr. Zhang Anzhi as Independent Non-Executive Directors and, the re-appointment of the external auditor and the granting of a share issue mandate and a share repurchase mandate to the Board.

On 20 January 2022, an extraordinary general meeting of the Company was held for the independent shareholders of the Company to consider and approve the transaction contemplated under the sale and purchase agreement dated 22 November 2021.

The attendance of each Director at the general meeting is set out in the section headed "Attendance at Meetings" of this report.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting (the "EGM") on requisition by shareholders

Under Article 72 of the Company's Articles of Association, general meetings could be convened by such requisitionists, as provided by Section 566 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Hong Kong Companies Ordinance"). In accordance with Section 566 of the Hong Kong Companies Ordinance, shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth of such of the paid-up capital of the Company which as at the date of the deposit carries the right of voting at general meetings of the Company, may require the Directors to convene an EGM. The written requisition must state the objects of the meeting and must be signed by the shareholder(s) concerned and deposited at the registered office of the Company. The requisition may consist of several documents in like form, each signed by one or more of the shareholders concerned. If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of three months from the said date. The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns in writing to the Board, whose contact details are as follows:

The Board of Directors
Vanke Overseas Investment Holding Company Limited
55th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong
Email: vkoverseas.ir@vanke.com
Fax: (852) 2328 8097

The Board and/or relevant board committees of the Company will consider the enquiries and concerns raised by the shareholders and reply as appropriate.

Procedures for putting forward proposals at general meetings by shareholders

A shareholder who wishes to propose a resolution must requisition the convening of a general meeting in accordance with Article 72 of the Company's Articles of Association. The written requisition must be signed by the shareholder(s) concerned and deposited at the registered office of the Company.

Without prejudice to the foregoing, any shareholder who wishes to nominate any person for election as a director at the Company's general meeting shall make a written submission to the Company at its principal place of business in Hong Kong at Vanke Overseas Investment Holding Company Limited, 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate in accordance with the Board Diversity Policy and the Nomination Policy.

AMENDMENT OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents, being the Company's Memorandum and Articles of Association, during the year ended 31 December 2021.

The Company's Memorandum and Articles of Association are posted on the websites of the Company and the Stock Exchange.

ATTENDANCE AT MEETINGS

The attendance of individual Directors at the Board and Committee Meetings during the year ended 31 December 2021 is set out below.

Name of Director	Board Meetings (Attended/ Held)	Remuneration Committee Meeting (Attended/ Held)	Nomination Committee Meeting (Attended/ Held)	Audit Committee Meetings (Attended/ Held)
Executive Directors				
Zhang Xu *(Chairman)* (resigned with effect from 23 November 2021)	3/4	–	2/2	–
Sun Jia *(Chairman)* (appointed with effect from 23 November 2021)	1/4	–	–	–
Que Dongwu *(Chief Executive Officer)*	4/4	2/2	–	–
Lee Kai-Yan	4/4	–	–	–
Zhou Yue (appointed with effect from 26 May 2021)	3/4	–	–	–
Non-Executive Director				
Chan Chi Yu (resigned with effect from 26 May 2021)	1/4	–	–	1/3
Independent Non-Executive Directors				
Chan Wai Hei, William (his office was vacated with effect from 26 May 2021)	1/4	1/2	–	1/3
Choi Fan Wai (appointed with effect from 26 May 2021)	3/4	1/2	–	2/3
Law Chi Yin, Cynthia	4/4	–	2/2	3/3
Zhang Anzhi	4/4	2/2	2/2	2/3

ATTENDANCE AT MEETINGS *(continued)*

The attendance of individual Directors at the general meeting of the Company during the year ended 31 December 2021 is set out below.

Name of Director	2021 AGM
Executive Directors	
Zhang Xu *(Chairman)* (resigned with effect from 23 November 2021)	✓
Sun Jia *(Chairman)* (appointed with effect from 23 November 2021)	
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 was vacated with effect from 26 May 2021)	
Choi Fan Wai (appointed with effect from 26 May 2021)	✓
Law Chi Yin, Cynthia	✓
Zhang Anzhi	✓

Independent Auditor's Report

KPMG

Independent auditor's report to the shareholders of Vanke Overseas Investment Holding Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vanke Overseas Investment Holding Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 48 to 102, which comprise the consolidated statement of financial position as at 31 December 2021, the 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 consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is those matters that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER *(continued)*

Valuation of investment properties

Refer to the accounting policy at note 2(f) and note 11 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The fair value of the Group's investment properties as at 31 December 2021 totalled HK$3,318 million which represented 56% of the Group's total assets as at that date. The fair value of the Group's investment properties as at 31 December 2021 was assessed by the directors based on valuations prepared by external surveyors. The net increase in fair value of investment properties recorded in the consolidated statement of profit or loss for the year ended 31 December 2021 amounted to HK$191 million. The Group's investment properties, which are located in Hong Kong and the United Kingdom, comprise industrial premises and office premises. We identified the valuation of investment properties as a key audit matter because of the significance of investment properties to the Group's total assets and the significance of the changes in fair value of investment properties to the Group's profit before taxation and because the valuation of investment properties can be inherently subjective and requires significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates and market rents, which increases the risk of error or potential management bias.	Our audit procedures to assess the valuation of investment properties included the following: • obtaining and inspecting the valuation reports prepared by external surveyors engaged by the Group on which the directors' assessment of the valuation of investment properties was based; • assessing the qualifications and experience of the external surveyors, their expertise in the properties being valued and their objectivity; • discussing with the external surveyors their valuation methodology in a separate private session and challenging the key estimates and assumptions adopted in the valuations, including the capitalisation rates and market rents, by comparing assumptions made in prior years with the current year's assumptions and current publicly available data, with the assistance of our internal property valuation specialists; and • comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external surveyors with underlying contracts and related documentation, on a sample basis.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Tak Kei.

