

vanke 万科

Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

# 2015 Interim Report

For the six months ended 30 June 2015



This interim report is printed on environmentally friendly paper

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

ZHANG Xu  
QUE Dong Wu

### Non-Executive Director

CHAN Chi Yu

### Independent Non-Executive Directors

CHAN Wai Hei, William  
LAW Chi Yin, Cynthia  
SHIUM Soon Kong

## AUDIT COMMITTEE

CHAN Wai Hei, William (*Chairman*)  
CHAN Chi Yu  
LAW Chi Yin, Cynthia

## REMUNERATION COMMITTEE

SHIUM Soon Kong (*Chairman*)  
QUE Dong Wu  
CHAN Wai Hei, William

## NOMINATION COMMITTEE

LAW Chi Yin, Cynthia (*Chairman*)  
ZHANG Xu  
SHIUM Soon Kong

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

LUK Chi Chung, Peter

## AUDITOR

KPMG

## LEGAL ADVISORS TO THE COMPANY

Reed Smith Richards Butler (*as to Hong Kong law*)  
Maples and Calder (*as to Cayman Islands law*)

## PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

## REGISTERED OFFICE

P.O. Box 309, Uglan House  
Grand Cayman KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS

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## WEBSITE

<http://www.vankeoverseas.com>

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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Shops 1712–1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group's unaudited revenue for the six months ended 30 June 2015 (the "Period") was HK\$45 million, compared to HK\$43 million for the same period last year. The increase was mainly due to increase in passing rent for the units in Regent Centre during the Period.

The Group's investment in Regent Centre was fair valued at HK\$1,562 million as at 30 June 2015 (31 December 2014: HK\$1,494 million), resulting in a fair value gain of HK\$68 million in the first half of the year. Excluding the change in fair value of Regent Centre, the Group's underlying profit for the Period was HK\$17 million, compared to HK\$12 million for the same period last year. The increase in underlying profit was mainly due to the increase in revenue and thus gross profit from operation and saving in finance costs.

## Rental and property management

The Group's investment properties comprise various portions of Regent Centre (the "Property"), 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 approximately 64% of the total gross floor area in Regent Centre.

During the Period, the Group renewed a majority of the leases at a positive rental reversion. Occupancy of the Property was maintained at a high level of 95% as at 30 June 2015 (31 December 2014: 95%) with an increase in monthly passing rent to HK\$9.0 per square foot as at 30 June 2015 (31 December 2014: HK\$8.7 per square foot). Apart from monthly rent, the tenants are responsible for payment of property management fee to the landlord, the income of which has been accounted for as part of the revenue of the Group.

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses and excluding change in fair value of investment properties amounted to HK\$33 million for the Period (six months ended 30 June 2014: HK\$32 million).

## Property development

The acquisition of a 20% interest in Ultimate Vantage Limited ("Ultimate Vantage"), a company granted with the development right of the West Rail Tsuen Wan West Station TW6 Property Development Project (the "TW6 Project"), was completed in August 2013 at a final consideration of HK\$727.9 million, of which HK\$150 million had been deferred at an interest rate of 1-month HIBOR plus 2.8% per annum until the date of actual payment (the "Deferred Consideration").

The TW6 Project involves, among other things, construction of residential buildings with a total gross floor area of no more than 675,021 square feet, of which no less than 520 residential units shall each be of size not exceeding 538 square feet in saleable area, and a government accommodation portion as constituted by a sports centre with a gross floor area of approximately 129,000 square feet and various parking spaces.

The development of the TW6 Project is partly financed by shareholders' loans from the joint venture partners on a several basis and in proportion to their respective shareholding interest in Ultimate Vantage and partly by project loan facilities of up to HK\$4,800 million comprising a land tranche for the purpose of refinancing approximately 50% of the premium paid by Ultimate Vantage in respect of the TW6 Project and construction tranches for the purpose of financing the construction costs relating to the residential and government accommodation portions of the TW6 Project (the "TW6 Loan Facilities").

The land tranche of the TW6 Loan Facilities was drawn in July 2014, with the loan proceeds being distributed by Ultimate Vantage to the joint venture partners as repayment of shareholders' loans. Out of the portion attributable to the Group of HK\$343.5 million, the Group had applied HK\$150 million for payment of the Deferred Consideration and HK\$190 million for repayment of bank loan, with the balance of HK\$3.5 million being utilised for general working capital of the Group.

# Management Discussion and Analysis *(continued)*

## BUSINESS REVIEW *(continued)*

### Property development *(continued)*

The Group's total investment in the TW6 Project amounted to HK\$429 million as at 30 June 2015 (31 December 2014: HK\$429 million), comprising share of net assets of HK\$3 million and shareholder's loan payable by Ultimate Vantage of HK\$426 million. As at the date hereof, the construction of the TW6 Project has been proceeded to the superstructure stage. It is expected that the entire project can be completed with the issuance of certificate of compliance in 2018.

Segment loss, as a result of the Group's share of loss in Ultimate Vantage, was negligible in both periods.

### Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were HK\$4.7 million during the Period (six months ended 30 June 2014: HK\$5.4 million). The decrease was mainly due to a decrease in legal and professional fees during the Period.

