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Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

2022

Interim Report

For the six months ended 30 June 2022

Corporate Information

BOARD OF DIRECTORS

Executive Directors

SUN Jia (*Chairman*)

QUE Dongwu (*Chief Executive Officer*)

DING Changfeng

(appointed with effect from 23 May 2022)

ZHOU Yue

LEE Kai-Yan (resigned with effect from 23 May 2022)

Independent Non-Executive Directors

CHOI Fan Wai

LAW Chi Yin, Cynthia

ZHANG Anzhi

AUDIT COMMITTEE

CHOI Fan Wai (*Chairman*)

LAW Chi Yin, Cynthia

ZHANG Anzhi

REMUNERATION COMMITTEE

ZHANG Anzhi (*Chairman*)

QUE Dongwu

CHOI Fan Wai

NOMINATION COMMITTEE

LAW Chi Yin, Cynthia (*Chairman*)

SUN Jia

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

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Computershare Hong Kong Investor Services Limited

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183 Queen's Road East

Wan Chai

Hong Kong

Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 30 June 2022 (the “Period”), the Group continued to provide asset management services to Vanke Property (Hong Kong) Company Limited (“VPHK”) and certain of its subsidiaries (including other subsidiaries of China Vanke Co., Ltd (“China Vanke”)) (the “VPHK Parties”) pursuant to the management services framework agreement entered into by the Group and the VPHK Parties in 2020. For details of the Management Services, please refer to the Company’s announcement dated 7 September 2020 and circular dated 12 October 2020.

At the beginning of the Period, the Group also continued to hold various equity interests or investment instruments (as the case may be) in certain properties in Hong Kong, London in the United Kingdom (“UK”) and San Francisco and New York in the United States of America (the “US”) which included (i) various units and car park spaces of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“Regent Centre”); (ii) 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”); (iii) 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”); (iv) 45% effective interest in the investment property located at 657 and 663–667 Mission Street, San Francisco, California, the US (“Mission”); and (v) 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”).

On 21 January 2022, the Group, as seller, entered into a sale and purchase agreement with, among others, M&G TS Ryder Limited, as purchaser, to dispose of the equity interest in Ryder Court with the property value being fixed at GBP132.0 million, the completion of which took place on 28 January 2022 (the “Disposal”). Ryder Court was acquired by the Group with the property value being fixed at approximately GBP115.5 million on 30 June 2019. Upon completion, the Group no longer held any interest in Ryder Court and the financial results of Lithium Real Estate (Jersey) Limited, the entity which held the Ryder Court property, were no longer consolidated into the financial statements of the Group. For details of the Disposal, please refer to the Company’s announcements dated 21 January 2022 and 28 January 2022, and circular dated 25 February 2022.

Separately, on 22 November 2021, the Group, 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 British Virgin Islands 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”); and (ii) the shareholder’s loan due by Enigma and its subsidiaries to VPHK, at a consideration of HK\$848.7 million by way of cash (the “2021 Acquisition”), the completion of which took place on 31 January 2022. 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. For details of the 2021 Acquisition, please refer to the Company’s announcements dated 22 November 2021, 20 January 2022 and 31 January 2022, and circular dated 31 December 2021.

As a result of the completion of the Disposal and the 2021 Acquisition during the Period, as at 30 June 2022, the Group no longer hold equity interests in Ryder Court but holds equity interests or investment instruments (as the case may be) in certain properties in Hong Kong and San Francisco and New York in the US which included (i) various units and car park spaces in Regent Centre; (ii) the Chun Yeung Street Property; (iii) the Yee Kuk Street Property; (iv) 45% effective interest in Mission; and (v) 100% of the holding entity which participates in 49% effective interest in the Investment Instruments for funding the development of Park Row (collectively and together with Ryder Court, the “Investments”).

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW *(continued)*

During the Period, the Group's revenue is mainly derived from (i) the leasing of units and car parking spaces in Regent Centre; (ii) the leasing of Ryder Court; (iii) interest from the Investment Instruments for funding the development of Park Row; and (iv) provision of asset management services. Revenue for the Period was approximately HK\$184.5 million (six months ended 30 June 2021: HK\$230.7 million), representing a decrease of 20% from the corresponding period in 2021. The decrease was mainly due to (i) the decrease in interest income on the Investment Instruments due to the collection of principals on the Investment Instruments during the Period; (ii) the decrease in revenue generated from Ryder Court due to the Disposal; and (iii) the decrease in revenue generated from the asset management services.

The Group's investment in Regent Centre was at a fair value at approximately HK\$1,994.3 million as at 30 June 2022 (31 December 2021: HK\$1,994.3 million). The Group's investment in Ryder Court at a fair value of approximately HK\$1,325.6 million was disposed of in January 2022 (31 December 2021: HK\$1,323.4 million). There has been no change in the valuation methodology of the Group's investment properties. After netting off the exchange adjustments of investment properties of approximately HK\$2.2 million and the disposal of Ryder Court of HK\$1,325.6 million, there is no fair value change for the Period (six months ended 30 June 2021: fair value gain of HK\$45.1 million).