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

25 March 2022

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	11(a)	**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(a)	**(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
Earnings per share – basic and diluted	10	**HK$1.09**	HK$0.48

The notes on pages 54 to 102 form part of these consolidated financial statements. Details of dividends paid and payable to shareholders of the Company attributable on the profit for the year are set out in note 9.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

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

The notes on pages 54 to 102 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Investment properties	11	**3,317,746**	3,127,531
Property, plant and equipment	11	**685,336**	640,299
Interests in associates	13	**469,052**	375,854
Other non-current assets	14	**37,620**	42,305
Investment instruments	15	**–**	598,488
		4,509,754	4,784,477
Current assets			
Trade and other receivables	14	**185,583**	103,622
Investment instruments	15	**435,491**	–
Tax recoverable		**8,506**	2,546
Bank balances and cash		**811,937**	610,851
		1,441,517	717,019
Current liabilities			
Other payables and accruals	17	**(295,622)**	(228,900)
Bank loan	19	**(766,287)**	(10,662)
Lease liabilities	18	**(3,881)**	(11,197)
Tax payable		**(32,357)**	(13,229)
		(1,098,147)	(263,988)
Net current assets		**343,370**	453,031
Total assets less current liabilities		**4,853,124**	5,237,508
Non-current liabilities			
Bank loans	19	**(441,281)**	(1,221,041)
Lease liabilities	18	**(54,228)**	(58,792)
Deferred tax liabilities	20	**(57,388)**	(45,887)
		(552,897)	(1,325,720)
NET ASSETS		**4,300,227**	3,911,788

Consolidated Statement of Financial Position *(continued)*

	Note	2021 HK$'000	2020 HK$'000
CAPITAL AND RESERVES			
Share capital	21(b)	**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		**4,300,227**	3,911,788

Approved and authorised for issue by the board of directors on 25 March 2022.

Sun Jia
Director

Que Dongwu
Director

The notes on pages 54 to 102 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

		Attributable to shareholders of the Company						
	Note	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity 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 2021:								
Profit for the year		**–**	**–**	**–**	**424,580**	**424,580**	**112**	**424,692**
Exchange differences arising on translation of foreign operations		**–**	**–**	**(1,175)**	**–**	**(1,175)**	**(20)**	**(1,195)**
Total comprehensive income		**–**	**–**	**(1,175)**	**424,580**	**423,405**	**92**	**423,497**
Final dividend approved in respect of the previous year	9(b)	**–**	**–**	**–**	**(35,058)**	**(35,058)**	**–**	**(35,058)**
At 31 December 2021		**3,895**	**1,030,877**	**(5,397)**	**3,270,510**	**4,299,885**	**342**	**4,300,227**
At 1 January 2020		3,895	1,030,877	(805)	2,730,300	3,764,267	267	3,764,534
Changes in equity for 2020:								
Profit for the year		–	–	–	185,746	185,746	(20)	185,726
Exchange differences arising on translation of foreign operations		–	–	(3,417)	–	(3,417)	3	(3,414)
Total comprehensive income		–	–	(3,417)	185,746	182,329	(17)	182,312
Final dividend approved in respect of the previous year	9(b)	–	–	–	(35,058)	(35,058)	–	(35,058)
At 31 December 2020		3,895	1,030,877	(4,222)	2,880,988	3,911,538	250	3,911,788

The notes on pages 54 to 102 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Operating activities			
Net cash generated from operations	16(a)	**118,892**	247,005
Hong Kong Profits Tax paid		**(14,573)**	(20,140)
Hong Kong Profits Tax refunded		**–**	1,847
Overseas tax paid		**(10,498)**	(7,388)
Overseas tax refunded		**7**	–
Net cash generated from operating activities		**93,828**	221,324
Investing activities			
Payments for additions to investment properties		**(16,138)**	–
Payments for additions of property, plant and equipment		**(47,685)**	(19,311)
Net repayments from investment instruments		**224,498**	2,952
Bank interest received		**434**	3,270
Interest received from an associate		**2,282**	4,868
Repayments from an associate		**23,662**	114,669
Advance from an associate		**23,600**	25,400
Repayment to an associate		**–**	(78,024)
Additional investment in an associate		**(17,440)**	(24,854)
Net cash generated from investing activities		**193,213**	28,970
Financing activities			
Interest and other finance charges paid	16(b)	**(25,493)**	(39,644)
Capital element of lease rentals paid	16(b)	**(11,197)**	(9,731)
Interest element of lease rentals paid	16(b)	**(2,989)**	(5,489)
Proceed from a new bank loan	16(b)	**–**	402,691
Repayment of a bank loan	16(b)	**(10,636)**	(9,995)
Repayment of loan from an intermediate holding company	16(b)	**–**	(395,029)
Dividends paid		**(35,058)**	(35,058)
Net cash used in financing activities		**(85,373)**	(92,255)
Net increase in cash and cash equivalents		**201,668**	158,039
Cash and cash equivalents at 1 January		**610,851**	450,893
Effect of foreign exchange rate changes		**(582)**	1,919
Cash and cash equivalents at 31 December		**811,937**	610,851
Analysis of the balances of cash and cash equivalents at 31 December			
Bank balances and cash		**811,937**	610,851

The notes on pages 54 to 102 form part of these consolidated financial statements.

Notes to the Financial Statements

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 is located at is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the principal office in Hong Kong is located at 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 directors consider 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 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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"). A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

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.

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment properties are stated at their fair value as explained in note 2(f).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests *(continued)*

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. maintenance and serviced residence operations, etc.). When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the associate's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associate's net assets and any impairment loss relating to the investment (see note 2(i)). At each reporting date, the group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the associates and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the associates' other comprehensive income is recognised in the consolidated statement of comprehensive income.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Investment instruments

Investment instruments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs. These instruments are subsequently measured at amortised cost, as they are held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(p)(iii)).

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(p)(i).

(g) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and its cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment as follows:

– Other properties leased for own use	Over the lease term
– Office and carpark equipment	5 years
– Computer equipment	5 years

Property under redevelopment are stated at cost and are not depreciated. Expenditure relating to assets under construction (including borrowing costs) are capitalised when incurred. Depreciation will commence when the development is completed and ready for use.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leased assets

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(i)(ii)), except for the right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(f).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 2(e), 2(i)(i) and 2(p)(iii)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leased assets *(continued)*

(i) As a lessee (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions that occured as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS/HKFRS 16, *Leases*. In such cases, the Group took advantage of the practical expedient not to assess whether that rent concessions are lease modifications, and recognised the change in consideration as which the event or condition that triggers the rent concessions occured.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease. The rental income from operating leases is recognised in accordance with note 2(p)(i).

