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# vanke

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

## ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

### INTERIM RESULTS

The Board of Directors (the “**Board**”) of Vanke Overseas Investment Holding Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) hereby announces the unaudited interim results of the Group for the six months ended 30 June 2024 (the “**Period**”) as follows:

#### Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

		Unaudited	
		For the six months ended	
	Note	30 June 2024	30 June 2023
		HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>165,160</b>	181,799
Cost of services		(91,879)	(89,561)
<b>Gross profit</b>		<b>73,281</b>	92,238
Other income and net gain	4	3,971	8,856
Administrative and other operating expenses		(83,502)	(43,292)
Increase in fair value of investment properties		9,900	74,303
<b>Operating profit</b>		<b>3,650</b>	132,105
Finance income	5(a)	12,192	8,472
Finance costs	5(b)	(12,564)	(19,570)
Share of results of associates		(21,374)	(109,210)
Share of results of joint ventures		(10)	(15)
<b>(Loss)/profit before taxation</b>	5	<b>(18,106)</b>	11,782
Income tax	6	(11,217)	(9,247)
<b>(Loss)/profit for the period</b>		<b>(29,323)</b>	2,535
<b>Attributable to:</b>			
Shareholders of the Company		(29,323)	2,535
Non-controlling interests		–	–
<b>(Loss)/profit for the period</b>		<b>(29,323)</b>	2,535
		HK\$	HK\$
<b>(Loss)/earnings per share – basic and diluted</b>	7	<b>(0.08)</b>	0.01

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 2024*

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit for the period</b>	<b>(29,323)</b>	2,535
<b>Other comprehensive income for the period:</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	(178)	1,037
<b>Total comprehensive income for the period</b>	<b>(29,501)</b>	3,572
<b>Attributable to:</b>		
Shareholders of the Company	(29,501)	3,572
Non-controlling interests	–	–
<b>Total comprehensive income for the period</b>	<b>(29,501)</b>	3,572

## Consolidated Statement of Financial Position

At 30 June 2024

		Unaudited At 30 June 2024 HK\$'000	Audited At 31 December 2023 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Investment properties	9	1,993,100	1,993,100
Property, plant and equipment		983,675	980,279
Interests in associates	10	109,458	251,936
Interests in joint ventures		267,096	256,114
		<u>3,353,329</u>	<u>3,481,429</u>
<b>Current assets</b>			
Properties under development	11	973,073	939,657
Trade and other receivables	12	89,426	76,668
Tax recoverable		2,882	3,283
Bank balances and cash		479,527	610,286
		<u>1,544,908</u>	<u>1,629,894</u>
<b>Current liabilities</b>			
Trade and other payables	13	(148,115)	(328,517)
Contract liabilities		(44,219)	(36,272)
Lease liabilities		(9,826)	(5,026)
Bank loan		(353,814)	–
Tax payable		(26,862)	(16,534)
		<u>(582,836)</u>	<u>(386,349)</u>
<b>Net current assets</b>		<u>962,072</u>	<u>1,243,545</u>
<b>Total assets less current liabilities</b>		<u>4,315,401</u>	<u>4,724,974</u>
<b>Non-current liabilities</b>			
Bank loan		–	(367,058)
Lease liabilities		(23,575)	(13,308)
Deferred tax liabilities		(49,075)	(48,984)
		<u>(72,650)</u>	<u>(429,350)</u>
<b>NET ASSETS</b>		<u>4,242,751</u>	<u>4,295,624</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		3,895	3,895
Reserves		4,238,857	4,291,730
<b>Total equity attributable to shareholders of the Company</b>		<u>4,242,752</u>	<u>4,295,625</u>
Non-controlling interests		(1)	(1)
<b>TOTAL EQUITY</b>		<u>4,242,751</u>	<u>4,295,624</u>

## Notes

### 1 GENERAL INFORMATION

The Company is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The registered office of the Company is P.O. Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is Room A, 43rd 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 of the 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

The interim results set out in the announcement do not constitute the Group’s interim report for the six months ended 30 June 2024 but are extracted from the report.