Asset management

From the second half of 2019 onwards, the Group began providing asset management services to the 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. During the Period, the Group's revenue from the provision of asset management services amounted to approximately HK\$103.6 million (six months ended 30 June 2021: HK\$114.8 million).

Segment profit from the provision of asset management services decreased to approximately HK\$18.3 million for the Period (six months ended 30 June 2021: HK\$44.7 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 Period.

Property investment

During the Period, the Group's investment properties comprised various portions of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong. The Group owns a total gross floor area of approximately 657,000 square feet, representing 64% of the total gross floor area of Regent Centre. From the beginning of the Period up to the completion of the Disposal, the Group's investment properties also comprised Ryder Court, which is located at 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James's, London, SW1, the UK.

During the Period, the Group renewed the leases of Regent Centre at a stable rental reversion. Occupancy of Regent Centre remained at 95% as at 30 June 2022 (30 June 2021: 95%) with passing rent at HK\$9.4 per square foot as at 30 June 2022 (30 June 2021: HK\$9.6 per square foot). Apart from monthly rent, the tenants are responsible for payment of property management fee to the landlord, whose income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of units and car parking spaces in Regent Centre during the Period was approximately HK\$49.5 million (six months ended 30 June 2021: HK\$48.8 million).

As a result of the Disposal, total revenue from the leasing of Ryder Court during the Period decreased to approximately HK\$3.5 million (six months ended 30 June 2021: HK\$22.8 million).

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses but before change in fair value of investment properties of the Group amounted to approximately HK\$54.8 million for the Period (six months ended 30 June 2021: HK\$40.3 million), representing an increase of 36%. The increase was mainly due to the gain on the Disposal.

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW *(continued)*

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 Mission; (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 TW6 Project. Up to the date hereof, all units have been sold at gross proceeds of approximately HK\$10.1 billion and all of the sold units of The Pavilia Bay have been handed over to the buyers.

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

The Group's total investment in Ultimate Vantage and Gold Value (collectively, the "TW6 Associates"), comprising the share of net assets of the Group in the TW6 Associates as well as amounts due from Gold Value, amounted to approximately HK\$194.5 million as at 30 June 2022 (31 December 2021: HK\$173.5 million). The increase in total investment of the Group during the Period was mainly due to the combined effect of (i) the partial repayment of the amount due from Gold Value of approximately HK\$8.2 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value); and (ii) the Group's share of profit of TW6 Associates amounted to approximately HK\$29.2 million for the Period (six months ended 30 June 2021: HK\$1.4 million). The increase in share of profit was mainly due to the reversal of the constructions costs over-accrued in the prior years.

Another of the Group's property development 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 Period, the Group had shared a loss of approximately HK\$8.9 million (six months ended 30 June 2021: share of profit of HK\$115.7 million) from Mission Street Group. The decrease in share of profit was mainly due to the one-off termination fee received from a tenant for terminating the lease during the six months ended 30 June 2021.

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. During the Period, the revenue generated from the Investment Instruments amounted to approximately HK\$27.9 million (six months ended 30 June 2021: HK\$44.3 million). The decrease in interest on the Investment Instruments was mainly due to the collection of principals on the Investment Instruments throughout the Period.

The Group owns the entire equity interest in the Chun Yeung Street Property. The Chun Yeung Street Property is being redeveloped into a hospitality-related property and is under development according to the development progress during the Period.

The Group also owns the entire equity interest in the Yee Kuk Street Property. The Yee Kuk Street Property is being redeveloped into a residential-based property and is under development according to the development progress during the Period.

Segment profit decreased to approximately HK\$48.8 million for the Period (six months ended 30 June 2021: HK\$162.4 million), mainly due to the share of the one-off termination fee income of Mission Street Group during the six months ended 30 June 2021.

Management Discussion and Analysis *(continued)*

BUSINESS REVIEW *(continued)*

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were approximately HK\$10.6 million during the Period (six months ended 30 June 2021: HK\$10.2 million). There was no material change during the Period.

Finance income

Finance income for the Period amounted to approximately HK\$1.3 million (six months ended 30 June 2021: HK\$1.5 million), comprising interest income on bank deposits and bank balances of approximately HK\$0.4 million for the Period (six months ended 30 June 2021: HK\$0.3 million) and interest income on shareholders' loans due from Gold Value of approximately HK\$0.9 million for the Period (six months ended 30 June 2021: HK\$1.2 million). The decrease in finance income is mainly due to the partial repayment of shareholders' loans due from Gold Value during the Period.

Events after the Reporting Period

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

FINANCIAL REVIEW

Liquidity, financial resources, gearing and capital structure

Equity attributable to shareholders of the Company amounted to approximately HK\$4,356.9 million as at 30 June 2022 (31 December 2021: HK\$4,299.9 million). The increase was mainly due to the equity attributable to the shareholders of the Company for the Period of approximately HK\$92.1 million less a declaration of 2021 final dividend of approximately HK\$35.1 million.