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, amounts due from associates/group companies and investment instruments).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment including right-of-use assets and;

– interests in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS/HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(i)(i) and (ii)).

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables that do not contain a significant financing component are initially measured at their transaction price. Receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All are subsequently stated at amortised cost using the effective interest method, and including allowance for credit losses (see note 2(i)(i)).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(i)(i).

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue and other income (continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(ii) *Asset management fee income and property management income*

Asset management fee income and property management income are recognised when the services are provided.

(iii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 REVENUE AND SEGMENT INFORMATION

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

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

(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 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

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.

3 REVENUE AND SEGMENT INFORMATION (continued)

(b) Segment reporting (continued)

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

	2021 HK$'000	2020 HK$'000
Property development segment – Customer A	**87,641**	84,469
Asset management segment – entities controlled by the ultimate holding company	**228,737**	237,334

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	**144,827**	**87,641**	**228,737**	**461,205**
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	**191,263**	**–**	**–**	**191,263**
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				**403**
Profit before taxation				**474,255**
Income tax				**(49,563)**
Profit for the year				**424,692**

3 REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment reporting *(continued)*

Operating segments (continued)

For the year ended 31 December 2020

	Property investment HK$'000	Property development HK$'000	Asset management HK$'000	Total HK$'000
Revenue	152,721	84,469	237,334	474,524
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	(56,173)	–	–	(56,173)
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				3,277
Profit before taxation				203,333
Income tax				(17,607)
Profit for the year				185,726

Total assets by segment

	2021 HK$'000	2020 HK$'000
Property investment	**3,365,581**	3,183,462
Property development	**1,629,459**	1,601,562
Asset management	**82,531**	78,089
Segment assets	**5,077,571**	4,863,113
Property, plant 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
Total assets	**5,951,271**	5,501,496

3 REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Segment reporting *(continued)*

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	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
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
Total	**461,205**	474,524	**4,508,464**	4,783,973

4 OTHER INCOME

	2021	2020
	HK$'000	HK$'000
Compensation received from tenants on early lease termination	**91**	182
Management fee income	**590**	539
Others	**72**	127
	753	848

5 PROFIT BEFORE TAXATION

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

		2021 HK$'000	2020 HK$'000
(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)
		(2,685)	(8,145)
(b)	**Finance costs**		
	Interest expenses on bank loans	**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
		33,015	38,578
(c)	**Staff costs (including directors' emoluments)**		
	Contributions to defined contribution plan	**4,767**	3,551
	Salaries, wages and other benefits	**126,234**	107,436
		131,001	110,987

The Group participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

		2021 HK$'000	2020 HK$'000
(d)	**Others**		
	Auditors' remuneration		
	– audit services	**1,580**	1,130
	– non-audit services	**262**	310
	Depreciation (note 11(a))	**11,384**	10,426
	Impairment losses on trade receivables (note 22(a))	**1,681**	2,539
	Impairment losses on investment instruments (note 22(a))	**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)

6 INCOME TAX

(a) Income tax represents:

	2021 HK$'000	2020 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**5,709**	11,332
Over-provision in prior years	**(60)**	(7,432)
	5,649	3,900
Current tax – Overseas		
Provision for the year	**33,992**	12,893
Over-provision in prior years	**(1,675)**	(1,592)
	32,317	11,301
Deferred tax		
Origination and reversal of temporary differences (note 20)	**11,597**	2,406
	49,563	17,607

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.

(b) Reconciliation between tax expense and profit before taxation at applicable tax rates:

	2021 HK$'000	2020 HK$'000
Profit before taxation	**474,255**	203,333
Notional tax on profit before taxation calculated at the rates applicable to profits in the jurisdictions concerned	**91,883**	32,475
Tax effect of non-deductible expenses	**8,399**	12,793
Tax effect of non-taxable income	**(49,597)**	(18,776)
Tax effect of tax losses not recognised	**613**	139
Over-provision in prior years	**(1,735)**	(9,024)
Tax expense	**49,563**	17,607

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2021				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Zhang Xu (resigned on 23 November 2021)	179	–	–	–	179
Mr. Sun Jia (appointed on 23 November 2021)	21	–	–	–	21
Ms. Que Dongwu	200	281	–	–	481
Mr. Lee Kai-Yan	200	3,435	2,136	136	5,907
Ms. Zhou Yue (appointed on 26 May 2021)	120	1,603	1,282	128	3,133
	720	5,319	3,418	264	9,721
Non-Executive Director					
Mr. Chan Chi Yu (resigned on 26 May 2021)	60	10	–	–	70
Independent Non-Executive Directors					
Mr. Choi Fan Wai (appointed on 26 May 2021)	120	80	–	–	200
Mr. Chan Wai Hei, William (his office vacated on 26 May 2021)	80	15	–	–	95
Ms. Law Chi Yin, Cynthia	200	95	–	–	295
Mr. Zhang Anzhi	200	100	–	–	300
	600	290	–	–	890
	1,380	5,619	3,418	264	10,681

7 DIRECTORS' EMOLUMENTS *(continued)*

	2020				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Zhang Xu	200	–	–	–	200
Ms. Que Dongwu	200	297	–	–	497
Mr. Lee Kai-Yan	200	3,376	1,052	133	4,761
Ms. Lin Lily (resigned on 21 August 2020)	128	1,322	–	52	1,502
	728	4,995	1,052	185	6,960
Non-Executive Director					
Mr. Chan Chi Yu	150	55	–	–	205
Independent Non-Executive Directors					
Mr. Chan Wai Hei, William	200	65	–	–	265
Ms. Law Chi Yin, Cynthia	200	65	–	–	265
Mr. Zhang Anzhi	200	55	–	–	255
	600	185	–	–	785
	1,478	5,235	1,052	185	7,950

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group for the year include two directors (2020: one director). The aggregate emoluments in respect of the three (2020: four) highest paid individuals are as follows:

	2021	2020
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**7,430**	10,437
Discretionary bonuses	**3,712**	2,870
Retirement scheme contributions	**172**	237
	11,314	13,544

The emoluments of the the non-director and highest paid individuals are within the following bands:

	Number of individuals	
	2021	2020
HK$3,000,001 – HK$3,500,000	**–**	2
HK$3,500,001 – HK$4,000,000	**3**	2
	3	4

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any of five highest paid individuals (including Directors) as an inducement to join or upon joining the Group, or as compensation for loss of office.

