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Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

2015 Annual Report

This annual report is printed on environmentally friendly paper

Contents

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, Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhang Xu, aged 52, was appointed Executive Director of Vanke Property (Overseas) Limited (the "Company" and together with its subsidiaries, the "Group") in July 2012. He is also a member of the Nomination Committee of the Company and a director of certain subsidiaries of the Group. Mr. Zhang joined China Vanke Co., Ltd. ("China Vanke"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), in November 2002. He is currently an Executive Vice President and the Chief Operating Officer of China Vanke. Mr. Zhang is also a director of Vanke Property (Hong Kong) Company Limited ("Vanke HK"), an intermediate holding company of the Company. Mr. Zhang has approximately 20 years of experience in real estate business. He obtained a bachelor's degree in Industrial and Civil Construction from Hefei University of Technology in the PRC in August 1984 and a part-time Professional Master of Business Administration from the Troy State University, United States in June 2001.

Ms. Que Dong Wu, aged 49, was appointed Executive Director of the Company in July 2012. She is also a member of the Remuneration Committee of the Company and a director of certain subsidiaries of the Group. Ms. Que joined China Vanke, a substantial shareholder of the Company within the meaning of Part XV of the SFO, in May 1993 and is currently a Vice President of China Vanke and the Managing Director of the Hong Kong Division of China Vanke responsible for managing China Vanke's overseas financing and investment platforms. She is also the Managing Director of Vanke HK, an intermediate holding company of the Company. Ms. Que has over 15 years of experience in corporate finance and real estate investment. She graduated from Fudan University, PRC in July 1999 with a Master of Economics.

NON-EXECUTIVE DIRECTOR

Mr. Chan Chi Yu, aged 61, was appointed Non-Executive Director of the Company in July 2012. He is also a member of the Audit Committee of the Company. Mr. Chan was a director of China Vanke, a substantial shareholder of the Company within the meaning of the Part XV of the SFO, from May 1997 to April 2008 and has become a consultant of China Vanke since April 2008. He was an independent non-executive director of eprint Group Limited (stock code: 01884) for the period from 13 November 2013 to 3 August 2015. Mr. Chan has received various training in accounting, business administration, corporate governance and security brokerage. He is a fellow member of The Hong Kong Institute of Directors, a full member of The Hong Kong Management Association and also an affiliated member of The Association of International Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Hei, William, aged 58, was appointed Independent Non-Executive Director of the Company in September 2012. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Chan has over 30 years of experience in accounting and finance. He has been working for Messrs. Li, Tang, Chen & Co., Certified Public Accountants (Practicing) since June 1980 and has been admitted as a partner from April 1989. Mr. Chan graduated from Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) in July 1980 with a Diploma in Accounting. Mr. Chan was the President of The Hong Kong Institute of Accredited Accounting Technicians Limited (which is a wholly-owned subsidiary of the Hong Kong Institute of Certified Public Accountants) from 1992 to 1995. Mr. Chan is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Institute of Chartered Accountants in England and Wales, a member of The Society of Chinese Accountants and Auditors of Hong Kong, a fellow member of The Association of Chartered Certified Accountants, a fellow member of The Taxation Institute of Hong Kong and a fellow member of The Hong Kong Institute of Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Ms. Law Chi Yin, Cynthia, aged 50, was appointed Independent Non-Executive Director of the Company in May 2015. She is also the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Ms. Law has over 27 years of experience in banking and finance. Ms. Law joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in 1987 and worked there until her recent retirement as the Managing Director and Deputy Head of Global Banking of HSBC, China in August 2014. Ms. Law is a veteran banker possessing banking, capital markets and management experience across HSBC's key global businesses including retail banking and wealth management, commercial banking, global trade and receivable finance and had, since 1996, been specialized in global banking and markets in Mainland China. She is currently an adviser to JL Capital Pte. Ltd., a fund management company licensed by the Monetary Authority of Singapore, in relation to their China related investments. Ms. Law graduated from the University of Toronto with a double major degree in Computer Science for Data Management and Commerce. She is a chartered financial analyst.

Mr. Shium Soon Kong, aged 61, was appointed Independent Non-Executive Director of the Company in September 2012. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Shium has over 30 years of experience in real estate investment and operations. Mr. Shium started his career with Singapore's public housing authority, the Housing and Development Board. He was a Principal Officer in its Estates & Lands Division when he left in 1995. In the same year, he joined Pidemco Land Limited (the predecessor of CapitaLand Limited) as Vice President until early 1999. He subsequently joined Xin Rou Properties Pte. Ltd., a Singapore real estate company, as the director for its real estate investment portfolio from 1999 to 2001. Mr. Shium was the Senior Vice President in GIC Real Estate Pte. Ltd. from 2001 to 2008; and was the President of Ping An Real Estate Co., Ltd. from January 2009 till early 2012. Currently, he is a director of Thong Ching Pte. Ltd., an investment company in Singapore, and a director of Man Won Company Limited, an investment company registered in Hong Kong. He is also the director for business development in Raffles Medical Group, an integrated medical and healthcare company registered in Singapore and listed on the Singapore Exchange (SGX). Mr. Shium obtained a Bachelor of Science Honours Degree in Estate Management from The University of Singapore (the predecessor of National University of Singapore) in May 1979 and a Master of Science Degree in Urban Land Appraisal from University of Reading in the United Kingdom in December 1982.

SENIOR MANAGEMENT

Mr. Luk Chi Chung, Peter, aged 51, is the Chief Financial Officer and the Company Secretary of the Company, responsible for the finance and company secretarial matters as well as the rental operation of the Group. Mr. Luk joined the Company as the Chief Financial Officer in June 2008, left in July 2012 and was employed by Vanke HK as the Chief Financial Officer of the Company in November 2012. He was further appointed as the Company Secretary of the Company in December 2013. He has over 28 years of experience in the accounting field. He obtained a Bachelor Degree in Mathematics from The University of Hong Kong in November 1986 and a Master's Degree in Business Administration from the Australian Graduate School of Management in June 2001. Mr. Luk is a fellow member of the Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, The Taxation Institute of Hong Kong, The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Directors.

Management Discussion and Analysis

BUSINESS REVIEW

The Group's revenue is derived from the leasing of units and car parking spaces in Regent Centre. Revenue for the year was HK$89.1 million (2014: HK$85.8 million), representing an increase of 4%. The increase was mainly due to increase in passing rent for the units in Regent Centre.

The Group's investment in Regent Centre was fair valued at HK$1,619.9 million as at 31 December 2015 (31 December 2014: HK$1,494.2 million), resulting in a fair value gain of HK$125.7 million for the year (2014: HK$109.5 million). Excluding the change in fair value of Regent Centre, the Group's underlying profit for the year was HK$36.0 million (2014: HK$28.0 million), representing an increase of 29%. The increase was mainly due to increase in gross profit from operations and savings 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 64% of the total gross floor area in Regent Centre.

During the year, the Group renewed a majority of the leases at a positive rental reversion. Occupancy of the Property was maintained at a high level of 93% as at 31 December 2015 (31 December 2014: 95%) against an increase in monthly passing rent to HK$9.2 per square foot as at 31 December 2015 (31 December 2014: HK$8.7 per square foot). Apart from the monthly rent, the tenants are responsible for payment of property management fee to the landlord, which income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of Regent Centre was HK$89.1 million (2014: HK$85.8 million).

Gross profit from operation increased to HK$68.9 million (2014: HK$66.0 million), as a result of the increase in revenue and a slightly improved cost of services to revenue ratio of 22.6% (2014: 23.1%). During the year, there was a higher proportion of new leases being entered resulting in a higher commission paid to a property agent.

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses but before change in fair value of the Property amounted to HK$66.3 million for the year (2014: HK$65.1 million).

Property development

The Group's property development activities are represented by investment in Ultimate Vantage Limited ("Ultimate Vantage"), a 20% associate of the Group. Ultimate Vantage is a special purpose vehicle established for the development of the West Rail Tsuen Wan West Station TW6 Property Development Project (the "TW6 Project") in January 2013. 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 size of 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. As at the date hereof, the construction of the TW6 Project has proceeded to the superstructure stage. Ultimate Vantage will soon make an application for pre-sale of the project. Based on current progress, it is expected that the project can be completed in 2018.

The Group's total investment in the TW6 Project amounted to HK$459.0 million as at 31 December 2015 (31 December 2014: HK$429.4 million). The increase was due to advances of HK$50.6 million for financing the property development expenditure in the TW6 Project less repayment of HK$21.0 million from the loan proceeds generated from drawdown of banking facilities in Ultimate Vantage.

There is no profit contribution from the TW6 Project for the time being. Segment loss, as a result of the Group's share of loss in Ultimate Vantage, was negligible in both years.

BUSINESS REVIEW *(continued)*

Head Office and corporate expenses

Head Office and corporate expenses, net of unallocated income, were HK$9.9 million in the year (2014: HK$9.9 million).

Finance costs, net

In June 2014, Ultimate Vantage obtained banking facilities to finance the development of the TW6 Project. The drawdown and distribution of the land tranche of the facilities by Ultimate Vantage to its shareholders provided funding to the Group in July 2014 to repay the interest-bearing advance of HK$150 million owed to Vanke HK and to reduce the Group's bank borrowings by HK$190 million. Finance costs for the year reduced to HK$12.4 million (2014: HK$17.9 million), representing a decrease of 31%.

Net proceeds generated from the Rights Issue (as hereinafter defined) have been placed with banks to earn interest income since August 2015. Finance income for the year amounted to HK$1.5 million (2014: HK$1,000).

FINANCIAL REVIEW

Rights issue

As announced on 25 June 2015, the Group proposed to raise HK$1,043.9 million before expenses by issuing 129,842,644 rights shares at a subscription price of HK$8.04 per rights share (the "Rights Issue"). Qualifying shareholders were provisionally allotted one rights share for every two shares of the Company held on the record date as at 13 July 2015. Wkland Investments Company Limited (an indirect wholly-owned subsidiary of China Vanke) and CSI Capital Management Limited (an indirect wholly-owned subsidiary of CITIC Securities Company Limited) severally and irrevocably undertook to subscribe for or procure subscriptions for their entitlements to the Rights Issue of 109,623,483 rights shares. The remaining 20,219,161 rights shares were underwritten by CLSA Limited and Credit Suisse (Hong Kong) Limited. The Rights Issue was oversubscribed by 732,011 rights shares and completed on 5 August 2015. Total expenses for the Rights Issue amounted to HK$11.7 million.