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 2023 annual financial statements, except for the accounting policy changes which are expected to be reflected in the 2024 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 International Financial Reporting Standards (“**IFRSs**”) that are first effective for the current accounting period of the Group. The equivalent revised Hong Kong Financial Reporting Standards (“**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 2023 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.

### 3 REVENUE AND SEGMENT INFORMATION

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

	<b>For the six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time</i>		
Property management fee income	<b>8,296</b>	8,809
Asset management fee income	<b>95,254</b>	109,620
Income from hotel and serviced apartments	<b>23,896</b>	–
<i>Revenue from other sources</i>		
Rental income from investment properties	<b>37,714</b>	40,036
Interest income on investment instruments	–	23,334
	<b>165,160</b>	<b>181,799</b>

(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 four 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 and joint ventures which 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
Hotel and serviced apartments:	Income from operating hotel and services apartments

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

	<b>For the six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property development segment – Customer A	–	23,334
Asset management segment – entities controlled by the ultimate holding company	<b>95,254</b>	109,620

The segment results are as follows:

**For the six months ended 30 June 2024**

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Hotel and serviced apartments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>46,010</u>	<u>–</u>	<u>95,254</u>	<u>23,896</u>	<u>165,160</u>
Segment results before changes in fair value of investment properties and net gain on disposal of investment properties	21,842	(94,829)	32,616	3,332	(37,039)
Increase in fair value of investment properties	9,900	–	–	–	9,900
Net gain on disposal of investment properties	<u>1,301</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,301</u>
Segment results	33,043	(94,829)	32,616	3,332	(25,838)
Head office and corporate expenses (net of unallocated income)					(3,844)
Finance income – bank interest income					<u>11,576</u>
Loss before taxation					(18,106)
Income tax					<u>(11,217)</u>
Loss for the Period					<u>(29,323)</u>

**For the six months ended 30 June 2023**

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>48,845</u>	<u>23,334</u>	<u>109,620</u>	<u>181,799</u>
Segment results before changes in fair value of investment properties and net gain on disposal of an investment property	16,934	(117,892)	31,746	(69,212)
Increase in fair value of investment properties	74,303	–	–	74,303
Net gain on disposal of an investment property	<u>7,897</u>	<u>–</u>	<u>–</u>	<u>7,897</u>
Segment results	99,134	(117,892)	31,746	12,988
Head office and corporate expenses (net of unallocated income)				(8,890)
Finance income – bank interest income				<u>7,684</u>
Profit before taxation				11,782
Income tax				<u>(9,247)</u>
Profit for the period				<u>2,535</u>

#### 4 OTHER INCOME AND NET GAIN

	<b>For the six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Compensation received from tenants on early lease termination	50	27
Other management fee income from related companies	2,179	870
Net gain on disposal of investment properties	1,301	7,897
Others	441	62
	<u>3,971</u>	<u>8,856</u>

#### 5 (LOSS)/PROFIT BEFORE TAXATION

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

	<b>For the six months ended</b>	
	<b>30 June 2024</b>	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(a) Finance income</b>		
Interest income on bank deposits and bank balances	(11,576)	(7,684)
Interest income on an amount due from an associate	(616)	(788)
	<u>(12,192)</u>	<u>(8,472)</u>
<b>(b) Finance costs</b>		
Interest expenses on a bank loan	11,220	18,718
Other borrowing costs	752	723
	<u>11,972</u>	<u>19,441</u>
Interest expenses on lease liabilities	592	129
	<u>12,564</u>	<u>19,570</u>
<b>(c) Others</b>		
Depreciation		
– owned property, plant and equipment	11,935	645
– other properties leased for own use	6,122	5,159
Contributions to defined contribution plan	3,429	3,399
Salaries, wages and other benefits (including Directors' emoluments)	56,905	63,631
Net foreign exchange (gain)/loss	(420)	1,084
Impairment losses on investment instruments	–	30,484
Provision on properties under development	72,000	–
Rental and related income from investment properties less direct outgoings of HK\$11,845,000 (six months ended 30 June 2023: HK\$11,870,000)	(34,165)	(36,975)
	<u>(34,165)</u>	<u>(36,975)</u>