9 DIVIDENDS

(a) Dividends attributable to the year

	2021	2020
	HK$'000	HK$'000
Final dividend proposed after the end of reporting period of HK$0.09 (2020: HK$0.09) per share	**35,058**	35,058

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	2020
	HK$'000	HK$'000
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	**35,058**	35,058

No Shareholder has waived or agreed to waive any dividends for the year ended 31 December 2021.

10 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).

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

		Property, plant and equipment				
	Investment properties	Property under redevelopment	Other properties leased for own use	Plant and equipment	Sub-total	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation:						
At 1 January 2020	3,153,973	596,334	9,642	588	606,564	3,760,537
Additions	–	28,811	16,696	465	45,972	45,972
Fair value loss	(56,173)	–	–	–	–	(56,173)
Exchange adjustments	29,731	–	–	–	–	29,731
At 31 December 2020	3,127,531	625,145	26,338	1,053	652,536	3,780,067
Representing:						
At cost	–	625,145	26,338	1,053	652,536	652,536
At valuation	3,127,531	–	–	–	–	3,127,531
	3,127,531	625,145	26,338	1,053	652,536	3,780,067
At 1 January 2021	**3,127,531**	**625,145**	**26,338**	**1,053**	**652,536**	**3,780,067**
Additions	**16,138**	**55,290**	**–**	**1,131**	**56,421**	**72,559**
Fair value gain	**191,263**	**–**	**–**	**–**	**–**	**191,263**
Exchange adjustments	**(17,186)**	**–**	**–**	**–**	**–**	**(17,186)**
At 31 December 2021	**3,317,746**	**680,435**	**26,338**	**2,184**	**708,957**	**4,026,703**
Representing:						
At cost	**–**	**680,435**	**26,338**	**2,184**	**708,957**	**708,957**
At valuation	**3,317,746**	**–**	**–**	**–**	**–**	**3,317,746**
	3,317,746	**680,435**	**26,338**	**2,184**	**708,957**	**4,026,703**

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of carrying amount (continued)

		Property, plant and equipment				
	Investment properties HK$'000	Property under redevelopment HK$'000	Other properties leased for own use HK$'000	Plant and equipment HK$'000	Sub-total HK$'000	Total HK$'000
Accumulated depreciation:						
At 1 January 2020	–	–	(1,345)	(466)	(1,811)	(1,811)
Charge for the year	–	–	(10,343)	(83)	(10,426)	(10,426)
At 31 December 2020	–	–	(11,688)	(549)	(12,237)	(12,237)
At 1 January 2021	**–**	**–**	**(11,688)**	**(549)**	**(12,237)**	**(12,237)**
Charge for the year	**–**	**–**	**(11,039)**	**(345)**	**(11,384)**	**(11,384)**
At 31 December 2021	**–**	**–**	**(22,727)**	**(894)**	**(23,621)**	**(23,621)**
Net book value:						
At 31 December 2021	**3,317,746**	**680,435**	**3,611**	**1,290**	**685,336**	**4,003,082**
At 31 December 2020	3,127,531	625,145	14,650	504	640,299	3,767,830

(i) *Fair value hierarchy*

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

(i) Fair value hierarchy *(continued)*

	Fair value at 31 December 2021 HK$'000	Fair value measurements at 31 December 2021 categorised into		
		Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment properties:				
– Industrial – Hong Kong	**1,994,300**	**–**	**–**	**1,994,300**
– Office – United Kingdom	**1,323,446**	**–**	**–**	**1,323,446**
	3,317,746	**–**	**–**	**3,317,746**

	Fair value at 31 December 2020 HK$'000	Fair value measurements at 31 December 2020 categorised into		
		Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment properties:				
– Industrial – Hong Kong	2,004,460	–	–	2,004,460
– Office – United Kingdom	1,123,071	–	–	1,123,071
	3,127,531	–	–	3,127,531

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 (2020: nil), or transfers into or out of Level 3 (2020: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Fair value measurement of investment properties

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. Management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range (weighted average)
Investment properties – Hong Kong	Term and reversionary approach	Term period – capitalisation rate	3.5% (2020: 3.5%)
		Reversionary period	
		– capitalisation rate	4% (2020: 4%)
		– market rent per square foot	HK$9.4–10.5 (HK$10.0) (2020: HK$9.4–10.5 (HK$10.0))
Investment properties – United Kingdom	Term and reversionary approach	Term period – capitalisation rate	4.08% (2020: 4.56%)
		Reversionary period	
		– capitalisation rate	4.16% (2020: 4.72%)
		– market rent per square foot	GBP6.8 (2020: GBP6.5)

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.

The movements during the year in the balance of these Level 3 fair value measurements are set out in note 11(a) to the consolidated financial statements.

Fair value adjustment of investment properties is recognised in the line item "Net increase/(decrease) in fair value of investment properties" on the face of the consolidated statement of profit or loss.

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) Investment properties

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated. Certain leases include variable lease payment terms that are based on the revenue of tenants.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2021	2020
	$'000	$'000
Within 1 year (note)	**119,392**	122,651
After 1 year but within 2 years (note)	**82,356**	79,945
After 2 years but within 3 years (note)	**57,667**	57,723
After 3 year but within 4 years (note)	**55,706**	52,413
After 4 year but within 5 years (note)	**43,653**	52,413
After 5 years (note)	**33,068**	40,207
	391,842	405,352

Note: These amounts included the lease payments receivable in the future periods from the investment property located in the United Kingdom which was disposed of in January 2022 (see note 26(b)).

(d) Other properties leased for own use

The Group has obtained the rights to use certain properties as its offices through tenancy agreements. The leases run for initial periods of 2 to 7.5 years.