The Group's interest-bearing bank and other borrowings of approximately HK\$661.2 million as at 30 June 2022 (31 December 2021: HK\$1,265.7 million) were mainly denominated in Hong Kong dollars. The bank loan of approximately HK\$645.8 million (31 December 2021: HK\$1,207.6 million) was arranged on a floating rate basis, while the lease liabilities of approximately HK\$15.4 million (31 December 2021: HK\$58.1 million) were arranged on a fixed rate basis. The decrease was due to the Disposal during the Period.

The Group has a banking facility amounting to HK\$1,000.0 million (31 December 2021: HK\$1,000.0 million) in which approximately HK\$646.4 million (31 December 2021: GBP42.0 million, equivalent to approximately HK\$442.2 million) has been utilised as at 30 June 2022. As at 31 December 2021, the Group has another banking facility of GBP75.0 million (equivalent to approximately HK\$789.7 million) in which approximately GBP72.8 million (equivalent to approximately HK\$766.3 million) (the "UK Loan") has been utilised. Upon completion of the Disposal, the UK Loan has been fully repaid and all the relating security documents have been released and discharged.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW *(continued)*

Liquidity, financial resources, gearing and capital structure *(continued)*

After deducting other borrowing costs capitalised of approximately HK\$0.6 million (31 December 2021: HK\$0.9 million), the total outstanding bank loan was approximately HK\$645.8 million. As at 30 June 2022, the maturity profile of outstanding bank loan was as follows:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Within 1 year or on demand	–	766,287
After 2 years but within 5 years	645,840	441,281
	645,840	1,207,568

As at 30 June 2022, 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 15.2% (31 December 2021: 29.4%). The ratio of net debts (interest-bearing bank and other borrowings net of bank balances and cash) divided by total equity was nil (31 December 2021: 10.6%).

The Group's bank balances and cash amounted to approximately HK\$958.8 million as at 30 June 2022 (31 December 2021: HK\$811.9 million). The Chun Yeung Street Property and the Yee Kuk Street Property are both free from encumbrances for the time being which can be leveraged to raise funds and bring in additional cash resources to the Group as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

Risk of fluctuations in exchange rates

As the Group operates in Hong Kong, the US and the UK, all its assets and liabilities are denominated in Hong Kong dollar, the US dollar and pound sterling. The Group will monitor the foreign exchange exposures and take appropriate measures from time to time in order to minimise the Group's foreign exchange exposures.

Capital commitments

The Group had a contractual commitment of HK\$258.6 million as at 30 June 2022 (31 December 2021: HK\$280.1 million) in respect of capital expenditure to be incurred in the developments of the Chun Yeung Street Property and the Yee Kuk Street Property.

Management Discussion and Analysis *(continued)*

FINANCIAL REVIEW *(continued)*

Contingent liabilities and financial guarantees

As at 30 June 2022, a wholly-owned subsidiary of the Company engaging in the businesses of property investment has been granted a banking facility of HK\$1,000.0 million, of which HK\$646.4 million (31 December 2021: GBP42.0 million (equivalent to approximately HK\$442.2 million)) has been utilised, which is subject to a guarantee given by the Company to the bank for up to 100% (31 December 2021: 100%) of the fund drawn down.

Pledge of assets

As at 30 June 2022, the Group's secured bank loan was secured by the following assets of the Group:

- (i) the entire share capital of Access Rich Limited, Cheer Win Limited, Chericourt Company Limited, WK Parking Limited and WK Property Financial Limited (collectively, the "Regent Centre Companies"), all being the subsidiaries of the Company which hold Regent Centre;
- (ii) the entire share capital of Future Best Developments Limited, the holding company of the Regent Centre Companies; and
- (iii) floating charge over all the rental related receivables of the Regent Centre Companies.

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

Apart from the 2021 Acquisition and the Disposal as disclosed in the section headed "Business Review" of this report, there were no other significant investments held, material acquisitions or disposals of subsidiaries and associates during the Period.

EMPLOYEES AND REMUNERATION POLICY

The Group had 106 employees as at 30 June 2022 (30 June 2021: 97). As a result of the increase in the number of employees, there was an increase in staff costs (including emoluments of directors of the Company (the "Directors")) to approximately HK\$65.6 million (six months ended 30 June 2021: HK\$58.1 million) during the Period.

VPHK provides administrative and management support to the Group on a cost basis. Total fee payable to VPHK amounted to approximately HK\$4.1 million during the Period (six months ended 30 June 2021: HK\$4.2 million).

The Executive Directors periodically review the adequacy of the staffing of the Group by reference to the Group's business requirements. Should there be employees recruited under the Group, their remuneration and benefit packages will be structured on market terms with regard to individual responsibility and performance. All eligible employees in Hong Kong are enrolled to a defined mandatory provident fund scheme. Other employment benefits are awarded at the discretion of the Group.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2021: nil).

Management Discussion and Analysis *(continued)*

OUTLOOK

Although Year 2022 has been filled with uncertainties and challenges as a result of the rapid spread of coronavirus disease 2019 (COVID-19) variants, many countries have eased their COVID-19 restrictions and economic recovery from the pandemic is gaining momentum. Yet, in Hong Kong, the overall economic activity remains below the pre-pandemic level as the pandemic restrictions such as social distancing requirements and travel restrictions continue to burden certain economic segments.