## 6 INCOME TAX

	For the six months ended	
	30 June 2024	30 June 2023
	HK\$'000	HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	1,536	1,057
<b>Current tax – Overseas</b>		
Provision for the period	9,591	7,684
<b>Deferred tax</b>		
Origination and reversal of temporary differences	90	506
	<u>11,217</u>	<u>9,247</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2023: 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\$33,000 (six months ended 30 June 2023: nil) is included in the results of associates for the Period.

## 7 (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share is based on loss attributable to shareholders of the Company of HK\$29,323,000 (six months ended 30 June 2023: profit of HK\$2,535,000), and 389,527,932 shares (six months ended 30 June 2023: 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 2023: nil).

## 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 2023: nil).

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

	For the six months ended	
	30 June 2024	30 June 2023
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the Period, of HK\$0.06 (six months ended 30 June 2023: HK\$0.09) per share ( <i>note</i> )	<u>23,372</u>	<u>35,058</u>

*Note:* 2023 final dividend was paid on 2 July 2024.



## 9 INVESTMENT PROPERTIES

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
At 1 January	1,993,100	1,994,300
Additions	–	1,935
Disposals	(9,900)	(57,403)
Fair value gain	9,900	54,268
	<u>1,993,100</u>	<u>1,993,100</u>
At 30 June/31 December	<u>1,993,100</u>	<u>1,993,100</u>

Investment properties of the Group were revalued as at 30 June 2024. The valuation was carried out by an external firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which has among their staff 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.

## 10 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Share of net assets	78,202	216,966
Amount due from an associate (non-current) ( <i>note (a)(i)</i> )	31,256	34,970
	<u>109,458</u>	<u>251,936</u>
Amount due from an associate (current) ( <i>note (a)(i)</i> )	810	1,081
Amount due to an associate (current) ( <i>note (a)(ii)</i> )	1,434	134,834

*Notes:*

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

- (i) An amount due from Gold Value Limited of HK\$32,066,000 (31 December 2023: HK\$36,051,000) is unsecured and interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK\$810,000 (31 December 2023: HK\$1,081,000) is expected to be recovered within one year, while the remaining amount of HK\$31,256,000 (31 December 2023: HK\$34,970,000) will be recovered after one year.
- (ii) An amount due to Ultimate Vantage Limited of HK\$1,434,000 (31 December 2023: HK\$134,834,000) is unsecured, interest-free and repayable on demand.

## 11 PROPERTIES UNDER DEVELOPMENT

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
At 1 January	939,657	796,700
Provision	(72,000)	-
Additions	105,416	142,957
	<u>973,073</u>	<u>939,657</u>
At 30 June/31 December	<u>973,073</u>	<u>939,657</u>

The properties are located in No. 221- 233 Yee Kuk Street, Sham Shui Po, Kowloon, Hong Kong with remaining lease term between 10 and 50 years.

Properties under development are expected to be completed within the normal operating cycle. The amount of HK\$455,316,000 (31 December 2023: nil) is expected to be recovered within one year, while the remaining amount of HK\$517,757,000 (31 December 2023: HK\$939,657,000) will be recovered after one year.