(e) Property under redevelopment

The Group acquired a property through the acquisition of subsidiary from a fellow subsidiary in 2019. The Group intends to re-develop the property into a hospitality-related property. The property under redevelopment is located in Hong Kong and with remaining lease term of more than 50 years.

12 INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2021	2020
	HK$'000	HK$'000
Unlisted shares, at cost (note (a))	**–**	–
Amounts due from subsidiaries (non-current) (note (b))	**1,168,626**	1,273,189
	1,168,626	1,273,189

Notes:

(a) The balance represents the subsidiaries' unlisted shares (at cost) of HK$23 (2020: HK$23).

(b) The amounts due from subsidiaries are unsecured, interest-free and recoverable after one year.

(c) Particulars of the principal subsidiaries are set out on pages 101 and 102.

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

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

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES *(continued)*

Details of the Group's interests in associates, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Ultimate Vantage Limited*	Incorporated	Hong Kong	100 ordinary shares (HK$100)	20%	–	20%	Property development
Gold Value Limited*	Incorporated	Hong Kong	100 ordinary shares (HK$100)	20%	–	20%	Property financing
657–667 Mission Street Venture LLC*#	Incorporated	United States of America ("USA")	US$33,862,528	45%	–	45%	Investment holding
657–667 Mission Holdings LLC*#	Incorporated	USA	US$33,862,528	45%	–	45%	Investment holding
657–667 Mission Mezz LLC*#	Incorporated	USA	US$33,862,528	45%	–	45%	Financing
657–667 Mission Property Owner LLC*#	Incorporated	USA	US$33,862,528	45%	–	45%	Property investment

* *Unlisted corporate entity whose quoted market price is not available*

\# *657–667 Mission Street Venture LLC and its subsidiaries (together, the "Mission Venture Group")*

Notes:

(a) *An amount due from Gold Value Limited ("GVL") 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 ("UVL") of HK$119,161,000 (2020: HK$95,561,000) is unsecured, interest-free and repayable on demand.*

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES *(continued)*

Summarised financial information of the associates, reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

2021

	UVL HK$'000	GVL HK$'000	Mission Venture Group HK$'000	Total HK$'000
Gross amounts of associates				
Non-current assets	–	268,027	1,373,582	1,641,609
Current assets	812,666	78,320	172,941	1,063,927
Current liabilities	(290,853)	(9,629)	(35,739)	(336,221)
Non-current liabilities	–	(336,331)	(850,011)	(1,186,342)
Equity	521,813	387	660,773	1,182,973
Revenue	40,937	14,477	–	55,414
Profit for the year	16,115	2,086	213,066	231,267
Total comprehensive income	16,115	2,086	213,066	231,267
Additional investment from shareholders	–	–	38,755	38,755
Reconciled to the Group's interest in associates				
Gross amounts of net assets	521,813	387	660,773	
Group's effective interest	20%	20%	45%	
Group's share of net assets	104,363	77	297,348	401,788
Amount due from an associate – non-current portion	–	67,264	–	67,264
Carrying amount in the consolidated statement of financial position	104,363	67,341	297,348	469,052
Amount due from an associate – current portion	–	1,834	–	1,834
Amount due to an associate – current portion	(119,161)	–	–	(119,161)

13 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES *(continued)*

2020

	UVL HK$'000	GVL HK$'000	Mission Venture Group HK$'000	Total HK$'000
Gross amounts of associates				
Non-current assets	–	354,449	1,384,027	1,738,476
Current assets	865,772	108,490	21,324	995,586
Current liabilities	(360,074)	(11,197)	(995,424)	(1,366,695)
Non-current liabilities	–	(453,441)	(975)	(454,416)
Equity/(deficit)	505,698	(1,699)	408,952	912,951
Revenue	60,333	24,693	–	85,026
Profit/(loss) for the year	16,562	(2,811)	11,517	25,268
Total comprehensive income	16,562	(2,811)	11,517	25,268
Additional investment from shareholders	–	–	55,229	55,229
Reconciled to the Group's interest in associates				
Gross amounts of net assets/(liabilities)	505,698	(1,699)	408,952	
Group's effective interest	20%	20%	45%	
Group's share of net assets	101,140	–	184,028	285,168
Amount due from an associate – non-current portion	–	90,686	–	90,686
Carrying amount in the consolidated statement of financial position	101,140	90,686	184,028	375,854
Amount due from an associate – current portion	–	2,075	–	2,075
Amount due to an associate – current portion	(95,561)	–	–	(95,561)

14 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	2021 HK$'000	2020 HK$'000
Trade receivables, net of loss allowance (note (a))	**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 (note 26(a))	**42,646**	–
Prepayments	**2,929**	2,700
Amount due from an associate (note 13(a))	**1,834**	2,075
Amount due from an intermediate holding company (note (b))	**58,533**	34,959
Amounts due from fellow subsidiaries (note (b))	**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

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 HK$'000	2020 HK$'000
0 to 30 days	**804**	1,178
31 to 90 days	**104**	631
	908	1,809

Trade receivables are due within 15 to 90 days from the date of revenue recognition. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 22(a).

(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.

15 INVESTMENT INSTRUMENTS

	2021	2020
	$'000	$'000
Gross carrying amount	**466,665**	598,488
Impairment losses recognised during the year (note 5(d))	**(31,174)**	–
Net carrying amount	**435,491**	598,488

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.

Further details on the Group's credit policy and credit risk arising from investment instruments are set out in note 22(a).