Even though COVID-19 upset the property market activities in the first quarter of 2022 in Hong Kong, the level of market activities has bounced back and the market sentiment became upbeat in the second quarter of 2022 as the pandemic restriction measures were relaxed, and there was pent-up demand with the limited housing supply. While the property market may seem inherently strong, the rising interest rate and the anticipation of its further increase add pressure on the property market. Despite the challenges lying ahead, the Group will continue to seek opportunities in the market for business diversification and expansion.

To operate in such an uncertain macroeconomic environment with significant inflation pressures, we need to be more devoted, more determined, more vigilant and more robust. Notwithstanding the uncertainties having brought certain level of impact on the markets which the Group operates in, the Group is currently financially healthy, and with its appropriate cost management, the Group is prepared for any economic impact that may arise from the aforesaid uncertainties. Besides, the Group believes uncertainties create opportunities – the Group will continue to look for new investment opportunities both locally and overseas, including those in other real estate markets as to diversify its business, which have good development and investment potential with the objective of being open-minded about new opportunities for growth and expansion of the Group's business and value creation for the shareholders as a whole.

In the first quarter of 2022, the Group completed the acquisition of Enigma which indirectly holds the Yee Kuk Street Property which will be developed into a residential-based project. In a continuous effort to generate profits for its shareholders, the Group is committed to quality construction which ultimately will lead to satisfied homebuyers and achieve client satisfaction and generate sustainable values.

The Group will continue to explore 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's investment property in Hong Kong, namely Regent Centre, is expected to maintain the occupancy rates and passing rents in the second half of 2022. In addition, the Group's Investment Instruments and asset management business are expected to generate stable revenue and profits in the second half of 2022. Looking forward, the Group is still hopeful that together we can weather this storm and overcome the latest challenges brought on to the property market.

Report on Review of Interim Financial Information



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

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 27 which comprises the consolidated statement of financial position of Vanke Overseas Investment Holding Company Limited and its subsidiaries (the "Group") as of 30 June 2022 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof, and to be in compliance with either International Accounting Standard 34 ("IAS 34"), *Interim financial reporting*, issued by the International Accounting Standards Board or Hong Kong Accounting Standard 34 ("HKAS 34"), *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants, depending on whether the issuer's annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs") respectively. As the annual financial statements of the Group are prepared in accordance with both IFRSs and HKFRSs, the directors are responsible for the preparation and presentation of the interim financial information in accordance with both IAS 34 and HKAS 34.

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

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 and HKAS 34.

KPMG

Certified Public Accountants

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

26 August 2022

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022 – unaudited

	Note	For the six months ended	
		30 June 2022 HK\$'000	30 June 2021 HK\$'000
Revenue	3	184,492	230,707
Cost of services		(96,447)	(83,366)
Gross profit		88,045	147,341
Other income	4	885	343
Gain on disposal of a subsidiary	17	30,394	–
Administrative and other operating expenses		(15,163)	(12,338)
Increase in fair value of investment properties		–	45,081
Operating profit		104,161	180,427
Finance income	5(a)	1,343	1,452
Finance costs	5(b)	(14,108)	(16,460)
Share of results of associates		20,317	117,107
Profit before taxation	5	111,713	282,526
Income tax	6	(29,126)	(10,960)
Profit for the period		82,587	271,566
Attributable to:			
Shareholders of the Company		82,587	271,539
Non-controlling interests		–	27
Profit for the period		82,587	271,566
		HK\$	HK\$
Earnings per share – basic and diluted	7	0.21	0.70

The notes on pages 16 to 27 form part of this interim financial information. Details of dividends paid and payable to shareholders of the Company are set out in note 8.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 – unaudited

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Profit for the period	82,587	271,566
Other comprehensive income for the period:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	(27)	(768)
Exchange reserve reclassified to profit or loss upon disposal of a subsidiary	9,237	–
	9,210	(768)
Total comprehensive income for the period	91,797	270,798
Attributable to:		
Shareholders of the Company	92,066	270,780
Non-controlling interests	(269)	18
Total comprehensive income for the period	91,797	270,798

The notes on pages 16 to 27 form part of this interim financial information.

Consolidated Statement of Financial Position

At 30 June 2022

	Note	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Non-current assets			
Investment properties	9	1,994,300	3,317,746
Property, plant and equipment		750,244	685,336
Interests in associates	10	451,690	469,052
Other non-current assets	12	–	37,620
		3,196,234	4,509,754
Current assets			
Properties under development	11	767,097	–
Trade and other receivables	12	167,910	185,583
Investment instruments		287,928	435,491
Tax recoverable		4,648	8,506
Bank balances and cash		958,782	811,937
		2,186,365	1,441,517
Current liabilities			
Other payables and accruals	13	(283,757)	(295,622)
Bank loan	14	–	(766,287)
Lease liabilities		(10,006)	(3,881)
Tax payable		(31,750)	(32,357)
		(325,513)	(1,098,147)
Net current assets		1,860,852	343,370
Total assets less current liabilities		5,057,086	4,853,124
Non-current liabilities			
Bank loan	14	(645,840)	(441,281)
Lease liabilities		(5,341)	(54,228)
Deferred tax liabilities		(48,939)	(57,388)
		(700,120)	(552,897)
NET ASSETS		4,356,966	4,300,227