## 12 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Trade receivables ( <i>note (a)</i> )	1,593	1,445
Unamortised rent receivables	1,418	299
Other receivables	2,589	2,192
Other deposits	7,781	7,180
Prepayments	25,959	9,364
Amount due from an associate ( <i>note 10(a)(i)</i> )	810	1,081
Amount due from an intermediate holding company ( <i>note (b)</i> )	29,227	32,055
Amounts due from fellow subsidiaries ( <i>note (b)</i> )	20,049	23,052
	<u>89,426</u>	<u>76,668</u>

### (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 2024 HK\$'000	At 31 December 2023 HK\$'000
0 to 30 days	1,092	1,044
31 to 90 days	295	401
Over 90 days	206	-
	<u>1,593</u>	<u>1,445</u>

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\$29,141,000 (31 December 2023: HK\$32,055,000) and HK\$18,023,000 (31 December 2023: HK\$20,184,000), 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.

### 13 TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Trade payable ( <i>note (a)</i> )	23,491	32,620
Other payables	22,138	19,413
Rental and other deposits received ( <i>note (c)</i> )	25,470	26,751
Accruals	55,705	71,147
Amount due to an associate ( <i>note 10(a)(ii)</i> )	1,434	134,834
Amount due to an intermediate holding company ( <i>note (b)</i> )	16,139	37,319
Amounts due to fellow subsidiaries ( <i>note (b)</i> )	3,738	6,433
	<u>148,115</u>	<u>328,517</u>

#### (a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade payable based on the invoice date, is as follows:

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
0 to 30 days	7,055	19,077
Over 90 days	16,436	13,543
	<u>23,491</u>	<u>32,620</u>

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

- (c) Except for the rental and other deposits received on investment properties and other payables of HK\$11,949,000 (31 December 2023: HK\$12,975,000) 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Period, the Group continued to provide asset management services (the “**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 2022. For details of the Management Services, please refer to the Company’s announcement dated 26 October 2022 and circular dated 23 November 2022.

During the Period, the Group continued to hold various equity interests in certain properties in Hong Kong and San Francisco in the United States of America (the “**US**”) which included the followings (collectively, the “**Investments**”):

<u>Location/project</u>	<u>Effective interest</u>	<u>Segment</u>	<u>Type</u>	<u>Status</u>
Various units and car park spaces of Regent Centre 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“ <b>Regent Centre</b> ”)	100%	Property investment	Industrial	Leasing stabilised
62, 64, 66 and 68 Chun Yeung Street, Hong Kong (“ <b>The Stellar</b> ”)	100%	Hotel and serviced apartments	Hotel and serviced apartments	Began operation in September 2023
No. 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong (“ <b>Bondlane I</b> ”)	100%	Property development	Residential	Under development
Sha Tin Town Lot No. 643, located at Hin Wo Lane, Sha Tin, New Territories, Hong Kong (the “ <b>Hin Wo Lane Property</b> ”)	50%	Property development	Residential	Under development
657 and 663–667 Mission Street, San Francisco, California, the US (“ <b>Mission</b> ”)	45%	Property development	Commercial	Completed

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 hotel rooms and serviced apartments in The Stellar (which was completed and opened in September 2023); and (iii) provision of asset management services. Revenue for the Period was approximately HK\$165.2 million (six months ended 30 June 2023: HK\$181.8 million), representing a decrease of 9% from the corresponding period in 2023. The overall decrease in revenue of the Group was mainly due to the combined effect of (i) an increase in revenue generated from The Stellar due to its opening in September 2023; but which was reduced by (ii) the absence of interest income on the investment instruments during the Period as the principals on the investment instruments for funding the development of the property located at 25 Park Row, New York, the US have been fully recovered during the last financial year and, as at 31 December 2023, the Group no longer had any interest in the investment instruments; and (iii) the decrease in revenue generated from the asset management services as VPHK Parties reduced their invested capital in relevant projects in the United Kingdom (the "UK") and the US.

The Group's investment in Regent Centre was at a fair value of approximately HK\$1,993.1 million as at 30 June 2024 (31 December 2023: HK\$1,993.1 million). There has been no change in the valuation methodology of the Group's investment properties. After netting off the fair value of such part of Regent Centre that was disposed of approximately HK\$9.9 million, the fair value gain amounted to HK\$9.9 million for the Period (six months ended 30 June 2023: HK\$74.3 million).