16 OTHER CASH FLOW INFORMATION

(a) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2021**	2020
		HK$'000	HK$'000
Profit before taxation		**474,255**	203,333
Adjustments for:			
Share of results of associates		**(99,181)**	(8,259)
Finance income	5(a)	**(2,685)**	(8,145)
Finance costs	5(b)	**33,015**	38,578
Depreciation	11(a)	**11,384**	10,426
Net (increase)/decrease in fair value of investment properties	11(a)	**(191,263)**	56,173
Interest income from investment instruments	3(a)	**(87,641)**	(84,469)
Impairment losses on trade receivables	5(d)	**1,681**	2,539
Impairment losses on investment instruments	5(d)	**31,174**	–
Changes in working capital:			
Increase in trade and other receivables		**(86,596)**	(8,718)
Increase in other payables and accruals		**34,749**	45,547
Cash generated from operations		**118,892**	247,005

16 OTHER CASH FLOW INFORMATION *(continued)*

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities HK$'000 (note 18)	Bank loans HK$'000 (note 19)	Total HK$'000
At 1 January 2021	**69,989**	**1,231,703**	**1,301,692**
Changes from financing cash flows:			
Repayment of a bank loan	–	(10,636)	(10,636)
Capital element of lease rentals paid	(11,197)	–	(11,197)
Interest element of lease rental paid	(2,989)	–	(2,989)
Interest expense and other finance charges paid	–	(25,493)	(25,493)
Total changes from financing cash flows	(14,186)	(36,129)	(50,315)
Exchange adjustment	(683)	(18,032)	(18,715)
Other changes:			
Interest expenses (note 5(b))	2,989	30,026	33,015
Total other changes	2,989	30,026	33,015
At 31 December 2021	**58,109**	**1,207,568**	**1,265,677**

16 OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Loan from an intermediate holding company HK$'000	Lease liabilities HK$'000 (note 18)	Bank loans HK$'000 (note 19)	Total HK$'000
At 1 January 2020	424,600	61,462	771,937	1,257,999
Changes from financing cash flows:				
Repayment of loan from an intermediate holding company	(395,029)	–	–	(395,029)
Proceed from a new bank loan	–	–	402,691	402,691
Repayment of a bank loan	–	–	(9,995)	(9,995)
Capital element of lease rentals paid	–	(9,731)	–	(9,731)
Interest element of lease rental paid	–	(5,489)	–	(5,489)
Interest expense and other finance charges paid	(16,574)	–	(23,070)	(39,644)
Total changes from financing cash flows	(411,603)	(15,220)	369,626	(57,197)
Exchange adjustment	(29,571)	1,562	64,953	36,944
Other changes:				
Increase in lease liabilities from entering into a new lease during the year	–	16,696	–	16,696
Decrease in amount due to an intermediate holding company	8,672	–	–	8,672
Interest expenses (note 5(b))	7,902	5,489	25,187	38,578
Total other changes	16,574	22,185	25,187	63,946
At 31 December 2020	–	69,989	1,231,703	1,301,692

17 OTHER PAYABLES AND ACCRUALS

	2021 HK$'000	2020 HK$'000
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 (note 13(b))	**119,161**	95,561
Amount due to an intermediate holding company (note (a))	**66,673**	36,593
Amounts due to fellow subsidiaries (note (a))	**1,162**	448
	295,622	228,900

(a) Amounts due to an intermediate holding company and fellow subsidiaries are unsecured, interest-fee 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.

18 LEASE LIABILITIES

At 31 December 2021, the lease liabilities were repayable as follows:

	2021		2020	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**3,881**	**6,561**	11,197	14,194
After 1 year but within 2 years	**328**	**2,949**	3,955	6,668
After 2 years but within 5 years	**30**	**7,896**	272	8,242
After 5 years	**53,870**	**302,022**	54,565	308,590
	54,228	**312,867**	58,792	323,500
	58,109	**319,428**	69,989	337,694
Less: total future interest expenses		**(261,319)**		(267,705)
Present value of lease liabilities		**58,109**		69,989

19 BANK LOANS

	2021 HK$'000	2020 HK$'000
Secured bank loans	**1,208,546**	1,234,509
Other borrowing costs capitalised	**(978)**	(2,806)
Total bank loans	**1,207,568**	1,231,703
Representing secured bank loans repayable:		
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
	441,281	1,221,041
Total bank loans	**1,207,568**	1,231,703

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 26(c)).

19 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 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.

20 DEFERRED TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000	Future benefit of tax loss HK$'000	Revaluation of investment property HK$'000	Total HK$'000
Deferred tax arising from:				
At 1 January 2021	**45,951**	**(64)**	**–**	**45,887**
Charged to profit or loss	**2,080**	**(1,288)**	**10,805**	**11,597**
Exchange difference	**–**	**13**	**(109)**	**(96)**
At 31 December 2021	**48,031**	**(1,339)**	**10,696**	**57,388**
At 1 January 2020	**43,880**	**(399)**	**–**	**43,481**
Charged to profit or loss	**2,071**	**335**	**–**	**2,406**
At 31 December 2020	**45,951**	**(64)**	**–**	**45,887**

	2021 HK$'000	2020 HK$'000
Net deferred tax liabilities recognised on the consolidated statement of financial position	**57,388**	45,887

Deferred tax assets not recognised:

The Group has not recognised deferred tax assets of HK$910,000 (2020: HK$297,000) in respect of accumulated tax losses as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 December 2021. The tax losses do not expire under current tax legislation.

21 TOTAL EQUITY

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below.

The Company

	Share capital HK$'000	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2021	**3,895**	**1,030,877**	**625,724**	**1,660,496**
Changes in equity for 2021:				
Profit and total comprehensive income for the year	**–**	**–**	**536**	**536**
Final dividend approved in respect of the previous year (note 9(b))	**–**	**–**	**(35,058)**	**(35,058)**
At 31 December 2021	**3,895**	**1,030,877**	**591,202**	**1,625,974**

	Share capital HK$'000	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2020	3,895	1,030,877	335,035	1,369,807
Changes in equity for 2020:				
Profit and total comprehensive income for the year	–	–	325,747	325,747
Final dividend approved in respect of the previous year (note 9(b))	–	–	(35,058)	(35,058)
At 31 December 2020	3,895	1,030,877	625,724	1,660,496

21 TOTAL EQUITY (continued)

(b) Share capital

The Company

	2021 No. of shares	2021 Amount HK$'000	2020 No. of shares	2020 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**750,000,000**	**7,500**	750,000,000	7,500
Issued and fully paid:				
Ordinary shares at 1 January and 31 December (HK$0.01 each)	**389,527,932**	**3,895**	389,527,932	3,895

(c) Share premium

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in such manner as the Company may, from time to time, determine including, but without limitation (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(q).