The net proceeds from the Rights Issue of HK$1,032.2 million was originally intended to be applied for acquiring a property under development located in the Wan Chai district of Hong Kong from China Vanke (the "Potential Acquisition"). After amicable negotiations, the Company and China Vanke did not reach an agreement to the proposed terms and conditions of the Potential Acquisition. As a result, the Board has resolved not to proceed with the Potential Acquisition for the time being and to apply the remaining net proceeds of the Rights Issue, being HK$709.2 million after applying HK$323.0 million of the total net proceeds for repayment of the outstanding bank loan on 28 December 2015, for financing other property acquisition opportunities.

For details, please refer to the Company's announcements dated 25 June 2015, 3 July 2015, 4 August 2015, 24 December 2015 and 13 January 2016 and the Company's prospectus dated 14 July 2015.

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to HK$2,738.5 million as at 31 December 2015 (31 December 2014: HK$1,552.4 million). The increase was mainly due to the increase in equity of HK$1,032.2 million as a result of the Rights Issue and the profit for the year of HK$161.7 million less 2014 final dividend of HK$7.8 million.

The Group had no interest-bearing debts as at 31 December 2015 (31 December 2014: HK$333.0 million). The decrease was mainly due to application of part of the net proceeds from the Rights Issue to repay in full the outstanding bank loan on 28 December 2015.

FINANCIAL REVIEW *(continued)*

Liquidity and financial resources *(continued)*

The Group had no gearing as at 31 December 2015. As at 31 December 2014, the Group's net borrowings, being total interest-bearing debts of HK$333.0 million less bank balances and cash of HK$12.0 million, was HK$321.0 million. This translated into a gearing ratio of 21% as at 31 December 2014, calculated as a percentage of net borrowings of HK$321.0 million to equity attributable to shareholders of the Company of HK$1,552.4 million.

The Group had available cash resources of HK$715.7 million as at 31 December 2015 (31 December 2014: HK$262.0 million, comprising bank balances and cash of HK$12.0 million and undrawn banking facilities of HK$250.0 million), of which HK$709.2 million was earmarked for property acquisition purpose. The Group's investment properties, which are debt free for the time being, can be leveraged into additional cash resources as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

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 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.

Capital commitments

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

Contingent liabilities and financial guarantees

The Group had a contingent liability of HK$960.0 million as at 31 December 2015 (31 December 2014: HK$960.0 million) in respect of a corporate guarantee given in favor of the banking facilities of Ultimate Vantage (the "TW6 Loan Facilities"). The corporate guarantee was given on a several basis and in proportion to the Group's shareholding interest of 20% in Ultimate Vantage.

Out of the total TW6 Loan Facilities of HK$4,800.0 million, HK$1,822.3 million (31 December 2014: HK$1,717.3 million) was utilised by Ultimate Vantage as at 31 December 2015.

Pledge of assets

The all-monies mortgage created over the Property together with other loan collaterals are in the course of being discharged, following repayment of the outstanding bank loan on 28 December 2015.

As at 31 December 2014, the Property with a carrying value of HK$1,494.2 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 and associates during the year.

FINANCIAL REVIEW *(continued)*

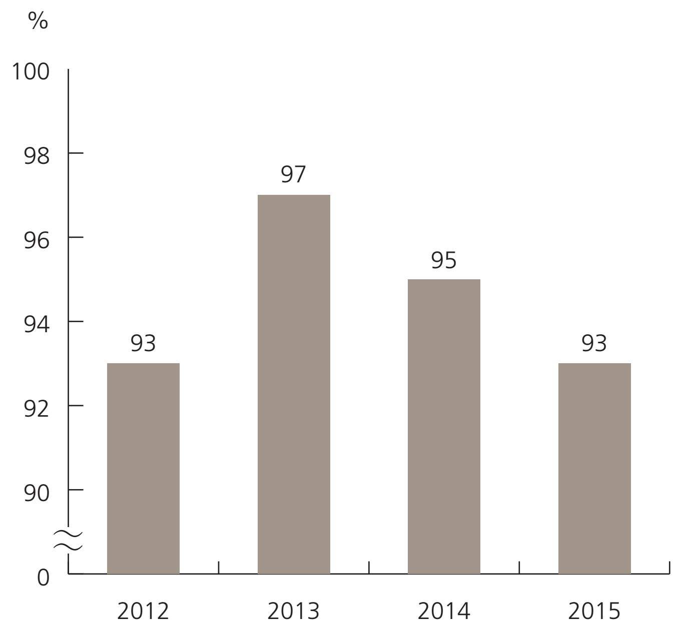
Key performance indicators ("KPIs")

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

(i) Occupancy rate of the Property

- Definition and calculation: Occupancy rate is a measure of leasing performance. It is defined as gross floor area that have been rented out as a percentage of total gross floor area available for renting.
- Purpose: Occupancy rate is a key driver in maintaining revenue.
- Source of underlying data: Internal company data.
- Quantified KPI data: The graph below shows the year-end occupancy rate of the Property since the change of controlling shareholder of the Company in July 2012 (the "Relevant Period") — 2012: 93%; 2013: 97%; 2014: 95%; 2015: 93%.

Occupancy rate



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

(ii) Passing rent of the Property

- Definition and calculation: Passing rent is another measure of leasing performance. It is defined as the average rental rate of existing tenancies weighted by gross floor area.
- Purpose: Passing rent is a key driver in achieving revenue growth.
- Source of underlying data: Internal company data.

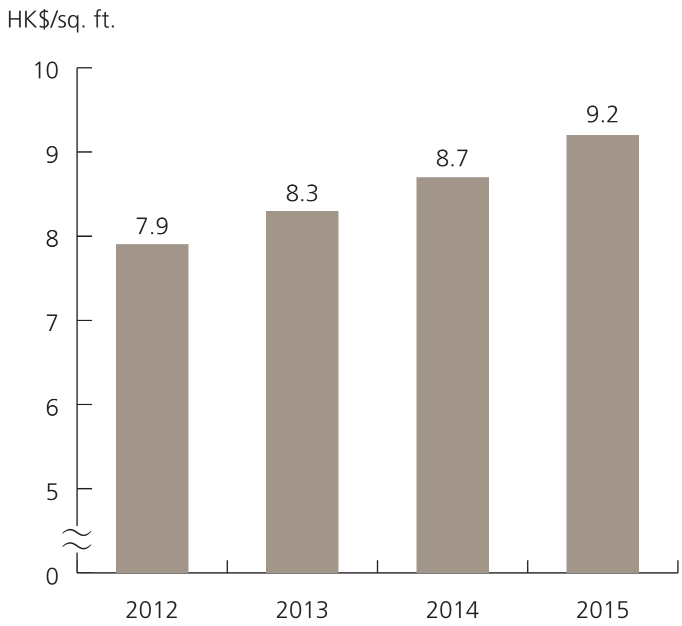
FINANCIAL REVIEW *(continued)*

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

(ii) Passing rent of the Property (continued)

- Quantified KPI data: The graph below shows the passing rent of the Property at the end of each financial years during the Relevant Period — 2012: HK$7.9 per sq. ft.; 2013: HK$8.3 per sq. ft.; 2014: HK$8.7 per sq. ft.; 2015: HK$9.2 per sq. ft.

Passing rent



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

(iii) Cost of services to revenue ratio

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

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

- Source of underlying data: Figures from the financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

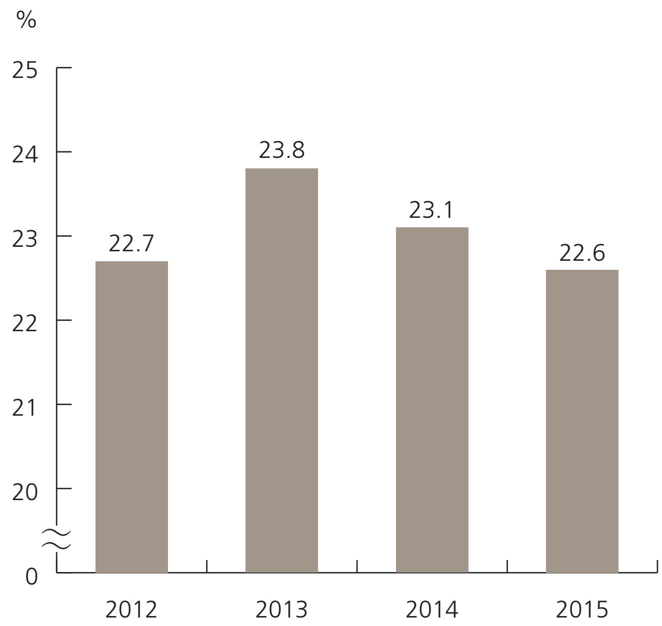
FINANCIAL REVIEW *(continued)*

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

(iii) Cost of services to revenue ratio (continued)

- Quantified KPI data: The graph below shows the cost of services to revenue ratio for the Property during the Relevant Period — 2012: 22.7%; 2013: 23.8%; 2014: 23.1%; 2015: 22.6%.

Cost of services to revenue ratio



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

(iv) Gearing ratio

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

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

- Source of underlying data: Figures from the financial statements prepared in accordance with HKFRSs.

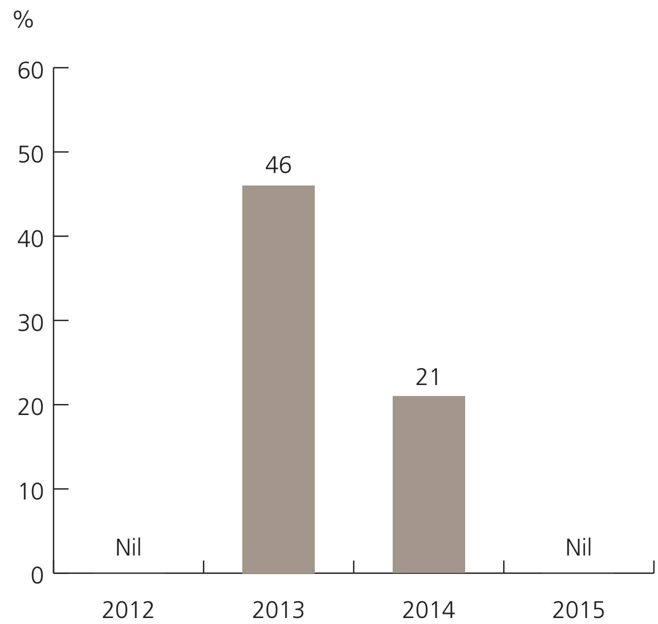
FINANCIAL REVIEW *(continued)*

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

(iv) Gearing ratio (continued)

- Quantified KPI data: The graph shows below the gearing ratio of the Group at the end of each financial years during the Relevant Period — 2012: nil; 2013: 46%; 2014: 21%; 2015: nil.