### **Asset management**

The Group provides Management Services to the VPHK Parties with respect to VPHK Parties' projects in Hong Kong, the UK and the US. In return, the Management Service fees were charged by the Group calculated at (i) 1.25% per annum of the total capital of the relevant projects invested by VPHK Parties in the UK and the US; and (ii) 1.8% per annum of the total capital of the relevant projects invested by VPHK Parties in Hong Kong. During the Period, the Group's revenue from the provision of asset management services amounted to approximately HK\$95.3 million (six months ended 30 June 2023: HK\$109.6 million), representing a decrease of approximately 13%. The decrease was primarily attributable to the reduced total capital invested by the VPHK Parties in the relevant projects located in the UK and the US during the Period.

Segment profit from the provision of asset management services amounted to approximately HK\$32.6 million for the Period (six months ended 30 June 2023: HK\$31.7 million), representing an increase of 3%. The increase was mainly due to the decrease in direct operating expenses of the asset management teams 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. A portion of Regent Centre was disposed by the Group during the Period and net gain on such disposal of approximately HK\$1.3 million (six months ended 30 June 2023: HK\$7.9 million) was recorded. As at 30 June 2024, the Group owns a total gross floor area of approximately 634,000 square feet (31 December 2023: 637,000 square feet), representing approximately 62% (31 December 2023: 62%) of the total gross floor area, of Regent Centre.

During the Period, the Group renewed the leases of Regent Centre at a stable rental reversion. Occupancy of Regent Centre decreased to 91% as at 30 June 2024 (30 June 2023: 95%) with passing rent at HK\$9.4 per square foot as at 30 June 2024 (30 June 2023: HK\$9.5 per square foot). Apart from monthly rent, the tenants are responsible for payment of property management fees 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\$46.0 million (six months ended 30 June 2023: HK\$48.8 million).

Segment profit before change in fair value of investment properties of the Group amounted to approximately HK\$23.1 million for the Period (six months ended 30 June 2023: HK\$24.8 million), representing a decrease of 7%. The decrease was mainly due to the decrease in net gain on disposal of certain units of Regent Centre as less area was sold during the Period.

### **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) the development of Bondlane I; and (iv) investment in the development of the Hin Wo Lane Property.

One of the Group's property development projects is represented by investment in Ultimate Vantage Limited ("**Ultimate Vantage**"), an associate of the Group in which the Group holds 20% equity interests thereof. 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**"), an associate of the Group in which the Group holds 20% equity interests thereof, 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\$32.7 million as at 30 June 2024 (31 December 2023: HK\$170.0 million). The decrease in total investment of the Group during the Period was mainly due to the partial repayment of the amount due from Gold Value of approximately HK\$3.9 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value) and the receipt of dividend from Ultimate Vantage of HK\$133.4 million.

Another of the Group's property development is represented by investment in 657–667 Mission Street Venture LLC, an associate of the Group in which the Group holds 45% equity interests thereof, 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\$21.4 million (six months ended 30 June 2023: HK\$109.2 million) from Mission Street Group. The decrease in share of loss was mainly due to the decrease in fair value of Mission resulting from various local market factors during the six months ended 30 June 2023, but not during the Period.

The Group also owns the entire equity interest in Bondlane I and 50% effective interest in the Hin Wo Lane Property. Bondlane I and the Hin Wo Lane Property are being redeveloped into residential properties and are both under development during the Period in accordance with the development plan. As at 30 June 2024, Bondlane I was written down to net realisable value resulting from various local market factors.