Consolidated Statement of Financial Position *(continued)*

At 30 June 2022

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
CAPITAL AND RESERVES		
Share capital	3,895	3,895
Reserves	4,352,998	4,295,990
Total equity attributable to shareholders of the Company	4,356,893	4,299,885
Non-controlling interests	73	342
TOTAL EQUITY	4,356,966	4,300,227

The notes on pages 16 to 27 form part of this interim financial information.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 — unaudited

	Attributable to shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2022	3,895	1,030,877	(5,397)	3,270,510	4,299,885	342	4,300,227
Changes in equity for the six months ended 30 June 2022:							
Profit for the period	-	-	-	82,587	82,587	-	82,587
Other comprehensive income	-	-	9,479	-	9,479	(269)	9,210
Total comprehensive income	-	-	9,479	82,587	92,066	(269)	91,797
Final dividend approved in respect of the previous year (note 8(b))	-	-	-	(35,058)	(35,058)	-	(35,058)
At 30 June 2022	3,895	1,030,877	4,082	3,318,039	4,356,893	73	4,356,966
At 1 January 2021	3,895	1,030,877	(4,222)	2,880,988	3,911,538	250	3,911,788
Changes in equity for the six months ended 30 June 2021:							
Profit for the period	-	-	-	271,539	271,539	27	271,566
Other comprehensive income	-	-	(759)	-	(759)	(9)	(768)
Total comprehensive income	-	-	(759)	271,539	270,780	18	270,798
Final dividend approved in respect of the previous year (note 8(b))	-	-	-	(35,058)	(35,058)	-	(35,058)
At 30 June 2021	3,895	1,030,877	(4,981)	3,117,469	4,147,260	268	4,147,528

The notes on pages 16 to 27 form part of this interim financial information.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022 — unaudited

	Note	For the six months ended	
		30 June 2022 HK\$'000	30 June 2021 HK\$'000
Operating activities			
Net cash generated from operations		161,669	131,401
Hong Kong Profits Tax paid		(231)	(500)
Overseas tax paid		(26,519)	(4,385)
Net cash generated from operating activities		134,919	126,516
Investing activities			
Payments for acquisition of subsidiaries, net of cash and cash equivalents of the subsidiaries acquired	16	(805,445)	–
Payments for additions of investment properties		–	(1,855)
Payments for additions of property, plant and equipment		(54,066)	(18,531)
Proceed from disposal of a subsidiary	17	572,479	–
Repayments from investment instruments		82,830	–
Bank interest received		408	277
Interest received from an associate		935	1,212
Dividend received from an associate		29,651	–
Repayment from an associate		8,265	13,192
Advance from an associate		–	10,600
Payment for additional investment in an associate		–	(16,875)
Net cash used in investing activities		(164,943)	(11,980)
Financing activities			
Interest and other borrowing costs paid		(13,311)	(13,587)
Capital element of lease rentals paid		(5,514)	(5,546)
Interest element of lease rentals paid		(458)	(1,562)
Proceed from a new bank loan		200,000	–
Repayment of a bank loan		–	(10,771)
Dividends paid		–	(35,058)
Net cash generated from/(used in) financing activities		180,717	(66,524)
Net increase in cash and cash equivalents		150,693	48,012
Cash and cash equivalents at the beginning of the period		811,937	610,851
Effect of foreign exchange rate changes		(3,848)	856
Cash and cash equivalents at the end of the period		958,782	659,719
Analysis of the balances of cash and cash equivalents at 30 June			
Bank balances and cash		958,782	659,719

The notes on pages 16 to 27 form part of this interim financial information.

Notes to the Unaudited Interim Financial Information

1 GENERAL INFORMATION

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

The Board considers the immediate holding company and the ultimate holding company to be Wkland Investments Company Limited and China Vanke Co., Ltd.. Wkland Investments Company Limited is a company incorporated in the British Virgin Islands with limited liability, while China Vanke Co., Ltd. is a joint stock company with limited liability incorporated in the People’s Republic of China and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes and accounting policy adopted for properties under development as set out in note 11 that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies as required by accounting standards are set out below.

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

None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the Interim Financial Information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The preparation of Interim Financial Information in conformity with IAS 34 and HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs or HKFRSs.

The Interim Financial Information is unaudited, but has been reviewed by KPMG, the Company’s independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 9 of the Interim Financial Information. In addition, this Interim Financial Information has been reviewed by the Company’s Audit Committee.