### Finance costs

Finance costs were HK\$6.3 million during the Period (six months ended 30 June 2014: HK\$10.8 million). The decrease was mainly due to repayment of the Group's interest-bearing debts by HK\$340 million in July 2014.

## FINANCIAL REVIEW

### Gearing

The Group's gearing, calculated as a percentage of total liabilities of HK\$386 million (31 December 2014: HK\$388 million) to total assets of HK\$2,016 million (31 December 2014: HK\$1,941 million), was 19% as at 30 June 2015 (31 December 2014: 20%).

There was no significant change in total liabilities of the Group as at period end. The increase in total assets of the Group was mainly due to the increase in fair value of the Property during the Period.

### Liquidity and debt maturity profile

The Group's bank balances and cash amounted to HK\$18 million as at 30 June 2015 (31 December 2014: HK\$12 million). Together with undrawn banking facilities of HK\$260 million (31 December 2014: HK\$250 million), the Group's available cash resources amounted to HK\$278 million as at 30 June 2015 (31 December 2014: HK\$262 million).

The Group's total interest-bearing debts amounted to HK\$323 million as at 30 June 2015 (31 December 2014: HK\$333 million), which will be due in December 2015. The decrease in the interest-bearing debts was due to a loan repayment of HK\$10 million during the Period.

The interest-bearing debts are represented by (i) a term loan facility of HK\$283 million, and (ii) a revolving loan facility of HK\$300 million, of which HK\$40 million had been drawn as at 30 June 2015 (collectively, the "Loan Facilities"). The Loan Facilities are secured by a mortgage over the Property and are due for renewal in December 2015. Pending refinancing of the Loan Facilities at an opportune time, the interest-bearing debts were classified as current liabilities in the financial statements according to the loan maturity date, which resulted in a net current liability position of the Group as at 30 June 2015.

### Treasury policies

The Group operates in Hong Kong and all its assets and liabilities are denominated in Hong Kong dollar. As a result, it has no exposure to foreign exchange rate fluctuation.

The Group's interest-bearing debts carry interest at floating rate. The Group reviews its interest rate exposure on a regular basis and, if appropriate, will consider entering into interest rate swap contracts to hedge the exposure to the extent required.

# Management Discussion and Analysis *(continued)*

## FINANCIAL REVIEW *(continued)*

### Capital commitments

The Group had no significant capital commitments as at 30 June 2015 (31 December 2014: nil).

### Contingent liabilities and financial guarantees

The Group had a contingent liability of up to HK\$960 million as at 30 June 2015 (31 December 2014: HK\$960 million) in respect of a corporate guarantee given by the Company to banks on a several basis and in proportion to its shareholding interest in Ultimate Vantage for the TW6 Loan Facilities.

### Pledge of assets

The Group's investment properties with a carrying value of HK\$1,562 million as at 30 June 2015 (31 December 2014: HK\$1,494 million) were pledged to secure banking facilities of the Group.

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

There were no other significant investments held, material acquisitions or disposals of subsidiaries or associates during the Period.

### Subsequent event

On 25 June 2015, the Company announced an issue of 129,842,644 rights shares to the qualifying shareholders on the basis of one rights share for every two shares of the Company held on the record date as at 13 July 2015 and at a subscription price of HK\$8.04 per rights share (the "Rights Issue"). The Rights Issue was completed on 5 August 2015 and raised estimated net proceeds of approximately HK\$1,032 million to the Company for the purpose of financing the potential acquisition of a property under development located in the Wan Chai district of Hong Kong from China Vanke Co., Ltd. ("China Vanke") at such terms and consideration to be negotiated and agreed by the board of directors of the Company (the "Potential Acquisition"). The Potential Acquisition is expected to constitute a major and connected transaction for the Company under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Should the Potential Acquisition be approved by all parties, including the board of directors and the independent shareholders of the Company, the proceeds from the Rights Issue will be applied for the purpose of financing the Potential Acquisition, with the balance, if any, to be applied for financing other property acquisition opportunities available to the Group from time to time. If the Potential Acquisition does not proceed, the net proceeds from the Rights Issue are to be applied as to approximately HK\$323 million for repayment of the Group's bank borrowings and the balance of approximately HK\$709 million for future property acquisition opportunities. For details of the Rights Issue, please refer to the Company's announcements dated 25 June 2015, 3 July 2015 and 4 August 2015 and the Company's prospectus dated 14 July 2015.

## EMPLOYEES

The Group had four employees as at 30 June 2015 (31 December 2014: four) comprising the Chief Financial Officer & Company Secretary of the Company and his assistants in the finance and company secretarial department.

Vanke Property (Hong Kong) Company Limited ("Vanke HK"), an intermediate holding company of the Company, provides administrative and management services to the Group on a cost basis pursuant to the terms of a management agreement dated 19 July 2013. Total fee payable by the Group for such services amounted to HK\$875,000 for the Period (six months ended 30 June 2014: HK\$942,000).