Gearing ratio



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

(v) Return on equity

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

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

- Source of underlying data: Figures from the financial statements prepared in accordance with HKFRSs.

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

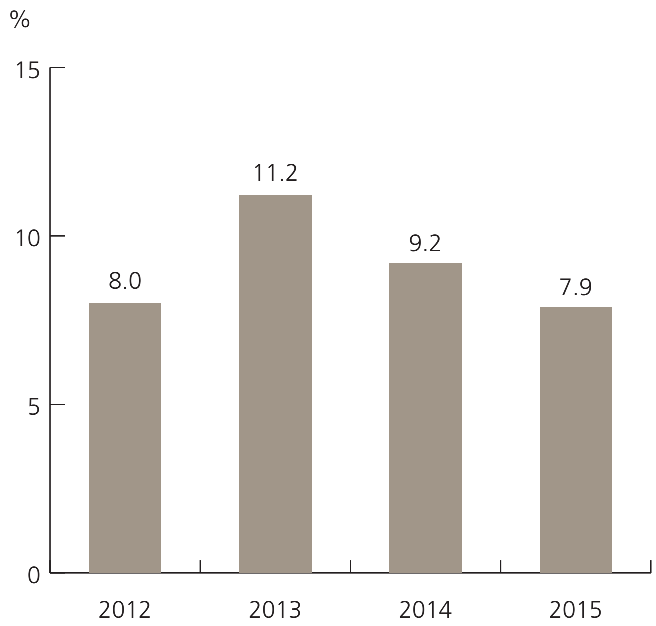
FINANCIAL REVIEW *(continued)*

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

(v) *Return on equity* *(continued)*

- Quantified KPI data: The graph shows below the return on equity of the Group at the end of each financial years during the Relevant Period — 2012: 8.0%; 2013: 11.2%; 2014: 9.2%; 2015: 7.9%.

Return on equity



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

Principal risks and uncertainties

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

(i) *Economic conditions and property market in Hong Kong*

The Group's revenue and operating profit are solely derived from the leasing of the Property in Hong Kong. As a result, the performance of the Group is susceptible to the economic conditions in Hong Kong, particularly the performance of the property market. Any adverse changes in the social, political, economic and legal environments in Hong Kong, unfavorable government policies on the property market, increase in supply of properties, global financial crisis or interest rate hikes may adversely affect the Hong Kong property market. These are beyond the control of the Group and, may adversely affect the revenue and profitability of the Group and thus the value of the Property.

The Group has a property development project in Hong Kong through its investment in an associate. The associate will soon apply for pre-sale of the project. Any adverse development in the Hong Kong property market may adversely affect the timing of launch of the project, its profitability and return to shareholders. Impairment on the Group's interest in the associate may also be required if the carrying value of the investment exceeds its recoverable amount.

FINANCIAL REVIEW *(continued)*

Principal risks and uncertainties *(continued)*

(ii) Business partners

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

The Group relies on the joint venture partner in the management of its property development project in Hong Kong. However, there can be no assurance on the performance of the joint venture partner. Any unsatisfactory performance of the partner and the contractors may potentially lead to construction cost overrun, project delay, drop in profitability of the project, resulting in an adverse impact on investment return and perhaps a diminution in value of the Group's investment in the associate.

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

(iii) Mergers and acquisitions

The Group has remaining net proceeds of the Rights Issue of HK$709.2 million for property acquisition. However, there can be no assurance that the Group will identify the right target at the right timing and at the right price. Although due diligence and detailed analyses will be conducted, there is always a risk that not all hidden problems and potential liabilities can be identified. Valuation of the target conducted by the Group or its professionals is based on numerous assumptions and there can be no assurance that the assumptions are complete, accurate, and appropriate and will not change over time.

(iv) Financial resources to fund property acquisitions

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

(v) Staff continuity

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

FINANCIAL REVIEW *(continued)*

Principal risks and uncertainties *(continued)*

(vi) Reputation risk

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

(vii) Competing interests

At present, China Vanke has two investment platforms for its property businesses in Hong Kong, namely (a) the Group, in which China Vanke has an indirect shareholding interest of 75%, and (b) Vanke HK, in which China Vanke has an indirect shareholding interest of 100%. Both Mr. Zhang Xu and Ms. Que Dong Wu, Executive Directors of the Company, are executives of China Vanke and also directors of Vanke HK. Mr. Chan Chi Yu, a Non-executive Director of the Company, is a consultant of China Vanke. As a result, the Group and Vanke HK may compete with each other in their property businesses in Hong Kong.

The Group has formulated a risk management policy in response to the amendments to the Corporate Governance Code requirements regarding internal control. A risk management system has been established to provide the Board of Directors and the management an effective oversight of the risks the Group is facing, promote accountability across the organisation and ensure efficient controls are in place to mitigate the top risks the Group is facing.

Environmental policies

The Group is committed to improve its corporate responsibility and green credentials. As such, it has formulated an environmental policy embodying the following:

(i) To comply with all applicable environmental laws in conducting the Group's businesses.

(ii) To take into consideration environmental friendliness of tenants or prospective tenants in renting the Group's premises.

(iii) To undertake property development projects in such manner which is conducive to environmental protection and to obtain environmental certification such as China GBL, BEAM, LEED and other green building labels, where practicable.

(iv) To favor consultants, contractors, suppliers and business partners who follow environmentally-friendly practices in providing their design, services and products.

(v) To adopt green measures in the Group's daily operations, where practicable.

(vi) To promote environmental awareness among the Group's key stakeholders, including tenants, business partners, shareholders and staff.

(vii) To update the staff's knowledge on environmental issues through continuous training and education.

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

FINANCIAL REVIEW *(continued)*

Compliance with laws and regulations

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

Relationship with suppliers, customers and employees

Suppliers

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

Customers

The tenants in Regent Centre are the Group's key customers. The Group is committed to provide quality services to its customers. During the year, the Group maintained active dialogue with the Property Managers and the Estate Manager and ensure the well-being of the Group's tenants in Regent Centre were properly taken care of. Going forward, the Group will develop more communication channels with its tenants and conduct a satisfaction survey, if required, on the potential areas for improvement.

Employees

The Group values its employees and encourages its staff to achieve a good work-life balance. Staff turnover rate was 20% in 2015 (2014: 43%). The average length of services of the employees in the Group, since the change of controlling shareholder of the Company to China Vanke in July 2012, was 2 years (31 December 2014: 1.3 years) as at 31 December 2015.

EMPLOYEES AND REMUNERATION POLICY

The Group had four employees as at 31 December 2015 (31 December 2014: four), comprising the Chief Financial Officer and Company Secretary of the Company and his assistants in the finance and company secretarial department. Total staff costs (including directors' emoluments) amounted to HK$5.6 million in the year (2014: HK$5.6 million).

Vanke HK provides administrative and management support to the Group on a cost basis. During the year, total fee payable to Vanke HK reduced to HK$1.3 million (2014: HK$1.7 million), as a result of a lower rent charged by Vanke HK for occupation of office space.

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.

OUTLOOK

The market conditions in Hong Kong are expected to be challenging in 2016, amid the concerns on the global economic outlook, turbulent oil prices and possible interest rate hikes in the United States. These negative factors have triggered a sell-off of equities across the globe since the third quarter of 2015 and driven down the price of the local residential properties from its height in September 2015. A majority of the Group's tenants are involved in the export sector and, undoubtedly the muted world trade demand and a stronger Hong Kong dollar will weigh against their businesses. The Group is vigilant about such challenges and will use its best endeavors to attract tenants from the outside district and to retain the existing tenants, where practicable. The Group will also work in conjunction with the property managers and adopt measures to further increase customer satisfaction in the tenancy and property management affairs in Regent Centre. Despite the negative headwinds in the market, the Group remains confident on the leasing performance of Regent Centre and will strive to maintain high occupancy rate and passing rent in the property in 2016.

In June 2015, the Group announced a one-for-two rights issue at a subscription price of HK$8.04 per rights share. The subscription price represented a premium of 34% to the consolidated net asset of the Company of HK$5.98 per share as at 31 December 2014. The rights issue was 101% subscribed, despite the deteriorated market condition after the outbreak of the Greece crisis, and raised net cash of HK$1,032.2 million for property acquisition and loan repayment purpose. While the opportunity to buy a property under development in the Wan Chai district of Hong Kong fell through, the Directors believe that the recent correction of the property price in Hong Kong may present more property acquisition opportunities for the Company in the near future. The Directors will exercise due care in considering such opportunities and invest the remaining rights issue proceeds of HK$709.2 million in a prudent manner.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.03 per share (2014: HK$0.03 per share). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 13 May 2016 (the "2016 AGM"), the final dividend will be payable to the shareholders on or about 31 May 2016.

On behalf of the Board

Zhang Xu
Director

Hong Kong, 1 March 2016

Report of the Directors

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The names, particulars and principal activities of its subsidiaries are set out on page 78 of the Annual Report.

BUSINESS REVIEW

A discussion and analysis of the Group's performance, including a discussion of the principal risks and uncertainties facing the Group, can be found in the Management Discussion and Analysis set out on pages 5 to 16 of the Annual Report. The discussion and analysis forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 36 of the Annual Report.

During the board meeting on 1 March 2016, the Directors recommended a final dividend for the year ended 31 December 2015 of HK$0.03 per share totalling HK$11,686,000 (2014: HK$0.03 per share totalling HK$7,791,000), which will be payable on or about 31 May 2016 if approved by the shareholders at the 2016 AGM.

PRE-EMPTIVE RIGHTS

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

SHARE CAPITAL

During the year, the Company issued and allotted 129,842,644 new shares at a consideration of HK$8.04 each pursuant to a one-for-two rights issue announced on 25 June 2015. The consideration received from the rights issue, net of expenses, amounted to HK$1,032.2 million and provided funding to the Group for acquisition of a property under development in Hong Kong and, failing which, for repayment of bank borrowings of the Group with the balance for property acquisition purpose. Details of the movements in share capital of the Company during the year are set out in note 21(b) to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 38 of the Annual Report and note 21(a) to the financial statements respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the balance in the share premium account is distributable. Accordingly, total distributable reserves of the Company amounted to HK$1,385,761,000 as at 31 December 2015.