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

3 REVENUE AND SEGMENT INFORMATION

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

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time</i>		
Property management fee income	8,231	8,057
Asset management fee income	103,557	114,797
<i>Revenue from other sources</i>		
Rental income from investment properties	44,799	63,527
Interest income on investment instruments	27,905	44,326
	184,492	230,707

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

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

3 REVENUE AND SEGMENT INFORMATION *(continued)*

The segment results are as follows:

For the six months ended 30 June 2022 (the "Period")

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	53,030	27,905	103,557	184,492
Segment results before gain on disposal of a subsidiary	24,398	48,832	18,269	91,499
Gain on disposal of a subsidiary (<i>note 17</i>)	30,394	–	–	30,394
Segment results	54,792	48,832	18,269	121,893
Head office and corporate expenses (net of unallocated income)				(10,588)
Finance income – bank interest income				408
Profit before taxation				111,713
Income tax				(29,126)
Profit for the Period				82,587

For the six months ended 30 June 2021

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	71,584	44,326	114,797	230,707
Segment results before changes in fair value of investment properties	40,314	162,401	44,732	247,447
Increase in fair value of investment properties	45,081	–	–	45,081
Segment results	85,395	162,401	44,732	292,528
Head office and corporate expenses (net of unallocated income)				(10,242)
Finance income – bank interest income				240
Profit before taxation				282,526
Income tax				(10,960)
Profit for the period				271,566

Note: During the Period, the finance costs are grouped and reported to under the Group's chief operating decision maker respective segments, which were not included in segment results in prior periods. Comparative figure has been restated in conformity with current period's presentation.

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

4 OTHER INCOME

	For the six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
Compensation received from tenants on early lease termination	42	91
Other management fee	779	230
Others	64	22
	885	343

5 PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
(a) Finance income		
Interest income on bank deposits and bank balances	(408)	(240)
Interest income on an amount due from an associate	(935)	(1,212)
	(1,343)	(1,452)
(b) Finance costs		
Interest expenses on bank loans	8,728	12,647
Other borrowing costs	4,921	2,251
	13,649	14,898
Interest expenses on lease liabilities	459	1,562
	14,108	16,460
(c) Others		
Depreciation		
– owned property, plant and equipment	315	139
– other properties leased for own use	5,514	5,519
Contributions to defined contribution plan	2,783	2,516
Salaries, wages and other benefits (including Directors' emoluments)	62,775	55,539
Net foreign exchange loss/(gain)	657	(69)
Rental and related income from investment properties less direct outgoings of HK\$11,482,000 (six months ended 30 June 2021: HK\$13,575,000)	(41,548)	(58,009)

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

6 INCOME TAX

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the Period	2,164	3,844
Over-provision in prior years	(179)	–
	1,985	3,844
Current tax – Overseas		
Provision for the Period	20,284	5,949
Under-provision in prior years	4,694	–
	24,978	5,949
Deferred tax		
Origination and reversal of temporary differences	2,163	1,167
	29,126	10,960

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2021: 16.5%) on the estimated assessable profits for the Period.

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

Share of associates' taxation charge of HK\$10,884,000 (six months ended 30 June 2021: HK\$285,000) is included in the results of associates for the Period.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$82,587,000 (six months ended 30 June 2021: HK\$271,539,000), and 389,527,932 shares (six months ended 30 June 2021: 389,527,932 shares) in issue during the Period.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the Period (six months ended 30 June 2021: nil).

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

8 DIVIDEND

(a) Dividend attributable to the interim period:

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2021: nil).

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

	For the six months ended	
	30 June 2022	30 June 2021
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the Period, of HK\$0.09 (six months ended 30 June 2021: HK\$0.09) per share <i>(note)</i>	35,058	35,058

Note: 2021 final dividend was paid on 13 July 2022.

9 INVESTMENT PROPERTIES

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
At 1 January	3,317,746	3,127,531
Additions	–	16,138
Disposal <i>(note 17)</i>	(1,325,578)	–
Fair value gain	–	191,263
Exchange adjustments	2,132	(17,186)
At 30 June/31 December	1,994,300	3,317,746

Investment properties of the Group were revalued as at 30 June 2022. The valuation was carried out by an external firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which has among their staff with relevant professional qualifications and has recent experience in the location and category of the property being valued. The fair value of investment properties is determined by taking into account the net rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at appropriate capitalisation rates, and with reference to the comparable sale transactions as available in the market.

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

10 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Share of net assets	351,614	401,788
Amounts due from associates (non-current) <i>(note (a)(i))</i>	100,076	67,264
	451,690	469,052
Amount due from an associate (current) <i>(note (a)(i))</i>	1,597	1,834
Amount due to an associate (current) <i>(note (a)(ii))</i>	119,161	119,161

Notes:

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

- (i) An amount due from Gold Value Limited of HK\$60,833,000 (31 December 2021: HK\$69,098,000) is unsecured and interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK\$1,597,000 (31 December 2021: HK\$1,834,000) is expected to be recovered within one year, while the remaining amount of HK\$59,236,000 (31 December 2021: HK\$67,264,000) will be recovered after one year. An amount due from 657-667 Mission Street Venture LLC of HK\$40,840,000 (31 December 2021: nil) is unsecured, interest-free and repayable after one year.
- (ii) An amount due to Ultimate Vantage Limited of HK\$119,161,000 (31 December 2021: HK\$119,161,000) is unsecured, interest-free and repayable on demand.

11 PROPERTIES UNDER DEVELOPMENT ("PUD")

During the Period, the Group acquired a property development project from an intermediate holding company, Vanke Property (Hong Kong) Company Limited ("VPHK") (note 16). The development project is in Hong Kong with remaining lease terms between 10 to 50 years. The amount of PUD expected to be recovered after one year is HK\$767,097,000.