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

# Management Discussion and Analysis *(continued)*

## **EMPLOYEES** *(continued)*

China Vanke operates a business partnership scheme for the purpose of promoting work enthusiasm and creativity among the operation and management teams and strengthening the ties between these teams and the shareholders of China Vanke, with the ultimate objective of creating a greater value for China Vanke and its stakeholders. Pursuant to the scheme, certain employees of China Vanke and its subsidiaries (including the Group) have been admitted as business partners entrusting part of their bonuses into a collective bonus account in favor of Shenzhen Ying'an Financial Advisory Limited for investment management. The vesting and return of the bonus including investment return are subject to the rules of the scheme as set out in a letter of authorisation and undertaking signed by all business partners.

## **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2014: nil).

## **OUTLOOK**

During the Period, the principal activities of the Company continued to be property development and investment in Hong Kong. In June 2015, the Directors announced the one-for-two Rights Issue, which had the financial effect of strengthening the capital base of the Company and providing funding for the Group to expand its property portfolio in Hong Kong. China Vanke showed its strong support to the Company by subscribing in full its assured entitlement in the Rights Issue, thus maintaining its shareholding in the Company at 75%, while at the same time, offering the Company an opportunity to acquire its property under development in the Wan Chai district of Hong Kong. The site area for the Wan Chai property is approximately 9,000 square feet, which is to be re-developed into a composite building with domestic gross floor area of approximately 52,700 square feet and non-domestic gross floor area of approximately 11,500 square feet. The Rights Issue received favorable responses from the shareholders of the Company and was satisfactorily completed on 5 August 2015, despite the recent financial market turmoil caused by the fear of default of the Greece bonds and the slowdown of the Mainland economy. The Potential Acquisition is expected to constitute a major and connected transaction to the Company under the Listing Rules. The Directors will diligently negotiate with China Vanke on the terms and conditions of the Potential Acquisition and hope to enter into a binding sale and purchase agreement in the interest of the Company and its shareholders as a whole as soon as practicable. Further details of the Potential Acquisition will be announced in accordance with the Listing Rules' requirement in a timely manner.

While waiting for realisation of this property acquisition opportunity, the Group will actively manage the rental performance in Regent Centre and its investment in the TW6 Project. Revenue from Regent Centre has reached an all-time high during the Period and the Group will strive hard to maintain the leasing momentum in the second half of the year. The development of the TW6 Project has been progressing on schedule and, barring unforeseen circumstances, the project is expected to be launched to the market for pre-sale in 2016. Refinancing of the Loan Facilities prior to their maturity in December 2015 is high on the agenda. Given the strong leasing performance of Regent Centre, the Group is confident that the loan can be refinanced at favorable terms, which should generate additional financial resources for the Group to explore other property acquisition opportunities available from time to time.

On behalf of the Board  
**Zhang Xu**  
*Director*

Hong Kong, 12 August 2015



# Report on Review of Interim Financial Information



## **Review report to the Board of Directors of Vanke Property (Overseas) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 8 to 20 which comprises the consolidated statement of financial position of Vanke Property (Overseas) Limited as of 30 June 2015 and the related consolidated statement of 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 Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial information in accordance with Hong Kong Accounting Standard 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 2015 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

#### **KPMG**

*Certified Public Accountants*

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

12 August 2015

# Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015 — unaudited

	Note	For the six months ended	
		30 June 2015 HK\$'000	30 June 2014 HK\$'000
<b>Revenue</b>	3	<b>44,506</b>	42,704
Cost of services		<b>(9,969)</b>	(9,727)
<b>Gross profit</b>		<b>34,537</b>	32,977
Other income		<b>86</b>	41
Administrative, leasing and marketing expenses		<b>(6,240)</b>	(5,882)
Increase in fair value of investment properties	8	<b>67,720</b>	64,570
<b>Operating profit</b>		<b>96,103</b>	91,706
Finance costs	4(a)	<b>(6,286)</b>	(10,798)
Share of loss of an associate		<b>89,817</b>	80,908
		<b>(8)</b>	(8)
<b>Profit before taxation</b>	4	<b>89,809</b>	80,900
Taxation charge	5	<b>(4,706)</b>	(4,514)
<b>Profit and total comprehensive income for the period and attributable to shareholders of the Company</b>		<b>85,103</b>	76,386
		<b>HK\$</b>	HK\$
<b>Earnings per share — basic and diluted</b>	6	<b>0.33</b>	0.29

The notes on pages 12 to 20 form part of this interim financial information. Details of dividends paid and payable to shareholders of the Company are set out in note 7.

# Consolidated Statement of Financial Position

At 30 June 2015

	Note	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
<b>Non-current assets</b>			
Plant and equipment		456	11
Investment properties	8	1,561,930	1,494,210
Interest in an associate	9	428,912	408,351
Deferred tax assets		1,365	1,613
		<b>1,992,663</b>	1,904,185
<b>Current assets</b>			
Trade and other receivables	10	5,227	3,709
Tax recoverable		13	17
Amount due from an associate	9	–	21,000
Bank balances and cash		18,104	11,986
		<b>23,344</b>	36,712
<b>Current liabilities</b>			
Other payables and accruals	11	(28,599)	(25,206)
Amount due to an intermediate holding company	12	(1,388)	(1,378)
Bank loans due within one year, secured	13	(321,500)	(330,000)
Tax payable		(4,291)	(2,297)
		<b>(355,778)</b>	(358,881)
<b>Net current liabilities</b>		<b>(332,434)</b>	(322,169)
<b>Total assets less current liabilities</b>		<b>1,660,229</b>	1,582,016
<b>Non-current liabilities</b>			
Deferred tax liabilities		(30,494)	(29,593)
<b>NET ASSETS</b>		<b>1,629,735</b>	1,552,423
<b>CAPITAL AND RESERVE</b>			
Share capital		2,596	2,596
Retained profits		1,627,139	1,549,827
<b>TOTAL EQUITY</b>		<b>1,629,735</b>	1,552,423