CHARITABLE DONATIONS

No charitable donations was made by the Group during the year.

DIRECTORS

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

Executive Directors

Zhang Xu
Que Dong Wu

Non-Executive Directors

Chan Chi Yu
Wang Wen Jin (resigned on 11 March 2015)

Independent Non-Executive Directors

Chan Wai Hei, William
Law Chi Yin, Cynthia (appointed on 22 May 2015)
Shium Soon Kong
Chung Wai Sum, Patrick (resigned on 22 May 2015)

Mr. Wang Wen Jin resigned as a Non-Executive Director with effect from 11 March 2015 owing to his other work commitments.

Mr. Zhang Xu and Mr. Chung Wai Sum, Patrick retired pursuant to Article 116 of the Company's Articles of Association at the annual general meeting of the Company held on 22 May 2015 (the "2015 AGM"). Mr. Zhang Xu was re-elected as an Executive Director at the 2015 AGM. Mr. Chung Wai Sum, Patrick, owing to his desire to devote more time to his personal endeavours, did not offer himself for re-election.

Ms. Law Chi Yin, Cynthia was appointed as an Independent Non-Executive Director at the 2015 AGM to fill up the vacancy in the Board arising from the resignation of Mr. Chung Wai Sum, Patrick.

On 23 July 2015, the Board resolved to re-appoint the following Directors upon their expiration of office:

(i) Mr. Zhang Xu as an Executive Director for a further term of not exceeding three years commencing from 24 July 2015;

(ii) Ms. Que Dong Wu as an Executive Director for a further term of not exceeding three years commencing from 24 July 2015;

(iii) Mr. Chan Chi Yu as a Non-Executive Director for a further term of three years commencing from 24 July 2015;

(iv) Mr. Chan Wai Hei, William as an Independent Non-Executive Director for a further term of three years commencing from 1 September 2015; and

(v) Mr. Shium Soon Kong as an Independent Non-Executive Director for a further term of three years commencing from 1 September 2015.

Pursuant to Article 99 of the Company's Articles of Association, Mr. Zhang Xu, Ms. Que Dong Wu, Mr. Chan Chi Yu, Mr. Chan Wai Hei, William and Mr. Shium Soon Kong will retire by rotation at the 2016 AGM and, being eligible, offer themselves for re-election.

DIRECTORS *(continued)*

Pursuant to Article 116 of the Company's Articles of Association, Ms. Law Chi Yin, Cynthia will retire by rotation at the 2016 AGM and, being eligible, offers herself for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Group are set out on pages 3 to 4 of the Annual Report.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 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, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Interests in an associated corporation, China Vanke

		Number of ordinary shares held						
Name of Director	Type of shares	Interests held as beneficial owner	Interests held by spouse	Interests held by controlled corporations	Other interests	Number of underlying shares held under equity derivatives	Total Interests	Percentage of issued share capital *(Note)*
Zhang Xu	A shares	904,039	–	–	–	–	904,039	0.009%
Que Dong Wu	A shares	1,350,700	–	–	–	–	1,350,700	0.014%
Chan Chi Yu	A shares	530,000	–	–	–	–	530,000	0.005%
	H shares	–	–	500,203	–	–	500,203	0.038%

Note: The total number of ordinary A shares of China Vanke in issue as at 31 December 2015 was 9,736,656,832 and the total number of ordinary H shares of China Vanke in issue as at 31 December 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.

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 approximately 110,000,000 A shares of China Vanke. Each option gives the holder the right to subscribe for one A share of China Vanke.

A summary of the movements of the options granted to the Directors for the year ended 31 December 2015 is as follows:

(i) *Zhang Xu*

	Number of share options					
Exercise price per ordinary share	**As at 1 January 2015**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**As at 31 December 2015**	**Exercisable period**
RMB7.57	450,000	–	225,000	225,000	–	N/A

(ii) *Wang Wen Jin*

Mr. Wang Wen Jin, a former Director, had interests to subscribe for 1,320,000 A shares of China Vanke as at 1 January 2015. He resigned as a Director with effect from 11 March 2015 and, as a result, his beneficial interest in the issued shares of China Vanke, including options to subscribe for A shares of China Vanke, ceased to be notifiable to the Company under the SFO.

All the interests in the shares disclosed under this section represent long position in the shares of the associated corporations of the Company. Save as disclosed herein, as at 31 December 2015, none of the Directors or any of their spouses or children aged under eighteen years of age had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the 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 year was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

SUBSTANTIAL SHAREHOLDERS

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept under section 336 of the SFO (the "Register") shows that as at 31 December 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 shares in which the shareholder is interested	Percentage of shareholding
China Vanke *(Note 1)*	Long position	Held by controlled corporations	292,145,949	75.0%
CITIC Securities Company Limited *(Note 2)*	Long position	Held by controlled corporations	30,080,000	7.72%

Notes:

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

INDEMNITY OF DIRECTORS

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

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

MANAGEMENT CONTRACTS

On 19 July 2013, the Group entered into an agreement with Vanke HK relating to the sharing of administrative services on a cost basis for a period of three years commencing from 1 January 2013, which is terminable by either party on giving no less than one month's notice. Total fees payable by the Group for such services amounted to HK$1,327,000 for the year (2014: HK$1,747,000).

The agreement has been further extended for a period of three years commencing from 1 January 2016 with all other terms and conditions of the agreement remain unchanged.

DIRECTORS' INTERESTS IN CONTRACTS

As disclosed in the section "Management Contracts", the Group entered into a contract with Vanke HK in relation to the sharing of administrative services on a cost basis. The Company is an indirect 75% owned subsidiary of Vanke HK, which in turn is an indirect wholly-owned subsidiary of China Vanke. Mr. Zhang Xu and Ms. Que Dong Wu are directors of Vanke HK and each of them is an executive of and beneficially interested in the issued shares of China Vanke. Mr. Chan Chi Yu is a consultant of and is beneficially interested in the issued shares of China Vanke.

Save as disclosed above, no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

(a) The following Directors are also directors and/or officers of China Vanke as set out in the table below.

Name of Director	Position held in China Vanke
Zhang Xu	Executive Vice President and Chief Operating Officer
Que Dong Wu	Vice President and Managing Director of the Hong Kong Division
Chan Chi Yu	Consultant

The Group is principally engaged in property development and investment businesses in Hong Kong. Vanke HK and its subsidiaries (excluding the Group) are also involved in property business in Hong Kong. As a result, this may constitute competing business between the two groups.

Vanke HK is an indirect wholly-owned subsidiary of China Vanke. Mr. Zhang Xu and Ms. Que Dong Wu, both being executives of China Vanke, are common directors of the Company and Vanke HK. Mr. Chan Chi Yu is a consultant of China Vanke. Mr. Zhang Xu, Ms. Que Dong Wu and Mr. Chan Chi Yu have beneficial interests in the issued shares of China Vanke.

Mr. Chan Wei Hei, William, Ms. Law Chi Yin, Cynthia and Mr. Shium Soon Kong, the Independent Non-Executive Directors, do not participate in the routine business of Vanke HK. The Independent Non-Executive Directors, with the assistance of the Chief Financial Officer and Company Secretary of the Company, exercise due care and skills in ensuring that the Group is capable of carrying on its business at arm's length and independently from Vanke HK.

Save as disclosed above, the Directors did not aware of any other business of China Vanke which competes or is likely to compete, either directly or indirectly, with the Group's business.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 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$1,416 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 31 December 2015 are as follows:

	Note	HK$ million
Amount due from Ultimate Vantage — non-current portion	*(a)*	456
Guarantee for loan facilities of Ultimate Vantage	*(b)*	960
Total		1,416

(a) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate ("HIBOR") plus 2.2% per annum, has no fixed terms of repayment, and is expected to be repaid 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 31 December 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		4,214	843
Current liabilities		(41)	(8)
Loans due to shareholders — non-current portion	*(a)*	(2,379)	(456)
Other non-current liabilities		(1,777)	(355)
Net assets		17	3

(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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year is as follows:

	Sales	Purchases
The largest customer	9.9%	
Five largest customers in aggregate	29.8%	
The largest supplier		73.7%
Five largest suppliers in aggregate		93.2%

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

BANK LOANS AND OTHER BORROWINGS

As announced on 24 December 2015, the Group reallocated part of the proceeds from the rights issue for full repayment of all outstanding bank loans. Given the Group has decided not to pursue for the acquisition for a property under development in Hong Kong as originally intended, the application of the part of the rights issue proceeds for bank loan repayment with the balance for future property acquisition was confirmed by the Board and announced on 13 January 2016. The Group had no outstanding bank loans and other interest-bearing borrowings as at 31 December 2015.

PROPERTIES

Particulars of the properties and property interests of the Group as at 31 December 2015 are set out on page 79 of the Annual Report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 80 of the Annual Report.

AUDITOR

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the 2016 AGM.

On behalf of the Board

Zhang Xu
Director

Hong Kong, 1 March 2016

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 during the year ended 31 December 2015, 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 its 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 year, the Company Secretary reported to the Executive Directors, as there was 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 during the year ended 31 December 2015. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company.

THE BOARD

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

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

The corporate governance duties undertaken by the Board include:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training record and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Board Composition: The Board as now constituted comprises two Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship (if any) among them, are set out on pages 3 to 4 of this Annual Report.

Appointment, re-election and removal of Directors: Each of the Directors has entered into a letter of appointment with the Company for a specific term. His/her directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

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

Independent Non-Executive Directors: The Company has three Independent Non-Executive Directors, representing one-half of the Board. Of whom, Mr. Chan Wai Hei, William possesses the appropriate qualification in accounting. Each of the Independent Non-Executive Directors had confirmed his/her independence with the Stock Exchange and has provided an annual confirmation of his independence to the Company. Based on the Nomination Committee's assessment, the Board considers that all the existing Independent Non-Executive Directors are independent.

Board Meetings: Regular meetings are scheduled in advance to facilitate the maximum attendance. Four board meetings were held during the year ended 31 December 2015 and the attendance of each Director is set out in the section "Attendance at Meetings" of this report. Another board meeting was held on 1 March 2016 for the purpose of, amongst other things, approving the Group's audited financial statements and announcement of results and recommending a final dividend for the year ended 31 December 2015.