PUD are carried at the lower of cost and net realisable value. The cost of PUD comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

When PUD are sold, the carrying amount of those PUD is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of PUD to net realisable value and all losses of PUD are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of PUD is recognised as a reduction in the amount of PUD recognised as an expense in the period in which the reversal occurs.

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

12 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Trade receivables, net of loss allowance	2,039	908
Unamortised rent receivables	1,139	46,278
Other receivables	12,538	10,606
Other deposits	7,689	6,550
Deposit paid for acquisition of subsidiaries	–	42,646
Prepayments	241	2,929
Amount due from an associate <i>(note 10(a)(i))</i>	1,597	1,834
Amount due from an intermediate holding company <i>(note (b))</i>	115,900	58,533
Amounts due from fellow subsidiaries <i>(note (b))</i>	26,767	52,919
	167,910	223,203
Representing:		
Current	167,910	185,583
Non-current (unamortised rent receivables)	–	37,620
	167,910	223,203

(a) Ageing analysis

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

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
0 to 30 days	1,368	804
31 to 90 days	671	104
	2,039	908

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

- (b) The amounts due from an intermediate holding company and fellow subsidiaries are unsecured, interest-free and recoverable on demand. Included in the balances were trade receivables from an intermediate holding company and fellow subsidiaries of HK\$25,431,000 (31 December 2021: HK\$26,481,000) and HK\$25,482,000 (31 December 2021: HK\$52,439,000), respectively, which arose from the provision of asset management services. The ageing of these balances are less than 30 days from the date of revenue recognition.

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

13 OTHER PAYABLES AND ACCRUALS

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Dividend payable (<i>note 8(b)</i>)	35,058	–
Other payables	7,460	18,504
Rental and other deposits received (<i>note (b)</i>)	24,440	24,491
Accruals	64,288	65,631
Amount due to an associate (<i>note 10(a)(iii)</i>)	119,161	119,161
Amount due to an intermediate holding company (<i>note (a)</i>)	32,189	66,673
Amounts due to fellow subsidiaries (<i>note (a)</i>)	1,161	1,162
	283,757	295,622

(a) The amounts due to an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(b) Except for the rental and other deposits received on investment properties and other payables of HK\$14,510,000 (31 December 2021: HK\$10,006,000) which are expected to be settled after one year, all of the other payables, rental and other deposits received and accruals are expected to be settled within one year or repayable on demand.

14 BANK LOANS

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Secured bank loans	646,418	1,208,546
Other borrowing costs capitalised	(578)	(978)
Total bank loans	645,840	1,207,568
<i>Representing secured bank loans repayable:</i>		
Within 1 year or on demand	–	766,287
After 1 year but within 2 years	–	–
After 2 years but within 5 years	645,840	441,281
	645,840	441,281
Total bank loans	645,840	1,207,568

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

14 BANK LOANS *(continued)*

At 30 June 2022, the Group had a banking facility of HK\$1,000,000,000 (the "HK Loan Facility") (31 December 2021: HK Loan Facility of HK\$1,000,000,000 and another banking facility of GBP75,000,000 (equivalent to HK\$789,653,000) (the "UK Loan Facility").

Among the HK Loan Facility, the balance of HK\$646,418,000 (31 December 2021: HK Loan Facility of GBP42,000,000 (equivalent to HK\$442,205,000) and UK Loan Facility of GBP72,786,000 (equivalent to HK\$766,341,000)) was utilised as at 30 June 2022.

The HK Loan Facility is interest-bearing at the Hong Kong Interbank Offered Rate plus 2.1% per annum (31 December 2021: London Interbank Offered Rate 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 was discharged upon the disposal of a subsidiary during the Period (note 17).

15 COMMITMENTS

Commitments outstanding at 30 June 2022 not provided for in the Interim Financial Information were as follows:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Contracted for construction of:		
– Property, plant and equipment	227,579	280,071
– Properties under development	30,994	–
	258,573	280,071

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

16 ACQUISITION OF SUBSIDIARIES

On 22 November 2021, the Group entered into an agreement with Oceanic Jade Limited, a subsidiary of VPHK, to acquire (i) the entire issued share capital of Enigma Company Limited (“Enigma”), a company incorporated in the British Virgin Islands; and (ii) the shareholder’s loan due by Enigma and its subsidiaries (the “Enigma Group”) to VPHK at a total consideration of HK\$848,668,000. Enigma Group is principally engaged in property development in Hong Kong.

Details of the above transaction 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 transaction was approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 January 2022 and completed on 31 January 2022. The acquisition constituted a notifiable transaction and connected transaction under Chapter 14 and Chapter 14A of Listing Rules respectively.