The notes on pages 12 to 20 form part of this interim financial information.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 — unaudited

	Attributable to shareholders of the Company		
	Share capital HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
<b>At 1 January 2015</b>	<b>2,596</b>	<b>1,549,827</b>	<b>1,552,423</b>
<b>Changes in equity for the six months ended 30 June 2015:</b>			
Profit and total comprehensive income for the period	–	<b>85,103</b>	<b>85,103</b>
Final dividend approved in respect of the previous year ( <i>note 7(b)</i> )	–	<b>(7,791)</b>	<b>(7,791)</b>
<b>At 30 June 2015</b>	<b>2,596</b>	<b>1,627,139</b>	<b>1,629,735</b>
<b>At 1 January 2014</b>	2,596	1,420,063	1,422,659
<b>Changes in equity for the six months ended 30 June 2014:</b>			
Profit and total comprehensive income for the period	–	76,386	76,386
Final dividend approved in respect of the previous year ( <i>note 7(b)</i> )	–	(7,791)	(7,791)
<b>At 30 June 2014</b>	<b>2,596</b>	<b>1,488,658</b>	<b>1,491,254</b>

The notes on pages 12 to 20 form part of this interim financial information.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015 — unaudited

	For the six months ended	
	30 June 2015 HK\$'000	30 June 2014 HK\$'000
<b>Operating activities</b>		
Net cash generated from operations	<b>28,291</b>	28,327
Interest and other borrowing costs paid	<b>(2,788)</b>	(9,208)
Hong Kong Profits Tax paid	<b>(1,559)</b>	(464)
<b>Net cash generated from operating activities</b>	<b>23,944</b>	18,655
<b>Investing activities</b>		
Purchase of plant and equipment	<b>(466)</b>	–
Repayment from an associate	<b>21,000</b>	–
Advances to an associate	<b>(20,569)</b>	(3,148)
<b>Net cash used in investing activities</b>	<b>(35)</b>	(3,148)
<b>Financing activities</b>		
Repayment of bank loans	<b>(10,000)</b>	–
Dividends paid	<b>(7,791)</b>	(7,791)
<b>Net cash used in financing activities</b>	<b>(17,791)</b>	(7,791)
<b>Net increase in cash and cash equivalents</b>	<b>6,118</b>	7,716
<b>Cash and cash equivalents at beginning of the period</b>	<b>11,986</b>	20,708
<b>Cash and cash equivalents at end of the period</b>	<b>18,104</b>	28,424
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	<b>18,104</b>	28,424

The notes on pages 12 to 20 form part of this interim financial information.

# Notes to the Unaudited Interim Financial Information

## 1 GENERAL INFORMATION

Vanke Property (Overseas) 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, Uglan 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 property investment and management and property development.

The Board of Directors of the Company considers the Company’s ultimate holding company is China Vanke Co., Ltd., a joint stock company with limited liability incorporated in the People’s Republic of China and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively.

## 2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited consolidated interim financial information (the “Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Appendix 16 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 financial statements for the year ended 31 December 2014.

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group’s results and financial position. 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 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.

This 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 2014 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 HKFRSs.

The Interim Financial Information is unaudited, but has been reviewed by KPMG 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 in page 7 of this interim report. In addition, this Interim Financial Information has been reviewed by the Company’s Audit Committee.

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

## 3 REVENUE AND SEGMENT INFORMATION

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 head office and corporate expenses (net of unallocated income), depreciation, finance costs and taxation charge.

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 two segments:

Rental and property management: The leasing of the Group's investment properties to earn rental and management fee income and to gain from the appreciation in properties' values in the long term

Property development: Share of the results of an associate, which principal activity is property development

The segment results are as follows:

### For the six months ended 30 June 2015 (the "Period")

	Rental and property management HK\$'000	Property development HK\$'000	Total HK\$'000
Revenue	44,506	–	44,506
Segment results before change in fair value of investment properties	33,114	(8)	33,106
Increase in fair value of investment properties	67,720	–	67,720
Segment results	100,834	(8)	100,826
Head office and corporate expenses (net of unallocated income)			(4,710)
Depreciation			(21)
Finance costs			(6,286)
Profit before taxation			89,809
Taxation charge			(4,706)
Profit for the Period			85,103

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

## 3 REVENUE AND SEGMENT INFORMATION *(continued)*

The segment results are as follows: *(continued)*

For the six months ended 30 June 2014

	Rental and property management HK\$'000	Property development HK\$'000	Total HK\$'000
Revenue	42,704	–	42,704
Segment results before change in fair value of investment properties	32,488	(8)	32,480
Increase in fair value of investment properties	64,570	–	64,570
Segment results	97,058	(8)	97,050
Head office and corporate expenses (net of unallocated income)			(5,351)
Depreciation			(1)
Finance costs			(10,798)
Profit before taxation			80,900
Taxation charge			(4,514)
Profit for the period			76,386