Segment loss amounted to approximately HK\$94.8 million for the Period (six months ended 30 June 2023: HK\$117.9 million), representing a decrease of 20%. The decrease in segment loss was mainly due to the combined effect of (i) the share of the decrease in fair value of Mission resulting from various local market factors which amounted to approximately HK\$87.8 million during the six months ended 30 June 2023, but not during the Period; and (ii) the provision for impairment provided for Bondlane I of HK\$72.0 million during the Period (six months ended 30 June 2023: nil).

### **Hotel and serviced apartments**

During the Period, the Group's hotel and serviced apartments comprised The Stellar. The Group owns the entire equity interest in The Stellar. The Stellar was redeveloped into hotel and serviced apartments and launched in September 2023.

Average occupancy of The Stellar amounted to approximately 88% (six months ended 30 June 2023: nil) with average room rate at HK\$902 during the Period (six months ended 30 June 2023: nil). The revenue generated from The Stellar during the Period amounted to approximately HK\$23.9 million (six months ended 30 June 2023: nil).

Segment profit amounted to approximately HK\$3.3 million for the Period (six months ended 30 June 2023: nil) due to The Stellar's opening in September 2023.

### **Head office and corporate expenses**

Head office and corporate expenses, net of unallocated income, were approximately HK\$3.8 million during the Period (six months ended 30 June 2023: HK\$8.9 million). The decrease was mainly due to the decrease in office rental expenses and staff costs as a result of the decrease in the average headcount of the head office to 6 (six months ended 30 June 2023: 8) during the Period.

### **Finance income**

Finance income for the Period amounted to approximately HK\$12.2 million (six months ended 30 June 2023: HK\$8.5 million), comprising interest income on bank deposits and bank balances of approximately HK\$11.6 million for the Period (six months ended 30 June 2023: HK\$7.7 million) and interest income on shareholders' loans due from Gold Value of approximately HK\$0.6 million for the Period (six months ended 30 June 2023: HK\$0.8 million). The increase in finance income is mainly due to the increase in bank interest rates during the Period.

## Events after the Reporting Period

There have been no matters that have occurred subsequent to the end of the Period 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\$4,242.7 million as at 30 June 2024 (31 December 2023: HK\$4,295.6 million). The decrease was mainly due to (i) the deficit attributable to the shareholders of the Company for the Period of approximately HK\$29.5 million; and (ii) the declaration of 2023 final dividend of approximately HK\$23.4 million.

The Group's interest-bearing bank and other borrowings of approximately HK\$387.2 million as at 30 June 2024 (31 December 2023: HK\$385.4 million) were mainly denominated in Hong Kong dollars. The bank loan of approximately HK\$353.8 million (31 December 2023: HK\$367.1 million) was arranged on a floating rate basis, while the lease liabilities of approximately HK\$33.4 million (31 December 2023: HK\$18.3 million) were arranged on a fixed rate basis. The increase was mainly due to the combined effect of (i) the partial repayment of bank loan during the Period; and (ii) the increase in lease liabilities resulting from the entering into a new office lease during the Period.

The Group has a banking facility amounting to approximately HK\$707.6 million (31 December 2023: HK\$721.2 million) in which approximately HK\$354.0 million (31 December 2023: HK\$367.6 million) has been utilised as at 30 June 2024.

After deducting other borrowing costs capitalised of approximately HK\$0.2 million (31 December 2023: HK\$0.5 million), the total outstanding bank loan was approximately HK\$353.8 million (31 December 2023: HK\$367.1 million). As at 30 June 2024, the maturity profile of outstanding bank loan was as follows:

	At <b>30 June</b> <b>2024</b> <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Within 1 year	<b>353,814</b>	–
After 1 year but within 2 years	–	367,058
	<b><u>353,814</u></b>	<b><u>367,058</u></b>



As at 30 June 2024, 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 9.1% (31 December 2023: 9.0%). 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 2023: nil).

The Group's bank balances and cash amounted to approximately HK\$479.5 million as at 30 June 2024 (31 December 2023: HK\$610.3 million). The Stellar and Bondlane I 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 no contractual commitment as at 30 June 2024 (31 December 2023: HK\$6.9 million).