INDUCTION, UPDATES AND TRAINING

Each newly appointed Director will be given an induction regarding the businesses and operation of the Group as well as their duties and responsibilities under the relevant rules and regulations. Monthly updates are provided to the Directors for the purpose of giving them a balanced and understandable assessment of the Group's performance, position and prospects.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. Each Director is required to submit his/her training record to the Company on an annual basis. The Company Secretary also provides the Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. A summary of training record received by the Directors for the year ended 31 December 2015 is set out as follows:

Name of Director	Reading materials and/or updates relating to corporate governance and businesses of the Group	Attending training courses, seminars and/or forums	Receiving briefings from the Chief Financial Officer and the Company Secretary
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	✓	✓	✓

REMUNERATION OF DIRECTORS

Details of the remuneration of Directors, including those who have resigned during the year, are set out in note 8 to the financial statements.

Principles of Remuneration Policy:

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

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

Remuneration of Executive Directors: Each of the Executive Directors received a fee of HK$200,000 per annum for being a director of the Company. No other remuneration is payable to the Executive Directors for the time being.

Remuneration of Non-Executive Directors, including the Independent Non-Executive Directors: Each of the Non-Executive Directors received a fee of HK$150,000 per annum for being a director of the Company. Apart from Mr. Wang Wen Jin, all Non-Executive Directors are entitled to an allowance of HK$10,000 for attending each meeting. No other remuneration is payable to the Non-Executive Directors for the time being.

Remuneration Committee: The Company established a Remuneration Committee with written terms of reference on 1 April 2005. The current committee is chaired by Mr. Shium Soon Kong, an Independent Non-Executive Director, and comprising a majority of the Independent Non-Executive Directors. The other members of the committee are Mr. Chan Wai Hei, William, an Independent Non-Executive Director, and Ms. Que Dong Wu, an Executive Director.

The principal duties and functions of the Remuneration Committee are:

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

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

The Remuneration Committee held one meeting in March 2015:

- to review the Company's policy and structure for all Directors' and senior management's remuneration; and
- to determine the specific remuneration packages of all Directors and senior management for the year ended 31 December 2015.

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

NOMINATION OF DIRECTORS

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

Nomination Committee: The Company established a Nomination Committee with written terms of reference on 29 March 2007. Mr. Chung Wai Sum, Patrick, the chairman of the committee, resigned as an Independent Non-Executive Director with effect from 22 May 2015. His vacancy in the committee was filled up by Ms. Law Chi Yin, Cynthia. The current committee is now chaired by Ms. Law Chi Yin, Cynthia, an Independent Non-Executive Director, and comprising a majority of the Independent Non-Executive Directors. The other members of the committee are Mr. Shium Soon Kong, an Independent Non-Executive Director, and Mr. Zhang Xu, an Executive Director.

The principal duties and functions of the Nomination Committee are:

- to review the structure, size, composition and diversity of the Board and make recommendations to the Board regarding any proposed changes as and when necessary;
- to identify and nominate qualified individuals to the Board for appointment as additional Directors or to fill Board vacancies as and when they arise;
- to assess the independence of Independent Non-Executive Directors;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors;
- to review the board diversity policy of the Board (the "Board Diversity Policy") and make disclosure of its review results in this report; and
- to conform to any requirement or direction that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law or regulation.

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

The Nomination Committee held three meetings during the year ended 31 December 2015:

- to review the structure, size, composition and diversity of the Board;
- to assess the independence of Independent Non-Executive Directors;
- to recommend to the Board the re-appointment of Mr. Zhang Xu at the 2015 AGM;
- to review the disclosure of the Board Diversity Policy in the corporate governance report;
- to consider the proposed appointment of Ms. Law Chi Yin, Cynthia as an Independent Non-Executive Director at the 2015 AGM; and
- to consider the proposed re-appointment of Mr. Zhang Xu and Ms. Que Dong Wu as Executive Directors, Mr. Chan Chi Yu as a Non-Executive Director, and Mr. Chan Wai Hei, William and Mr. Shium Soon Kong as Independent Non-Executive Directors.

NOMINATION OF DIRECTORS *(continued)*

The Company adopted the Board Diversity Policy on 17 December 2013 which sets out the approach to achieve diversity on the Board. The policy is summarized as follows:

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

— in identifying qualified individuals to become Board members, nomination of the individuals for Board approval will be made by the Nomination Committee based on merit while taking into account diversity (including gender diversity); and

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

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

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

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

ACCOUNTABILITY AND AUDIT

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

The external auditor of the Company has included a statement of its reporting responsibilities on the Group's financial statements in its Independent Auditor's Report on page 35 of the Annual Report.

Internal Control: Given the size and complexity of the Group's operations, the Board considers that there is no current need for the Company to establish an internal audit department. The Board is responsible for maintaining sound and effective internal controls to safeguard the Group's assets. The Board also reviews and monitors the effectiveness of the internal control and risk management systems on a regular basis to ensure that the efficient and effective controls are in place to manage the risks the Group is facing.

During the year, the Company engaged an external independent consultant to carry out agreed testing procedures on its internal control system. Based on the review results and the findings from KPMG in the course of the year end audit, the Board is satisfied that the Group has maintained sound and effective controls during the year ended 31 December 2015.

ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee: The Company established an Audit Committee with written terms of reference on 17 December 1998. Mr. Wang Wen Jin, a member of the Audit Committee, resigned as a Non-Executive Director with effect from 11 March 2015. His vacancy in the committee is filled up Mr. Chan Chi Yu. Mr. Chung Wai Sum, Patrick, another member of the Audit Committee, resigned as an Independent Non-Executive Director with effect from 22 May 2015. His vacancy in the committee is filled up by Ms. Law Chi Yin, Cynthia. The current committee is now chaired by Mr. Chan Wai Hei, William, an Independent Non-Executive Director, and comprising Non-Executive Directors only. The other members of the committee are Mr. Chan Chi Yu, a Non-Executive Director, and Ms. Law Chi Yin, Cynthia, an Independent Non-Executive Director.

The principal duties and functions of the Audit Committee are:

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

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

The Audit Committee held three meetings during the year ended 31 December 2015:

- to review the half-yearly and annual results of the Group with management and the external auditor;
- to review the accounting policies and practices adopted by the Group;
- to develop policies and practices of the Company on corporate governance and make recommendations to the Board;
- to recommend to the Board the re-appointment of KPMG as the external auditor;
- to consider the independence and remuneration of the external auditor;
- to discuss the external auditor's audit plan and findings;
- to review reports on the Company's compliance with the CG Code and disclosures in this report;
- to review internal control reports;
- to assess the effectiveness of the system of internal control of the Group;
- to consider the engagement of an external independent consultant in establishing a risk management system for the Group; and
- to consider the engagement of an external independent consultant in carrying out agreed testing procedures on the internal control system of the Group.

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

AUDITORS' REMUNERATION

Remuneration in respect of audit and non-audit services provided by KPMG during the year ended 31 December 2015 is analysed as follows:

Services rendered:	**Remuneration** HK$'000
Audit services	600
Non-audit services	545

COMPANY SECRETARY

Mr. Luk Chi Chung, Peter is the Chief Financial Officer and Company Secretary of the Company. He is a full-time employee of the Group and has day-to-day knowledge of the Group's affairs. Mr. Luk reports to the Executive Directors, as the Company has no Chairman or Chief Executive for the time being. All Directors have access to the advice and services of the Chief Financial Officer and Company Secretary to ensure that the board procedures, all applicable rules and regulations to the Group are being followed.

Mr. Luk confirmed that he had taken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

COMMUNICATION WITH SHAREHOLDERS

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

In May 2015, the 2015 AGM was held for the shareholders to consider and approve the results of the Group for the year ended 31 December 2014, the payment of a final dividend for the year ended 31 December 2014, the re-appointment of Mr. Zhang Xu as an Executive Director, the appointment of Ms. Law Chi Yin, Cynthia as an Independent Non-Executive Director, the re-appointment of the external auditor and the granting of a share issue mandate and a share repurchase mandate to the Board.

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

SHAREHOLDERS' RIGHTS

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

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

SHAREHOLDERS' RIGHTS *(continued)*

Procedures for directing shareholders' enquiries to the Board

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

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

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

Procedures for putting forward proposals at general meetings by shareholders

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

Without prejudice to the foregoing, any shareholder who wishes to nominate any person for election as a director at the Company's general meeting shall make a written submission to the Company at its principal place of business in Hong Kong containing such information as may be required within the period commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than seven days prior to the date of such meeting. The Nomination Committee will consider the suitability of the candidate on the basis of qualifications, experience and background.

AMENDMENT OF THE COMPANY'S CONSTITUTIONAL DOCUMENTS

There has been no change in the Company's constitutional documents, being the Company's Memorandum and Articles of Association, during the year ended 31 December 2015.

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

ATTENDANCE AT MEETINGS

The attendance of individual Directors at the Board and Committee Meetings during the year ended 31 December 2015 is set out below.

Name of Director	Board Meetings	Remuneration Committee Meeting	Nomination Committee Meetings	Audit Committee Meetings
Executive Directors				
Zhang Xu	4/4	–	3/3	–
Que Dong Wu	4/4	1/1	–	–
Non-Executive Directors				
Wang Wen Jin (resigned on 11 March 2015)	1/1	–	–	1/1
Chan Chi Yu	4/4	–	–	2/2
Independent Non-Executive Directors				
Chan Wai Hei, William	4/4	1/1	–	3/3
Chung Wai Sum, Patrick (resigned on 22 May 2015)	1/1	–	2/2	1/1
Law Chi Yin, Cynthia (appointed on 22 May 2015)	3/3	–	1/1	2/2
Shium Soon Kong	4/4	1/1	3/3	–

The attendance of individual Directors at the general meetings of the Company during the year ended 31 December 2015 is set out below.

Name of Director	2015 AGM
Executive Directors	
Zhang Xu	✓
Que Dong Wu	✓
Non-Executive Directors	
Wang Wen Jin (resigned on 11 March 2015)	Not applicable
Chan Chi Yu	✓
Independent Non-Executive Directors	
Chan Wai Hei, William	✓
Chung Wai Sum, Patrick (resigned on 22 May 2015)	✓
Law Chi Yin, Cynthia (appointed on 22 May 2015)	✓
Shium Soon Kong	✓

Independent Auditor's Report

KPMG

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

We have audited the consolidated financial statements of Vanke Property (Overseas) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 36 to 79, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

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

1 March 2016

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	4	**89,067**	85,809
Cost of services		**(20,159)**	(19,784)
Gross profit		**68,908**	66,025
Other income	5	**166**	488
Administrative, leasing and marketing expenses		**(12,660)**	(11,339)
Increase in fair value of investment properties	13	**125,690**	109,510
Operating profit		**182,104**	164,684
Finance income	6(a)	**1,515**	1
Finance costs	6(a)	**(12,422)**	(17,895)
		171,197	146,790
Share of loss of an associate		**(9)**	(9)
Profit before taxation	6	**171,188**	146,781
Taxation charge	7(a)	**(9,483)**	(9,226)
Profit and total comprehensive income for the year and attributable to shareholders of the Company		**161,705**	137,555
		HK$	HK$
Earnings per share — basic and diluted	11	**0.52**	0.53

The notes on pages 40 to 79 form part of these financial statements. Details of dividends paid and payable to shareholders of the Company attributable to the profit for the year are set out in note 10.