## 4 PROFIT BEFORE TAXATION

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

### (a) Finance costs

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
<i>Finance costs</i>		
Interest expenses on bank loans	4,266	6,919
Interest expenses on amount due to an intermediate holding company	–	2,239
Other borrowing costs	2,020	1,640
	6,286	10,798



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

## 4 PROFIT BEFORE TAXATION *(continued)*

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

### (b) Others

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
Depreciation	21	1
Contribution to defined contribution plan	32	28
Salaries, wages and other benefits (including Directors' emoluments)	2,973	2,874
Rental receivables from investment properties less direct outgoings of HK\$9,969,000 (six months ended 30 June 2014: HK\$9,727,000)	(34,537)	(32,977)

## 5 TAXATION CHARGE

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
<i>Current tax</i>		
Hong Kong Profits Tax	3,557	3,393
<i>Deferred tax</i>		
Origination and reversal of temporary differences	1,149	1,121
	<b>4,706</b>	4,514

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits for the Period.

There is no taxation charge (six months ended 30 June 2014: nil) in the results of an associate for the Period.

## 6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$85,103,000 (six months ended 30 June 2014: HK\$76,386,000), and 259,685,288 shares (six months ended 30 June 2014: 259,685,288 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 2014: nil).

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

## 7 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 2014: nil).

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

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the Period, of HK\$0.03 (six months ended 30 June 2014: HK\$0.03) per share	<b>7,791</b>	7,791

## 8 INVESTMENT PROPERTIES

Investment properties of the Group were revalued as at 30 June 2015. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (31 December 2014: Vigers Appraisal & Consulting Limited), which has among its staff experienced Members of the Hong Kong Institute of Surveyors with 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. During the Period, the increase in fair value of investment properties was HK\$67,720,000 (six months ended 30 June 2014: HK\$64,570,000).

## 9 INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

	At	At
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Share of net assets	<b>3,313</b>	3,321
Amount due from an associate (non-current) <i>(note (a))</i>	<b>425,599</b>	405,030
	<b>428,912</b>	408,351
Amount due from an associate (current) <i>(note (b))</i>	–	21,000

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

## 9 INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE *(continued)*

Notes:

- (a) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate ("HIBOR") plus 2.2% (31 December 2014: HIBOR plus 2.2%) per annum and has no fixed terms of repayment, and is expected to be recovered after one year.
- (b) The balance was unsecured, interest-bearing at HIBOR plus 2.2% per annum and had been recovered in full during the Period.
- (c) On 22 April 2014, a shareholders' agreement (the "Shareholders' Agreement") was entered into between, inter alia, the Company, Wkdeveloper Limited ("Wkdeveloper", a wholly-owned subsidiary of the Company and owns 20% equity interest in Ultimate Vantage Limited ("UVL")), another shareholder of UVL (the "JV Partner") and UVL (which is an associate of the Group and has been granted the rights to develop the property project in the West Rail Tsuen Wan West Station (the "TW6 Project")) to regulate the relationship of the shareholders of UVL inter se and the management of the affairs of UVL.

The Shareholders' Agreement contains a provision whereby the Company and the JV Partner agreed that a non-defaulting party would have the right to acquire all the interest in UVL represented by the defaulting party and its affiliates upon the occurrence of certain events of default. Such right is reciprocal, and no consideration was paid or payable by the Company or the JV Partner for the grant by the other party of its respective above-mentioned right. Details of the transaction are disclosed in the Company's announcement dated 22 April 2014 and the Company's circular dated 15 May 2014.

## 10 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Trade receivables	2,014	577
Amortised rent receivables	282	105
Other receivables	12	6
Deposits	2,408	2,408
Prepayments	511	613
	<b>5,227</b>	<b>3,709</b>

Trade receivables represent rental receivables from tenants of the Group's investment properties. The Group maintains a defined credit policy in respect of rent collection. The credit quality of a new lease or customer is assessed based on a defined policy set by the Group. Reminders are issued bi-weekly when trade receivables have been overdue for 15 days, and legal actions will be taken when the trade receivables have been overdue for two months. Normally, the Group does not obtain any collateral from tenants. The ageing analysis of trade receivables, based on the date of revenue recognition, is as follows:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
0 to 30 days	1,605	547
31 to 90 days	398	30
Over 90 days	11	-
	<b>2,014</b>	<b>577</b>

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

## 11 OTHER PAYABLES AND ACCRUALS

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Other payables	2,902	1,705
Deposits received	22,149	20,987
Accruals	3,548	2,514
	<b>28,599</b>	25,206

Except for the rental deposits received on properties of HK\$4,984,000 (31 December 2014: HK\$4,371,000) which are expected to be settled after one year, all of the other payables are expected to be settled within one year or are repayable on demand.

## 12 AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

The amount due to an intermediate holding company is unsecured, interest-free and repayable on demand.