The acquisition of Enigma Group had the following combined effect on the Group’s assets and liabilities upon the date of the acquisition:

	HK\$'000
Other receivables	125,835
Properties under development	726,772
Bank balances	577
Other payables and accruals	(4,270)
Tax payable	(246)
	<hr/>
Net identified assets and liabilities and total consideration	848,668
	<hr/>
Total cash consideration paid	(848,668)
Less: deposit paid during the year ended 31 December 2021	42,646
	<hr/>
Cash consideration paid during the Period	(806,022)
Total bank balances acquired	577
	<hr/>
Net cash outflow	(805,445)

Given the property project held by the Enigma Group is currently under development, the Enigma Group does not contribute any revenue to the Group and the loss attributable to the equity shareholders was HK\$131,000 for the Period. Should the acquisition had occurred on 1 January 2022, the revenue and the profit attributable to the equity shareholders of the Company for the Period would have been HK\$184,492,000 and HK\$82,573,000 respectively.

The Group incurred acquisition-related costs of HK\$870,000 for the above acquisition, and have been included in “Administrative and other operating expenses”.

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

17 DISPOSAL OF A SUBSIDIARY

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 a subsidiary, Lithium Real Estate (Jersey) Limited (“Lithium Jersey”), for a cash consideration of GBP36,896,000 (equivalent to HK\$385,762,000). 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\$193,969,000) as the Purchaser procured Lithium Jersey to repay all such loan on a dollar-to-dollar basis. At Completion, Lithium Jersey held Ryder Court located at 13-17 Bury Street and 12, 14, 16 Ryder Street, London, SW1Y 6QB, United Kingdom. Details of the above disposal are disclosed in the Company’s announcements dated 21 January 2022 and 28 January 2022, and the Company’s circular dated 25 February 2022. The disposal constituted a notifiable transaction as defined under Chapter 14 of the Listing Rules.

Net assets and liabilities held by Lithium Jersey at Completion were set out as below:

	Note	HK\$'000
Investment property	9	1,325,578
Trade and other receivables		49,843
Bank balances		7,252
Tax recoverable		2,797
Other payables and accruals		(13,465)
Lease liabilities		(54,007)
Bank loan		(767,411)
Deferred tax liabilities		(10,713)
Exchange reserve		9,463
		<hr/>
Net identified assets and liabilities		549,337
Less: total consideration		(579,731)
		<hr/>
Gain on disposal of a subsidiary		(30,394)
		<hr/>
Cash consideration received		579,731
Total bank balances disposed of		(7,252)
		<hr/>
Net cash inflow		572,479
		<hr/>

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

18 MATERIAL RELATED PARTY TRANSACTIONS

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

	For the six months ended	
	30 June 2022 HK\$'000	30 June 2021 HK\$'000
Asset management fee income received/receivable from <i>(note (a))</i>		
– an intermediate holding company	51,189	57,409
– fellow subsidiaries	52,368	57,388
Management and administrative fee paid/payable to an intermediate holding company <i>(note (b))</i>	4,139	4,171
Key management personnel compensation <i>(note (c))</i>	810	760

Notes:

- (a) *Assets management fee income is charged at terms agreed by both parties. The details of the amounts due from an intermediate holding company and fellow subsidiaries are set out in note 12(b).*
- (b) *Management and administrative fee is charged at terms agreed by both parties. The details of the amount due to an intermediate holding company are set out in note 13(a).*
- (c) *Key management personnel represent the directors of the Company.*

Other Information

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information of the Group for the Period is unaudited, but has been reviewed by KPMG, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA, whose unmodified review report is included in this interim report. The interim financial information has also been reviewed by the Company's Audit Committee (which does not have any disagreement).

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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

There has been no change to the information of the Directors since the date of the issuance of the annual report of the Company for the year ended 31 December 2021, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information *(continued)*

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2022, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in associated corporations

Name of Director	Name of associated corporation	Type of shares	Number of ordinary shares held					Percentage of issued share capital	
			Interest held as beneficial owner	Interest held by spouse	Interest held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives		
Sun Jia	China Vanke	A shares	-	5,800	-	-	-	5,800 <i>(Note 1)</i>	0.00006%
Que Dongwu	China Vanke	A shares	90,700	-	-	-	-	90,700 <i>(Note 1)</i>	0.00093%
Ding Changfeng	China Vanke	A shares	1,037,660	-	-	-	-	1,037,660 <i>(Note 1)</i>	0.01067%

Note:

1. The total number of ordinary A shares of China Vanke in issue as at 30 June 2022 was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at 30 June 2022 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.

All the interests in the shares disclosed under this section represent long position in the shares of the associated corporations of the Company. Save as disclosed herein, as at 30 June 2022, none of the Directors or any of their spouses or children aged under eighteen years of age had any interests or short positions in the shares, underlying shares and debentures or were granted any right to subscribe for the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Other Information *(continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept by the Company under section 336 of the SFO (the "Register") records that, as at 30 June 2022, the Company has been notified of the following interests or short positions in the shares of the Company:

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

Notes:

- As recorded in the Register, the 292,145,949 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited, 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 Vanke Property (Hong Kong) Company Limited ("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.
- 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.

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of the Company as at 30 June 2022 as recorded in the Register, or as otherwise notified to the Company and the Stock Exchange of Hong Kong.

Other Information *(continued)*

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

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

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

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

PUBLICATION OF INTERIM REPORT

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