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Plant and equipment	12	**408**	11
Investment properties	13	**1,619,900**	1,494,210
Interest in an associate	15	**458,976**	408,351
Deferred tax assets	20	**1,126**	1,613
		2,080,410	1,904,185
Current assets			
Trade and other receivables	16	**3,939**	3,709
Tax recoverable		**14**	17
Amount due from an associate	15	**–**	21,000
Bank balances and cash		**715,728**	11,986
		719,681	36,712
Current liabilities			
Other payables and accruals	17	**(26,873)**	(25,206)
Amount due to an intermediate holding company	18	**(1,303)**	(1,378)
Bank loans due within one year, secured	19	**–**	(330,000)
Tax payable		**(2,007)**	(2,297)
		(30,183)	(358,881)
Net current assets/(liabilities)		**689,498**	(322,169)
Total assets less current liabilities		**2,769,908**	1,582,016
Non-current liabilities			
Deferred tax liabilities	20	**(31,395)**	(29,593)
NET ASSETS		**2,738,513**	1,552,423
CAPITAL AND RESERVES			
Share capital	21(b)	**3,895**	2,596
Reserves		**2,734,618**	1,549,827
TOTAL EQUITY		**2,738,513**	1,552,423

Approved and authorised for issue by the board of directors on 1 March 2016.

Zhang Xu
Director

Que Dong Wu
Director

The notes on pages 40 to 79 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

		Attributable to shareholders of the Company			
	Note	Share capital HK$'000	Share premium HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2015		**2,596**	**–**	**1,549,827**	**1,552,423**
Changes in equity for 2015:					
Profit and total comprehensive income for the year		**–**	**–**	**161,705**	**161,705**
Issue of shares upon rights issue, net of expenses	21(c)	**1,299**	**1,030,877**	**–**	**1,032,176**
Final dividend approved in respect of the previous year	10(b)	**–**	**–**	**(7,791)**	**(7,791)**
At 31 December 2015		**3,895**	**1,030,877**	**1,703,741**	**2,738,513**
At 1 January 2014		2,596	–	1,420,063	1,422,659
Changes in equity for 2014:					
Profit and total comprehensive income for the year		–	–	137,555	137,555
Final dividend approved in respect of the previous year	10(b)	–	–	(7,791)	(7,791)
At 31 December 2014		2,596	–	1,549,827	1,552,423

The notes on pages 40 to 79 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Operating activities			
Profit before taxation		**171,188**	146,781
Adjustments for:			
Share of loss of an associate		**9**	9
Finance costs		**12,422**	17,895
Finance income		**(1,515)**	(1)
Depreciation of plant and equipment		**69**	3
Increase in fair value of investment properties		**(125,690)**	(109,510)
Operating profit before changes in working capital		**56,483**	55,177
(Increase)/decrease in trade and other receivables		**(230)**	11
Increase/(decrease) in other payables and accruals		**2,857**	(126)
Decrease in amount due to an intermediate holding company		**(75)**	(82)
Cash generated from operations		**59,035**	54,980
Interest and other borrowing costs paid		**(10,612)**	(14,496)
Hong Kong Profits Tax paid		**(7,481)**	(4,184)
Hong Kong Profits Tax refunded		**–**	56
Net cash generated from operating activities		**40,942**	36,356
Investing activities			
Purchase of plant and equipment		**(466)**	–
Bank interest received		**1,515**	1
Repayment from an associate		**21,000**	343,452
Acquisition of interest in an associate	24	**–**	(150,000)
Advances to an associate		**(50,634)**	(42,240)
Net cash (used in)/generated from investing activities		**(28,585)**	151,213
Financing activities			
Net proceeds from rights issue	21(c)	**1,032,176**	–
Proceeds from new bank loans		**–**	10,000
Repayment of bank loans		**(333,000)**	(198,500)
Dividends paid		**(7,791)**	(7,791)
Net cash generated from/(used in) financing activities		**691,385**	(196,291)
Net increase/(decrease) in cash and cash equivalents		**703,742**	(8,722)
Cash and cash equivalents at 1 January		**11,986**	20,708
Cash and cash equivalents at 31 December		**715,728**	11,986
Analysis of the balances of cash and cash equivalents at 31 December			
Bank balances and cash		**715,728**	11,986

The notes on pages 40 to 79 form part of these financial statements.

Notes to the Financial Statements

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, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The principal activities of the Group are property investment and management and property development.

The Board of Directors of the Company considers that 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

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company, which are relevant to the Group's financial statements:

- *Annual Improvements to HKFRSs 2010–2012 Cycle*
- *Annual Improvements to HKFRSs 2011–2013 Cycle*

The application of these amendments has had no material impact on the Group's financial performance and position for the current and prior year and/or disclosure set out in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in an associate.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

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

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(k) or 2(l) depending on the nature of the liability.

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates

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

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

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

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

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former associate at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(i)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties

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

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

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(h)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(h).

(g) Plant and equipment

The following items of plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(i)).

— Office and carpark equipment

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Office and carpark equipment	5 years

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

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)); and

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leased assets *(continued)*

(i) Classification of assets leased to the Group (continued)

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets held for use in operating leases

When the Group leases out assets under operating leases, the assets are included in the statement of financial position according to their nature. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies as set out in note 2(q)(i).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(f)).

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(i)(ii).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(i) *Impairment of investments in equity securities and other receivables* (continued)

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

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

— plant and equipment;

— goodwill; and

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

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets *(continued)*

(ii) Impairment of other assets *(continued)*

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale financial assets and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale financial asset increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(p)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(n) Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

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

(o) Income tax

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Income tax *(continued)*

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

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to interests in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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

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

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

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

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

    — the same taxable entity; or

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(p)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

(ii) Property management income is recognised when the relevant services are provided.

(iii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

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

(r) Borrowing costs

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

(s) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Segment reporting

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following judgements:

Valuation of investment properties

Investment properties are included in the statement of financial position at their market value, which are assessed annually by external qualified valuers, after taking into consideration the net rental income allowing for reversionary income potential.

The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the investment properties.

Impairment of the Company's interests in subsidiaries and Group's interest in an associate

In considering the impairment losses that may be required for the Company's interests in subsidiaries and the Group's interest in an associate, recoverable amount of the assets needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate the fair value because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of revenue and amount of operating costs of the subsidiaries and the associate. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs of subsidiaries and the associate.

4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year are as follows:

	2015 HK$'000	2014 HK$'000
Rental and property management	**89,067**	85,809

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), finance income, 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

Operating segments

The segment results are as follows:

	Rental and property management HK$'000	Property development HK$'000	Total HK$'000
For the year ended 31 December 2015			
Revenue	**89,067**	**–**	**89,067**
Segment results before change in fair value of investment properties	**66,283**	**(9)**	**66,274**
Increase in fair value of investment properties	**125,690**	**–**	**125,690**
Segment results	**191,973**	**(9)**	**191,964**
Head office and corporate expenses (net of unallocated income)			**(9,866)**
Depreciation			**(3)**
Finance income			**1,515**
Finance costs			**(12,422)**
Profit before taxation			**171,188**
Taxation charge			**(9,483)**
Profit for the year			**161,705**

4 REVENUE AND SEGMENT INFORMATION *(continued)*

Operating segments *(continued)*

	Rental and property management HK$'000	Property development HK$'000	Total HK$'000
For the year ended 31 December 2014			
Revenue	85,809	–	85,809
Segment results before change in fair value of investment properties	65,126	(9)	65,117
Increase in fair value of investment properties	109,510	–	109,510
Segment results	174,636	(9)	174,627
Head office and corporate expenses (net of unallocated income)			(9,949)
Depreciation			(3)
Finance income			1
Finance costs			(17,895)
Profit before taxation			146,781
Taxation charge			(9,226)
Profit for the year			137,555

Geographical information

No geographical information is shown as the revenue and operating profit of the Group's operations are all derived from activities in Hong Kong.

5 OTHER INCOME

	2015 HK$'000	2014 HK$'000
Forfeited deposits	**76**	407
Others	**90**	81
	166	488

6 PROFIT BEFORE TAXATION

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

	2015 HK$'000	2014 HK$'000
(a) Finance income and costs		
Finance income		
Interest income on bank deposits and bank balances	**(1,515)**	(1)
Finance costs		
Interest expenses on bank loans	**8,463**	11,703
Interest expenses on amount due to an intermediate holding company (note 25(d))	**–**	2,599
Other borrowing costs	**3,959**	3,593
	12,422	17,895
(b) Staff costs (including directors' emoluments)		
Contributions to defined contribution plan	**65**	62
Salaries, wages and other benefits	**5,578**	5,582
	5,643	5,644

The Group participates in a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% (2014: 5%) of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

	2015 HK$'000	2014 HK$'000
(c) Others		
Auditors' remuneration		
— audit services	**600**	580
— non-audit services (note)	**355**	478
Depreciation		
— included in cost of services	**66**	–
— included in administrative, leasing and marketing expenses	**3**	3
Rentals receivable from investment properties less direct outgoings of HK$20,159,000 (2014: HK$19,784,000)	**(68,908)**	(66,025)

Note: The amount excluded the auditors' remuneration of HK$190,000 (2014: nil) for provision of non-audit service in relation to the rights issue (see note 21(c)), which was charged to the share premium account.

7 TAXATION CHARGE

(a) Taxation charge represents:

	2015 HK$'000	2014 HK$'000
Current tax		
Hong Kong Profits Tax	**7,236**	6,977
Over provision in prior years	**(42)**	(32)
	7,194	6,945
Deferred tax		
Origination and reversal of temporary differences	**2,289**	2,281
	9,483	9,226

Provision for Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

There is no tax charge (2014: nil) in the results of an associate for the year ended 31 December 2015.