## 13 BANK LOANS DUE WITHIN ONE YEAR, SECURED

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Secured bank loans	323,000	333,000
Other borrowing costs capitalised	(1,500)	(3,000)
Total bank loans	<b>321,500</b>	330,000

The Group's banking facilities of HK\$583,000,000 (31 December 2014: HK\$583,000,000) are secured by investment properties with a carrying amount of HK\$1,561,930,000 at 30 June 2015 (31 December 2014: HK\$1,494,210,000), of which HK\$323,000,000 was utilised (31 December 2014: HK\$333,000,000). The Group's banking facilities will mature on 28 December 2015.

The Group will in due course commence refinancing of its bank loans which are due for maturity in December 2015. Based on the Group's past ability to obtain external financing and good relationship with a number of financial institutions, the Group expects to have adequate source of funding to finance and manage its liquidity position.

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

## 14 CONTINGENT LIABILITIES

On 30 June 2014, UVL entered into a facility agreement in relation to the committed term loan facilities granted by a syndicate of financial institutions to UVL of up to HK\$4,800 million (the "TW6 Loan Facilities") for financing the TW6 Project. In relation to the TW6 Loan Facilities, the Company and the JV Partner were required to provide corporate guarantees, on a several basis and in proportion to their respective shareholding interests in UVL, in respect of UVL's obligations under the TW6 Loan Facilities. The Company has, accordingly been guaranteeing, among others, repayment of the principal amount of the TW6 Loan Facilities up to HK\$960 million (the "Corporate Guarantee"). Details of the provision of the Corporate Guarantee are disclosed in the Company's announcement dated 30 June 2014 and the Company's circular dated 22 July 2014.

Out of the total facilities of the TW6 Loan Facilities of HK\$4,800 million, HK\$1,822 million (31 December 2014: HK\$1,717 million) was utilised by UVL as at 30 June 2015. The Directors considered it was not probable that a claim would be made against the Company under the Corporate Guarantee. The Company did not recognise any deferred income in respect of the Corporate Guarantee as its fair value could not be reliably measured using observable market data and no consideration was received or receivable for the issuance of the Corporate Guarantee.

## 15 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Interim Financial Information, the Group entered into the following material related party transactions during the Period:

	For the six months ended	
	30 June 2015	30 June 2014
	HK\$'000	HK\$'000
Management and administrative fee payable to an intermediate holding company <i>(note (a))</i>	875	942
Interest payable to an intermediate holding company <i>(note (b))</i>	–	2,239
Rental and management fee income receivable from fellow subsidiaries <i>(note (c))</i>	291	–
Key management compensation <i>(note (d))</i>	2,352	1,855

Notes:

- (a) Management and administrative fee is charged at terms agreed by both parties. The details of the amount due to the intermediate holding company are set out in note 12.
- (b) Interest was charged at rate agreed by both parties.
- (c) Rental and management fee income was charged at rates pursuant to a tenancy agreement entered into between the Group and the fellow subsidiaries on normal commercial terms.
- (d) Key management personnel represent the Directors and senior management of the Company.
- (e) Pursuant to the sale and purchase agreement dated 16 May 2013 in relation to the acquisition of the entire issued share capital of Wkdeveloper and the related shareholder's loans (the "Transaction"), Vanke Property (Hong Kong) Company Limited (an intermediate holding company of the Company) will, if required, act as guarantor of the Group in respect of the obligations of the Group in the TW6 Project after completion of the Transaction. Details of these are disclosed in the Company's announcement dated 16 May 2013 and the Company's circular dated 4 June 2013.

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

## **16 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD**

On 25 June 2015, the Board of Directors of the Company proposed to raise approximately HK\$1,044 million, before expenses, by issuing 129,842,644 rights shares at a subscription price of HK\$8.04 per rights share. The rights issue was available only to the qualifying shareholders on the basis of the provisional allotment of one rights share for every two existing underlying shares in issue and held on the record date as at 13 July 2015. The rights issue was completed on 5 August 2015. No adjustments have been made to this Interim Financial Information as a result of the rights issue. Details of the rights issue are disclosed in the Company's announcements dated 25 June 2015, 3 July 2015 and 4 August 2015 and the Company's prospectus dated 14 July 2015.

# 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 the 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, whose unmodified review report is included in this interim report. The interim financial information has also been reviewed by the Company's Audit Committee.

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, except for the following deviations:

### Code provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

The Company has not appointed Chairman and Chief Executive since 1 September 2012. All duties of chairman and chief executive under code provisions A.2.2 to A.2.9 are shared between Mr. Zhang Xu and Ms. Que Dong Wu, the Executive Directors.

The Board of Directors of the Company (the "Board") considers that the current arrangement is adequate in view of the size and complexity of the Group's operations. The Board will consider appointing Chairman and Chief Executive at an appropriate stage when the Group has increased the size of operation.

### Code provision A.2.7

Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

As the Company has not appointed Chairman of the Board, this code provision is not applicable to the Company.

### Code provision F.1.3

Code provision F.1.3 stipulates that the company secretary should report to the board chairman and/or the chief executive.

During the Period, the Company Secretary reported to the Executive Directors, as the Company has no Chairman or Chief Executive.