21 TOTAL EQUITY *(continued)*

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the Group's business portfolio and economic conditions.

The Group monitors its capital structure by reviewing its net debt-to-equity ratio and cash flow requirements, taking into account of its future financial obligations and commitments. For this purpose, the Group defines net debt as total of interest-bearing borrowings and lease liabilities less bank balances and cash. Shareholders' equity comprises issued share capital and reserves attributable to shareholders of the Company.

The net debt-to-equity ratio at the end of the reporting period is as follows:

	2021 **HK$'000**	2020 HK$'000
Interest-bearing borrowings (note 19)	**1,207,568**	1,231,703
Lease liabilities (note 18)	**58,109**	69,989
Less: Bank balances and cash	**(811,937)**	(610,851)
Net debt	**453,740**	690,841
Shareholders' equity	**4,299,885**	3,911,538
Net debt-to-equity ratio	**10.6%**	17.7%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables, an amount due from an associate, amounts due from group companies and investment instruments. The Group's exposure to credit risk arising from bank balances and cash is limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which 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.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past and holds sufficient rental deposits from tenants to cover the potential exposure to credit risk, the allowance for expected credit losses is insignificant.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2021 **$'000**	2020 $'000
Balance at 1 January	**2,539**	–
Impairment losses recognised (note 5(d))	**1,681**	2,539
Write-off	**(2,267)**	–
Balance at 31 December	**1,953**	2,539

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(a) Credit risk *(continued)*

Investment Instruments

The maximum exposure to credit risk in respect of the investment instruments at the end of the reporting period and the key terms are disclosed in note 15. The movement in the allowance for impairment in respect of investment instruments during the year was as follows.

	2021 **$'000**	2020 $'000
Balance at 1 January	**–**	–
Impairment losses recognised (note 5(d))	**31,174**	–
Balance at 31 December	**31,174**	–

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 ECLs, 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).

Other receivables, amount due from an associate and amounts due from group companies

Other receivables, amount due from an associate and amounts due from group companies reviewed at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk

Cash management of the Company and wholly-owned subsidiaries of the Group are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants (if appropriate), to ensure that it maintains sufficient cash reserves to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Contractual undiscounted cash flow					
	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total HK$'000**	**Carrying amount HK$'000**
At 31 December 2021						
Other payables and accruals	**285,616**	**8,438**	**1,568**	**–**	**295,622**	**295,622**
Bank loans	**777,064**	**10,064**	**456,929**	**–**	**1,244,057**	**1,207,568**
Lease liabilities	**6,561**	**2,949**	**7,896**	**302,022**	**319,428**	**58,109**
	1,069,241	**21,451**	**466,393**	**302,022**	**1,859,107**	**1,561,299**

	Contractual undiscounted cash flow					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
At 31 December 2020						
Other payables and accruals	217,316	9,387	2,197	–	228,900	228,900
Bank loans	35,729	786,250	471,377	–	1,293,356	1,231,703
Lease liabilities	14,194	6,668	8,242	308,590	337,694	69,989
	267,239	802,305	481,816	308,590	1,859,950	1,530,592

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At 31 December 2021, the Group's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately HK$9,900,000 (2020: HK$10,010,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period. The analysis is performed on the same basis for 2020.

(d) Foreign currency risk

At 31 December 2021, the Group owns assets and conducts its business in Hong Kong, the United States of America and the United Kingdom with its cash flows mainly denominated in Hong Kong dollars, United States dollars and Britain Pound Sterling respectively. As a result, the Group had no significant exposure to foreign currency risk at 31 December 2021 and 2020.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values at 31 December 2021 and 2020.

23 COMMITMENTS

Capital commitments outstanding at 31 December 2021 not provided for in the financial statements were as follows:

	2021	2020
	HK$'000	HK$'000
Contracted for	**280,071**	27,042

24 MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions in its ordinary course of business:

	2021 HK$'000	2020 HK$'000
Asset management fee income received/receivable from (note (i))		
– an intermediate holding company	**114,822**	130,213
– fellow subsidiaries	**113,915**	107,121
Management and administrative fee income received/receivable from (note (ii))*		
– an intermediate holding company	**176**	157
– a fellow subsidiary	**414**	382
Management and administrative fee paid/payable to an intermediate holding company (note (ii))*	**7,129**	9,462
Information technology related service fee paid/payable to a fellow subsidiary (note (iii))*	**661**	1,225
Rental income received/receivable from a fellow subsidiary (note (iv))*	**73**	–
Rental expenses paid/payable to fellow subsidiaries (note (iv))*	**678**	–
Project management fee paid/payable to (note (v))*		
– an intermediate holding company	**292**	–
– a fellow subsidiary	**560**	–
Key management compensation (note (vi))	**10,681**	7,950

Notes:

(i) *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 14(b). These transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.*

(ii) *Management and administrative fee is charged at terms agreed by both parties. The details of the amounts due from/to the intermediate holding company and fellow subsidiaries are set out in notes 14(b) and 17(a).*

(iii) *Information technology related service fee is charged of terms agreed by both parties. The details of the amounts due to fellow subsidiaries are set out in note 17(a).*

(iv) *The rental was charged in accordance with the respective tenancy agreements. The details of the amounts due from/to the fellow subsidiaries are set out in notes 14(b) and 17(a).*

(v) *These transactions were conducted in accordance with respective contractual terms. The details of the amounts due to the intermediate holding company and a fellow subsidiary are set out in note 17(a).*

(vi) *Key management personnel represent the directors of the Company.*

* *These transactions constituted continuing connected transactions to the Company under the Listing Rules, which are exempted from shareholders' approval, annual review and all disclosure requirements.*

25 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Interests in subsidiaries	12	**1,168,626**	1,273,189
Current assets			
Other receivables		**286**	276
Amount due from an intermediate holding company		**32,052**	–
Bank balances and cash		**569,253**	456,566
		601,591	456,842
Current liabilities			
Other payables and accruals		**(4,312)**	(3,585)
Amount due to a fellow subsidiary		**(353)**	–
Amount due to an intermediate holding company		**–**	(8,061)
Amounts due to subsidiaries		**(139,469)**	(57,885)
Tax payable		**(109)**	(4)
		(144,243)	(69,535)
Net current assets		**457,348**	387,307
NET ASSETS		**1,625,974**	1,660,496
CAPITAL AND RESERVES	21(a)		
Share capital		**3,895**	3,895
Reserves		**1,622,079**	1,656,601
TOTAL EQUITY		**1,625,974**	1,660,496

Approved and authorised for issue by the board of directors on 25 March 2022.