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

	2015 HK$'000	2014 HK$'000
Profit before taxation	**171,188**	146,781
Notional tax on profit before taxation calculated at 16.5% (2014: 16.5%)	**28,246**	24,219
Tax effect of non-deductible expenses	**2,156**	2,706
Tax effect of non-taxable income	**(20,989)**	(18,069)
Tax effect of tax losses not recognised	**166**	402
Tax effect of prior year's unrecognised tax losses utilised	**(54)**	–
Over provision in prior years	**(42)**	(32)
Actual tax expense	**9,483**	9,226

8 DIRECTORS' EMOLUMENTS

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

	2015				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Zhang Xu	**200**	**–**	**–**	**–**	**200**
Ms. Que Dong Wu	**200**	**–**	**–**	**–**	**200**
	400	**–**	**–**	**–**	**400**
Non-Executive Directors					
Mr. Wang Wen Jin (resigned on 11 March 2015)	**29**	**–**	**–**	**–**	**29**
Mr. Chan Chi Yu	**150**	**70**	**–**	**–**	**220**
	179	**70**	**–**	**–**	**249**
Independent Non-Executive Directors					
Mr. Chan Wai Hei, William	**150**	**90**	**–**	**–**	**240**
Mr. Chung Wai Sum, Patrick (resigned on 22 May 2015)	**59**	**50**	**–**	**–**	**109**
Ms. Law Chi Yin, Cynthia (appointed on 22 May 2015)	**91**	**70**	**–**	**–**	**161**
Mr. Shium Soon Kong	**150**	**90**	**–**	**–**	**240**
	450	**300**	**–**	**–**	**750**
	1,029	**370**	**–**	**–**	**1,399**

8 DIRECTORS' EMOLUMENTS (continued)

	2014				
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive Directors					
Mr. Zhang Xu	200	–	–	–	200
Ms. Que Dong Wu	200	–	–	–	200
	400	–	–	–	400
Non-Executive Directors					
Mr. Wang Wen Jin	150	–	–	–	150
Mr. Chan Chi Yu	150	50	–	–	200
	300	50	–	–	350
Independent Non-Executive Directors					
Mr. Chan Wai Hei, William	150	90	–	–	240
Mr. Chung Wai Sum, Patrick	150	90	–	–	240
Mr. Shium Soon Kong	150	70	–	–	220
	450	250	–	–	700
	1,150	300	–	–	1,450

9 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Two (2014: two) of the directors of the Company were included in the five individuals with the highest emoluments. Details of directors' emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining three (2014: three) individuals is as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	**3,884**	3,457
Discretionary bonuses	**529**	215
Retirement scheme contributions	**54**	46
	4,467	3,718

The emoluments of the remaining three (2014: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2015	2014
Nil–HK$1,000,000	**2**	2
HK$1,000,001–HK$1,500,000	**–**	–
HK$1,500,001–HK$2,000,000	**–**	–
HK$2,000,001–HK$2,500,000	**–**	–
HK$2,500,001–HK$3,000,000	**1**	1
	3	3

10 DIVIDENDS

(a) Dividends attributable to the year

	2015 HK$'000	2014 HK$'000
Final dividend proposed after the end of reporting period of HK$0.03 (2014: HK$0.03) per share	**11,686**	7,791

At a meeting held on 1 March 2016, the Directors recommended a final dividend of HK$0.03 per share. This proposed dividend is not reflected as a dividend payable in the Group's financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year ending 31 December 2016.

10 DIVIDENDS *(continued)*

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

	2015 HK$'000	2014 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.03 (2014: HK$0.03) per share	**7,791**	7,791

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK$161,705,000 (2014: HK$137,555,000) and the weighted average of 313,384,058 shares (2014: 260,858,886 shares, having adjusted for the effect of rights issue) in issue during the year, calculated as follows:

	2015 '000	2014 '000
Weighted average number of shares		
Issued shares at 1 January	**259,685**	259,685
Effect of rights issue (note 21(c))	**53,699**	1,174
Weighted average number of shares at 31 December	**313,384**	260,859

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2014: nil).

12 PLANT AND EQUIPMENT

	Office and carpark equipment	
	2015	2014
	HK$'000	HK$'000
Cost:		
At 1 January	**14**	14
Addition	**466**	–
At 31 December	**480**	14
Accumulated depreciation:		
At 1 January	**3**	–
Charge for the year	**69**	3
At 31 December	**72**	3
Net book value:		
At 31 December	**408**	11

13 INVESTMENT PROPERTIES

(a) Valuation

	2015	2014
	HK$'000	HK$'000
At 1 January	**1,494,210**	1,384,700
Fair value gain	**125,690**	109,510
At 31 December	**1,619,900**	1,494,210

13 INVESTMENT PROPERTIES *(continued)*

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

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

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

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

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

	Fair value at 31 December	**Fair value measurements at 31 December 2015 categorised into**		
	2015	**Level 1**	**Level 2**	**Level 3**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurement				
Investment properties:				
— Industrial — Hong Kong	**1,619,900**	**–**	**–**	**1,619,900**

	Fair value at 31 December	Fair value measurements at 31 December 2014 categorised into		
	2014	Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement				
Investment properties:				
— Industrial — Hong Kong	1,494,210	–	–	1,494,210

13 INVESTMENT PROPERTIES *(continued)*

(b) Fair value measurement of investment properties *(continued)*

(i) Fair value hierarchy (continued)

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 (2014: nil), or transfers into or out of Level 3 (2014: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued at 31 December 2015. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (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 management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Range (weighted average)
Investment properties	Term and reversionary approach	*Term period* — capitalisation rate	4% (2014: 4%)
		Reversionary period — capitalisation rate	4.5% (2014: 4.5%)
		— market unit sale rate (HK$/sq.ft.)	1,700–2,600 (2,150) (2014: 1,800–2,400 (2,100))

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. The fair value measurement is positively correlated to the market unit sale rate, and negatively correlated to the capitalisation rates.

The movements during the year in the balance of these Level 3 fair value measurements are set out in note 13(a) to the financial statements.

Fair value adjustment of investment properties is recognised in the line item "Increase in fair value of investment properties" on the face of the consolidated statement of comprehensive income.

All the gains recognised in profit or loss for the year arise from the investment properties held at the end of the reporting period.

13 INVESTMENT PROPERTIES *(continued)*

(c) The analysis of valuation of investment properties is as follows:

	2015 HK$'000	2014 HK$'000
Leasehold land in Hong Kong:		
— medium term leases	**1,619,900**	1,494,210

(d) The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years. None of the leases includes contingent rentals.

(e) The gross carrying amount of investment properties held for use in operating leases is HK$1,619,900,000 (2014: HK$1,494,210,000).

(f) Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year	**70,397**	55,927
After 1 year but within 5 years	**45,732**	32,676
	116,129	88,603

(g) Particulars of the investment properties are set out on page 79.

14 INTERESTS IN SUBSIDIARIES

	The Company	
	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost (note (a))	**–**	–
Amounts due from subsidiaries (note (b))	**682,356**	355,524
	682,356	355,524

Notes:

(a) The balance represents the subsidiaries' unlisted shares at cost of HK$17 (2014: HK$17).

(b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after one year.

(c) Particulars of the subsidiaries are set out on page 78.

15 INTEREST IN AN ASSOCIATE AND AMOUNT DUE FROM AN ASSOCIATE

	2015 HK$'000	2014 HK$'000
Share of net assets	**3,312**	3,321
Amount due from an associate (non-current) (note (a))	**455,664**	405,030
	458,976	408,351
Amount due from an associate (current) (note (b))	**–**	21,000

Details of the Group's interest in an associate, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Ultimate Vantage Limited*	Incorporated	Hong Kong	100 ordinary shares (HK$100)	20%	–	20%	Property development (Note c)

* Unlisted corporate entity whose quoted market price is not available

Notes:

(a) The balance is unsecured, interest-bearing at Hong Kong Interbank Offer Rate ("HIBOR") plus 2.2% (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% (2014: HIBOR plus 2.2%) per annum and has been recovered in full during the year.

(c) Investment in Ultimate Vantage Limited ("UVL"), a property developer based in Hong Kong, enables the Group to expand its business activities from property investment to property investment and development. UVL is the holder of the rights to the development of the West Rail Tsuen Wan West Station TW6 Project Development (the "TW6 Project"). Particulars of the Group's interest in the properties held by UVL for development purpose are set out on page 79.

(d) 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 UVL), another shareholder of UVL (the "JV Partner") and UVL 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 is payable by the Company or the JV Partner for the grant by the other party of the 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.

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

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

	2015 HK$'000	2014 HK$'000
Gross amounts of UVL		
Current assets	**4,213,639**	3,866,332
Current liabilities	**(41,120)**	(107,967)
Non-current liabilities	**(4,155,961)**	(3,741,762)
Equity	**16,558**	16,603
Loss for the year	**(45)**	(47)
Total comprehensive income	**(45)**	(47)
Reconciled to the Group's interest in UVL		
Gross amounts of net assets of UVL	**16,558**	16,603
Group's effective interest	**20%**	20%
Group's share of net assets of UVL	**3,312**	3,321
Amount due from UVL — non-current portion	**455,664**	405,030
Amount due from UVL — current portion	**–**	21,000
Carrying amount in the consolidated financial statements	**458,976**	429,351

16 TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables (note (a))	**605**	577
Amortised rent receivables	**445**	105
Other receivables	**63**	6
Deposits	**2,413**	2,408
Prepayments	**413**	613
	3,939	3,709

16 TRADE AND OTHER RECEIVABLES *(continued)*

(a) The ageing analysis of trade receivables (net of allowance for doubtful debts), based on the date of revenue recognition, is as follows:

	2015 HK$'000	2014 HK$'000
0 to 30 days	**588**	547
31 to 90 days	**17**	30
	605	577

At 31 December 2015, none of the Group's trade receivables were individually determined to be impaired (2014: nil). The Group's credit policy is set out in note 22(a).

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015 HK$'000	2014 HK$'000
Less than 1 month past due	**588**	547
1 to 3 months past due	**17**	30
	605	577

Receivables that were past due but not impaired relate to a number of independent tenants who have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

17 OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Other payables	**1,624**	1,705
Deposits received	**22,359**	20,987
Accruals	**2,890**	2,514
	26,873	25,206

Except for the rental and other deposits received on properties of HK$14,307,000 (2014: HK$5,582,000) which are expected to be settled after one year, all of the other payables and accruals are expected to be settled within one year or are repayable on demand.