## 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.

## Other Information *(continued)*

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

### CHANGE OF DIRECTORS

During the Period, the composition of the Board and its committee have been changed as follows:

- i. Mr. Wang Wen Jin ("Mr. Wang") resigned as a Non-Executive Director and a member of the Audit Committee of the Company with effect from 11 March 2015;
- ii. Mr. Chan Chi Yu, a Non-Executive Director, was appointed as a member of the Audit Committee of the Company with effect from 11 March 2015 to fill the casual vacancy in the committee arising from the resignation of Mr. Wang;
- iii. Mr. Chung Wai Sum, Patrick ("Mr. Chung") resigned as an Independent Non-Executive Director, the chairman of the Nomination Committee and a member of the Audit Committee of the Company upon conclusion of the annual general meeting of the Company held on 22 May 2015; and
- iv. Ms. Law Chi Yin, Cynthia ("Ms. Law") was appointed as an Independent Non-Executive Director, the chairman of the Nomination Committee and a member of the Audit Committee of the Company for a term of three years upon conclusion of the annual general meeting of the Company held on 22 May 2015 to fill the casual vacancy in the Board and the committees arising from the resignation of Mr. Chung.

Biographical details of Ms. Law and other information pertaining to her appointment were set out in the announcement of the Company dated 13 April 2015 and the circular of the Company dated 17 April 2015.

### RE-APPOINTMENT OF DIRECTORS

As announced on 23 July 2015, the following Directors have been re-appointed by the Company at the terms set out below.

- i. Mr. Zhang Xu was re-appointed Executive Director and a member of the Nomination Committee of the Company for a further term of not exceeding three years commencing from 24 July 2015 at an annual remuneration of HK\$200,000;
- ii. Ms. Que Dong Wu was re-appointed Executive Director and a member of the Remuneration Committee of the Company for a further term of not exceeding three years commencing from 24 July 2015 at an annual remuneration of HK\$200,000;
- iii. Mr. Chan Chi Yu was re-appointed Non-Executive Director and a member of the Audit Committee of the Company for a further term of three years commencing from 24 July 2015 at an annual remuneration of HK\$150,000 plus allowances for attending meetings;
- iv. Mr. Chan Wai Hei, William was re-appointed Independent Non-Executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company for a further term of three years commencing from 1 September 2015 when his current term of office expires at an annual remuneration of HK\$150,000 plus allowances for attending meetings; and
- v. Mr. Shium Soon Kong was re-appointed Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company for a further term of three years commencing from 1 September 2015 when his current term of office expires at an annual remuneration of HK\$150,000 plus allowances for attending meetings.

The appointment between the Company and each of the Directors may be terminated by either side on no less than one month's notice. All Directors are subject to retirement by rotation and re-election by the shareholders of the Company in accordance with the articles of association of the Company.



## Other Information *(continued)*

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

Due to increased business commitment on his own business, Mr. Chan Chi Yu did not seek for re-election as an independent non-executive director of eprint Group Limited (stock code: 01884) upon his retirement by rotation at the annual general meeting of eprint Group Limited held on 3 August 2015.

Apart from the above and save as disclosed in the section headed "Re-appointment of Directors", there has been no change in the information of Mr. Zhang Xu, Ms. Que Dong Wu, Mr. Chan Chi Yu, Mr. Chan Wai Hei, William and Mr. Shium Soon Kong since the date of the issuance of the annual report of the Company for the year ended 31 December 2014, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

In addition, there has been no change in the information of Ms. Law since the date of issuance of the Company's circular dated 17 April 2015, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2015, the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO (the "Register"), or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

#### (a) Interests in an associated corporation, China Vanke

Name of Director	Type of shares	Number of ordinary shares held					Number of underlying shares held under equity derivatives (Note 1)	Total Interests	Percentage of issued share capital (Note 2)
		Interest held as beneficial owner	Interest held by spouse	Interest held by controlled corporations	Other interests				
Zhang Xu	A shares	679,039	–	–	–	225,000	904,039	0.01%	
Que Dong Wu	A shares	1,350,700	–	–	–	–	1,350,700	0.01%	
Chan Chi Yu	A shares	1,130,000	–	–	–	–	1,130,000	0.01%	
	H shares	–	–	500,203	–	–	500,203	0.04%	

Notes:

1. These represented interests in share options granted by China Vanke to its directors and employees as beneficial owners, details of which are set out in the sub-section (b) headed "Underlying shares in China Vanke".
2. The total number of ordinary A shares of China Vanke in issue as at 30 June 2015 was 9,733,102,632 and the total number of ordinary H shares of China Vanke in issue as at 30 June 2015 was 1,314,955,468. 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.

## Other Information *(continued)*

### DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES *(continued)*

#### (b) Underlying shares in China Vanke

Pursuant to a share option scheme of China Vanke adopted on 25 April 2011 (the "China Vanke Share Option Scheme"), senior management and key staff of China Vanke and its subsidiaries (the "China Vanke Group") were granted options at nil consideration to subscribe for an aggregate of 110,000,000 A shares of China Vanke. Each option gives the holder the right to subscribe for one A share of China Vanke.