### **Contingent liabilities and financial guarantees**

As at 30 June 2024, a wholly-owned subsidiary of the Company engaging in the businesses of property investment has been granted a banking facility of HK\$707.6 million (31 December 2023: HK\$721.2 million), of which HK\$354.0 million (31 December 2023: HK\$367.6 million) has been utilised, which is subject to a guarantee given by the Company to the bank for up to 100% (31 December 2023: 100%) of the fund drawn down.

As at 30 June 2024, a joint venture company indirectly held as to 50% by the Company engaging in the business of property development has been granted term loan facilities of HK\$744.6 million (31 December 2023: HK\$744.6 million), of which HK\$314.8 million (31 December 2023: HK\$314.8 million) has been utilised, which is subject to a guarantee given by the Company, in accordance with the relevant joint venture agreement, to the bank for up to 50% (31 December 2023: 50%) of the fund drawn down.

## **Pledge of assets**

As at 30 June 2024, 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**

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associates during the Period.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 98 employees as at 30 June 2024 (30 June 2023: 98). Staff costs (including emoluments of directors of the Company (the “**Directors**”)) were approximately HK\$60.3 million (six months ended 30 June 2023: HK\$67.0 million) during the Period.

VPHK provides administrative and management support to the Group on a cost basis. No such fee was payable to VPHK during the Period (six months ended 30 June 2023: HK\$3.5 million) as all administrative expenses (including rental expenses) were paid by the Group directly to the landlord and suppliers during the Period.

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

## **DIVIDEND**

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2023: nil).

## **OUTLOOK**

Year 2024 was expected to be a year filled with uncertainties as a result of the high interest rates, tightening monetary policies and political tension etc.. Despite these uncertainties having brought certain level of impact on the markets which the Group operates in, the Group is financially healthy and is prepared for any economic impact that may arise from the aforesaid uncertainties.

Notwithstanding the cancellation of all the demand-side management measures for residential properties by the Hong Kong Government, we did not see persistent improvement in the property market activities during the Period under review. The market sentiment is that homebuyers have become more cautious as a result of the prolonged high interest rates, the high supply of residential properties and the anticipation of its further increase add pressure to the property market and therefore, potential homebuyers have taken a “wait and see” approach and delayed purchase decisions. In view of the above, it is reasonably expected that property prices will face pressure in the latter half of the year. Despite the challenges lying ahead, the Group will continue to seek good investment opportunities in the market which create value for all the Shareholders as a whole.

The Group’s investment property in Hong Kong, Regent Centre, is expected to maintain the occupancy rate and the passing rent in the second half of 2024. The Group’s hotel and serviced apartments, The Stellar, is expected to maintain the occupancy rate and the average room rate in the second half of 2024. The sales of residential properties for Bondlane I are expected to contribute revenue to the Group upon the handover of the sold units to the buyers in the second half of 2024. Last but not least, the Group’s asset management business is expected to generate stable revenue and profit in the second half of 2024.

## **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 C1 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 C3 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.

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

## **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.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the website of the Company at [www.vankeoverseas.com](http://www.vankeoverseas.com) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The interim report of the Company will be despatched to shareholders and published on the aforesaid websites in due course.

By order of the Board  
**VANKE OVERSEAS INVESTMENT HOLDING  
COMPANY LIMITED**  
**Yip Hoi Man**  
*Executive Director and Chief Executive Officer*

Hong Kong, 22 August 2024

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors:*

*Mr. Sun Jia (Chairman), Ms. Yip Hoi Man (Chief Executive Officer), Mr. Ding Changfeng*

*Non-Executive Director:*

*Ms. Han Huihua*

*Independent Non-Executive Directors (in alphabetical order):*

*Mr. Ching Hiu Yuen, Mr. Choi Fan Wai, Mr. Zhang Anzhi*