Sun Jia
Director

Que Dongwu
Director

26 NON-ADJUSTING 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 shall procure 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 as defined 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.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB/HKICPA has issued a number of amendments, and a new standard, IFRS/HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS/HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS/HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS/HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs/HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to IAS/HKAS 1, *Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2, *Disclosure of accounting polices*	1 January 2023
Amendments to IAS/HKAS 8, *Definition of accounting estimate*	1 January 2023
Amendments to IAS/HKAS 12, *Deterred tax related to assets and liabilities arising from a single transaction*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

List of Subsidiaries

At 31 December 2021

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

					Proportion of ownership interest			
Name of subsidiary	Place of incorporation	Place of business	Issued share capital		Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Access Rich Limited	Hong Kong	Hong Kong	Ordinary	HK$1	100%	–	100%	Property investment
Brannan Two Limited	Cayman Islands	Cayman Islands	Ordinary	US$1	100%	100%	–	Provision of asset management services
Cheer Win Limited	Hong Kong	Hong Kong	Ordinary	HK$1	100%	–	100%	Property investment
Chericourt Company Limited	Hong Kong	Hong Kong	Ordinary	HK$1,000,000	100%	–	100%	Property investment
Lithium Real Estate (Jersey) Limited	United Kingdom	United Kingdom	Ordinary	GBP27,420,000	99.95%	–	99.95%	Property investment
Realty Asset Limited	Hong Kong	Hong Kong	Ordinary	HK$1,000	100%	–	100%	Property redevelopment
Supreme J Limited	Cayman Islands	Cayman Islands	Ordinary	US$1	100%	–	100%	Investment holding
Vanke Best Company Limited	Hong Kong	Hong Kong	Ordinary	HK$1	100%	–	100%	Provision of administrative services
Vanke Holdings (Hong Kong) Company Limited	Hong Kong	Hong Kong	Ordinary	HK$250,000	80%	–	80%	Provision of asset management and administrative services
Vanke Overseas Management Holding Company Limited	British Virgin Island	British Virgin Island	Ordinary	US$1	100%	100%	–	Investment holding
Vanke Overseas UK Management Limited	United Kingdom	United Kingdom	Ordinary	GBP3,850	100%	–	100%	Provision of investment advisory and asset management services
Vanke US Management LLC	United Stated of America	United Stated of America	Ordinary	US$10,000	80%	–	80%	Provision of asset management services
Vanke US MGMT Holdco LLC	United Stated of America	United Stated of America	Ordinary	Nil	100%	–	100%	Investment holding
Wkdeveloper Limited	British Virgin Island	Hong Kong	Ordinary	US$1	100%	–	100%	Investment holding

Name of subsidiary	Place of incorporation	Place of business	Issued share capital		Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
WK Parking Limited	Hong Kong	Hong Kong	Ordinary Deferred	HK$18,000,000 HK$2,000,000 (note (a))	100%	–	100%	Property Investment
WK Property Financial Limited	Hong Kong	Hong Kong	Ordinary	HK$840	100%	–	100%	Investment holding, property investment and group finance company
657–667 Mission Vanke B Offshore LLC	United Stated of America	United Stated of America	Ordinary	US$15,238,138	100%	–	100%	Investment holding

Note:

(a) *The deferred shares are held by Winner Company (Hong Kong) Limited and Tatkit (Nominees) Limited, companies in which a former director of the Company has beneficial interest. According to the Memorandum and Articles of Association of WK Parking Limited, the holders of deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of WK Parking Limited or to participate in any distribution on winding up unless the assets of WK Parking Limited to be returned on winding up exceed the value of HK$100,000,000,000.*

List of Properties

At 31 December 2021

(a) Completed and held for investment

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, The Remaining Portion of Lot No.299 in D.D. No.444, Kwai Chung, New Territories, Hong Kong	2047	103,500	657,000 (remaining portion)	Industrial/ Godown	100%
Ryder Court, 12-14 Ryder Street, St James's, SW1, London, United Kingdom	2141	23,088	75,813	Office	99.95%

(b) Held for redevelopment

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest	Estimated year of completion
No 62, 64, 66 and 68 Chun Yeung Street, North Point, Hong Kong	2071	4,340	65,100	Hotel	100%	2022

(c) Completed and held for sale

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest	Year of completion
The Pavilia Bay Tsuen Wan Town Lot No. 402, West Rail Tsuen Wan West Station, Tsuen Wan, New Territories, Hong Kong	2063	148,586	675,021	Residential	20%	2018

* *Up to the date hereof, all of the 983 units have been sold.*

Five-Year Financial Summary

Group results

	Year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**461,205**	474,524	251,477	101,780	96,460
Profit for the year	**424,692**	185,726	133,349	676,843	155,149
Attributable to					
Shareholders of the Company	**424,580**	185,746	133,363	676,843	155,149
Non-controlling interests	**112**	(20)	(14)	–	–
	424,692	185,726	133,349	676,843	155,149

Summary consolidated statement of financial position

	At 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**4,509,754**	4,784,477	4,262,236	2,306,572	2,053,988
Net current assets	**343,370**	453,031	366,238	1,401,161	985,802
Total assets less current liabilities	**4,853,124**	5,237,508	4,628,474	3,707,733	3,039,790
Non-current liabilities	**(552,897)**	(1,325,720)	(863,940)	(40,966)	(38,180)
Net assets	**4,300,227**	3,911,788	3,764,534	3,666,767	3,001,610
Equity attributable to:					
Shareholders of the Company	**4,299,885**	3,911,538	3,764,267	3,666,767	3,001,610
Non-controlling interests	**342**	250	267	–	–
Total equity	**4,300,227**	3,911,788	3,764,534	3,666,767	3,001,610