Details of the outstanding options granted to the Directors under the China Vanke Share Option Scheme as at 30 June 2015 were as follows:

<u>Name of Director</u>	<u>Exercise period</u>	<u>Exercise price</u>	<u>Number of entitled shares</u>
		RMB	
Zhang Xu	19 September 2014 to 24 April 2016	8.07	225,000

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 2015, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a business partnership scheme adopted by China Vanke in 2014, certain employees of the China Vanke Group have been admitted as business partners entrusting part of their bonuses into a collective account for investment management by Shenzhen Yang'an Financial Advisory Limited, including the introduction of leveraged finance for investment. All business partners in the scheme have undertaken that the collective bonus 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 bonus to China Vanke, and before the payment of principal and interest of loans. Details of the scheme rules are set out in a letter of authorisation and undertaking executed by all business partners. Mr. Zhang Xu and Ms. Que Dong Wu are beneficiaries in the scheme.

Save for the above and the China Vanke Share Option Scheme, 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 to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

## Other Information *(continued)*

### SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO (the "Register") shows that as at 30 June 2015 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 ordinary shares in which the shareholder is interested	Percentage of shareholding
China Vanke <i>(Notes 1 and 3)</i>	Long position	Held by controlled corporations	194,763,966	75.0%
CITIC Securities Company Limited <i>(Notes 2 and 3)</i>	Long position	Held by controlled corporations	46,834,080	12.02%

Notes:

- As recorded in the Company's Register, the 194,763,966 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited ("Wkland Investments"), which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of Vanke Property (Hong Kong) Company Limited ("Vanke HK"). Vanke HK 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 Company's Register, CITIC Securities Company Limited was deemed to be interested in 46,834,080 ordinary shares of the Company under the SFO as at 30 June 2015, which comprised 24,483,000 existing shares held by CSI Capital Management Limited ("CSICM"), 12,241,500 rights shares (representing CSICM's entitlement under the Rights Issue) and 10,109,580 rights shares being underwritten by CLSA Limited ("CITIC CLSA"). CSICM is a direct wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a direct wholly-owned subsidiary of CITIC Securities Company Limited. CITIC CLSA is an indirect wholly-owned subsidiary of CITIC Securities Company Limited.
- Upon completion of the Rights Issue, the number of ordinary shares in which China Vanke is interested has been increased to 292,145,949, representing 75% of the existing issued share capital of the Company, whereas the number of ordinary shares in which CITIC Securities Company Limited is interested has been decreased to 30,080,000, representing 7.7% of the existing issued share capital of the Company.

### DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 28 December 2012, WK Property Financial Limited ("WKPFPL") as borrower and a bank as lender entered into a facility agreement (the "WKPFPL Facility Agreement") pursuant to which term and revolving loan facilities of up to an aggregate amount of HK\$600 million (the "WKPFPL Facilities") with a final maturity date falling three years after the date of the WKPFPL Facility Agreement were provided by the bank for the purpose of financing the general working capital requirements of the members of the Group. Pursuant to a guarantee executed by the Company in favor of the bank for the provision of the WKPFPL Facilities, the Company covenanted that Vanke HK would own at least 51% of beneficial interest in the issued share capital of Future Best Developments Limited ("Future Best") throughout the life of the WKPFPL Facilities. Future Best is a wholly-owned subsidiary of the Company and holds the entire issued share capital of WKPFPL. Failure to comply with this covenant will result in an event of default under the WKPFPL Facility Agreement.

## Other Information *(continued)*

### DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2015, the aggregate of amount of financial assistance provided by the Group to Ultimate Vantage, an affiliated company of the Company as defined under the Listing Rules, by way of shareholder's loans and guarantees given for facilities granted to Ultimate Vantage amounted to HK\$1,386 million, which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the relevant advances to Ultimate Vantage as at 30 June 2015 are as follows:

	Note	HK\$ million
Amounts due from Ultimate Vantage — non-current portion	(a)	426
Guarantee for loan facilities of Ultimate Vantage	(b)	960
Total		1,386

Notes:

- (a) *The balance is unsecured, interest-bearing at HIBOR plus 2.2% per annum, has no fixed terms of repayment, and is expected to be recovered after one year.*
- (b) *The loan facilities are secured by, inter alia, guarantees provided by the Company and the other joint venture partner on a several basis and in proportion to their respective shareholding interest in Ultimate Vantage. The loan facilities carry interest at normal commercial rate agreed after arm's length negotiations with the lenders concerned. The final maturity date of the loan facilities is the earlier of 29 June 2019 or the date falling six months after the issuance of the certificate of compliance in respect of the property development project undertaken by Ultimate Vantage.*

The statement of financial position of Ultimate Vantage as at 30 June 2015 and the Group's attributable interest therein are set out below.

	Note	Statement of financial position of Ultimate Vantage HK\$million	Group's attributable interest HK\$million
Current assets		4,051	810
Current liabilities		(21)	(4)
Loans due to shareholders — non-current portion	(a)	(2,245)	(426)
Other non-current liabilities		(1,768)	(354)
Net assets		17	3

Note:

- (a) *The balance is unsecured, interest-bearing at HIBOR plus 2.2% per annum, has no fixed terms of repayment, and is expected to be repaid after one year.*

### PUBLICATION OF INTERIM REPORT

The interim report in both English and Chinese is available in printed form and 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). 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](mailto:vankeoverseas.ecom@computershare.com.hk).