18 AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

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

19 BANK LOANS DUE WITHIN ONE YEAR, SECURED

	2015 HK$'000	2014 HK$'000
Secured bank loans	**–**	333,000
Other borrowing costs capitalised	**–**	(3,000)
Total bank loans	**–**	330,000

At 31 December 2014, the Group's banking facilities of HK$583,000,000 were secured by investment properties at 31 December 2014 with a carrying amount of HK$1,494,210,000, of which HK$333,000,000 were utilised at 31 December 2014. The bank loans were repaid in full and the banking facilities were matured during the year.

20 DEFERRED TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Depreciation allowances in excess of related depreciation HK$'000	Future benefit of tax loss HK$'000	Total HK$'000
Deferred tax arising from:			
At 1 January 2015	**30,573**	**(2,593)**	**27,980**
Charged to profit or loss	**1,897**	**392**	**2,289**
At 31 December 2015	**32,470**	**(2,201)**	**30,269**
At 1 January 2014	28,655	(2,956)	25,699
Charged to profit or loss	1,918	363	2,281
At 31 December 2014	30,573	(2,593)	27,980

	2015 HK$'000	2014 HK$'000
Net deferred tax assets recognised on the consolidated statement of financial position	**(1,126)**	(1,613)
Net deferred tax liabilities recognised on the consolidated statement of financial position	**31,395**	29,593
	30,269	27,980

Deferred tax asset not recognised:

The Group has not recognised deferred tax asset of HK$1,452,000 (2014: HK$1,182,000) in respect of accumulated tax losses as the availability of future taxable profits against which the asset can be utilised is uncertain at 31 December 2015. The tax losses do not expire under current tax legislation.

21 TOTAL EQUITY

(a) Movements in components of equity

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

The Company

	Share capital HK$'000	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2015	**2,596**	**–**	**352,443**	**355,039**
Changes in equity for 2015:				
Profit and total comprehensive income for the year	**–**	**–**	**10,232**	**10,232**
Issue of shares upon rights issue, net of expenses (note 21(c))	**1,299**	**1,030,877**	**–**	**1,032,176**
Final dividend approved in respect of the previous year (note 10(b))	**–**	**–**	**(7,791)**	**(7,791)**
At 31 December 2015	**3,895**	**1,030,877**	**354,884**	**1,389,656**
At 1 January 2014	2,596	–	350,869	353,465
Changes in equity for 2014:				
Profit and total comprehensive income for the year	–	–	9,365	9,365
Final dividend approved in respect of the previous year (note 10(b))	–	–	(7,791)	(7,791)
At 31 December 2014	2,596	–	352,443	355,039

21 TOTAL EQUITY *(continued)*

(b) Share capital

The Company

	2015		2014	
	No. of shares	**Amount HK$'000**	No. of shares	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**750,000,000**	**7,500**	750,000,000	7,500
Issued and fully paid:				
Ordinary shares at 1 January (HK$0.01 each)	**259,685,288**	**2,596**	259,685,288	2,596
Issue of shares upon rights issue (HK$0.01 each) (note 21(c))	**129,842,644**	**1,299**	–	–
Ordinary shares at 31 December (HK$0.01 each)	**389,527,932**	**3,895**	259,685,288	2,596

(c) 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"). 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. 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.

As a result of the Rights Issue, the equity of the Company was increased by HK$1,043,935,000 with HK$1,299,000 being credited to the share capital account and the balance of HK$1,042,636,000 being credited to the share premium account of the Company. The Rights Issue expenses totaling HK$11,759,000 were charged to the share premium account thereby reducing the balance of the account to HK$1,030,877,000 at 31 December 2015.

(d) Share premium

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

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

21 TOTAL EQUITY *(continued)*

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to meet its financial obligations and continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

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

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

	Note	**2015** **HK$'000**	2014 HK$'000
Interest-bearing debts (excludes other borrowing costs capitalised)	19	**–**	333,000
Less: Bank balances and cash		**(715,728)**	(11,986)
Net (cash)/debt		**(715,728)**	321,014
Shareholders' equity		**2,738,513**	1,552,423
Net debt-to-equity ratio		**N/A**	0.21

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

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, bank balances and cash and amount due from an associate. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed on all tenants requiring credit over a certain amount. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. Reminders are issued bi-weekly when trade receivables have been overdue for 15 days, and legal actions will be taken when the trade receivables are overdue for two months. Normally, the Group does not obtain any collateral from tenants. The ageing of trade receivables at 31 December 2015 is summarised in note 16(a).

Cash is deposited with financial institutions with sound credit ratings to minimise credit exposure.

Amount due from an associate is reviewed and settled regularly unless the amount is specifically intended to be long-term in nature.

Except for the amount due from an associate, there is no significant concentration of credit risk within the Group.

(b) Liquidity risk

Cash management of the Company and its wholly-owned subsidiaries are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

(b) Liquidity risk *(continued)*

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

	Contractual undiscounted cash flow								
	Within 3 months or on demand	More than 3 months but less than 6 months	More than 6 months but less than 9 months	More than 9 months but less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2015									
Other payables and accruals	**7,342**	**1,132**	**2,675**	**1,417**	**8,821**	**5,486**	**–**	**26,873**	**26,873**
Amount due to an intermediate holding company	**1,303**	**–**	**–**	**–**	**–**	**–**	**–**	**1,303**	**1,303**
	8,645	**1,132**	**2,675**	**1,417**	**8,821**	**5,486**	**–**	**28,176**	**28,176**
Financial guarantees issued: — Maximum amount guaranteed (note 23)	**364,452**	**–**	**–**	**–**	**–**	**–**	**–**	**364,452**	**–**
At 31 December 2014									
Other payables and accruals	11,172	3,753	1,574	3,125	5,156	426	–	25,206	25,206
Amount due to an intermediate holding company	1,378	–	–	–	–	–	–	1,378	1,378
Bank loans, secured	2,018	2,040	2,063	334,996	–	–	–	341,117	330,000
	14,568	5,793	3,637	338,121	5,156	426	–	367,701	356,584
Financial guarantees issued: — Maximum amount guaranteed (note 23)	343,452	–	–	–	–	–	–	343,452	–

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

(c) Interest rate risk

At 31 December 2015, the Group has no exposure to interest rate risk as the Group does not have any liabilities which are interest bearing at floating interest rate.

At 31 December 2014, the Group was exposed to changes in interest rates due to its bank loans which bore interest at an average effective interest rate of 3% per annum (see note 19). The Group managed its interest rate exposure with reference to interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility.

Sensitivity analysis

At 31 December 2014, it was estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would had decreased/increased the Group's profit for the year and retained profits by approximately HK$695,000.

The sensitivity analysis above indicates the instantaneous change in the Group's profit for the year (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and has been applied to re-measure the borrowings held by the Group which expose the Group to interest rate risk at the end of the reporting period.

(d) Foreign currency risk

The Group owns assets and conducts its business in Hong Kong with its cash flows denominated in Hong Kong dollars. As a result, the Group has no exposure to foreign currency risk at 31 December 2015 and 2014.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values at 31 December 2015 and 2014.

23 CONTINGENT LIABILITIES

On 30 June 2014, UVL entered into a facility agreement in relation to 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 development of 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 were 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 (2014: HK$1,717 million) was utilised by UVL as at 31 December 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 provision of the Corporate Guarantee.

24 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Acquisition of interest in an associate

On 16 May 2013, the Group entered into an agreement to acquire the entire issued share capital of Wkdeveloper and all related shareholder's loan from Vanke Property (Hong Kong) Company Limited ("VPHK", an intermediate holding company of the Company) at a cash consideration of HK$727,900,000 (the "TW6 Agreement"). Wkdeveloper owns 20% equity interest in UVL, an associate of the Group which has been granted with the development rights of the TW6 Project. Completion of the transaction took place on 14 August 2013 with part of the consideration of HK$150,000,000 being deferred at an agreed interest rate of 1-month HIBOR plus 2.8% per annum and fully paid on 30 July 2014.

25 MATERIAL RELATED PARTY TRANSACTIONS

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

	2015	2014
	HK$'000	HK$'000
Management and administrative fee payable to an intermediate holding company (note (a))	**1,327**	1,747
Rental and management fee income receivable from fellow subsidiaries (note (b))	**582**	–
Key management compensation (note (c))	**4,225**	4,109
Interest payable to an intermediate holding company (note (d))	**–**	2,599

Notes:

(a) Management and administrative fee is charged on a cost basis. The details of the amount due to the intermediate holding company are set out in note 18. This transaction constitutes a continuing connected transaction to the Company under the Listing Rules and is exempt from the disclosure requirements as it relates to the sharing of administrative services under Rule 14A.98.

(b) Rental and management fee income is charged at rates pursuant to a tenancy agreement entered into between the Group and the fellow subsidiaries on normal commercial terms. This transaction constitutes a continuing connected transaction to the Company under the Listing Rules and is exempt from the disclosure requirements as it is below the de minimis threshold under Rule 14A.76(1).

(c) Key management personnel represent the directors and senior management of the Company.

(d) The TW6 Agreement provides, among other things, that VPHK shall, if required, provide financial assistance to the Group in respect of the obligations of the Group in the TW6 Project after completion of the transaction and any such financial assistance, including the deferred consideration of HK$150,000,000, shall be unsecured and bear a simple interest at the rate of 1-month HIBOR plus 2.8% per annum. The entering into of the TW6 Agreement constituted a major and connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at the extraordinary general meeting held on 21 June 2013.

(e) During the year, the Company increased its equity by way of the Rights Issue. Pursuant to an irrevocable undertaking in relation to the Rights Issue, Wkland Investments Company Limited ("Wkland Investments") subscribed for its pro-rata entitlement of 97,381,983 rights shares at a subscription price of HK$8.04 per rights share and maintained its shareholding in the Company at 75%. Wkland Investments is an indirect wholly-owned subsidiary of China Vanke. The transaction constituted a connected transaction to the Company under the Listing Rules and was exempt from the disclosure requirements as Wkland Investments received a pro rata entitlement to the Rights Issue as a shareholder under Rule 14A.92(1).

26 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Interests in subsidiaries	14	**682,356**	355,524
Current assets			
Other receivables		**302**	190
Tax recoverable		**13**	17
Bank balances and cash		**710,214**	1,365
		710,529	1,572
Current liabilities			
Other payables and accruals		**(2,962)**	(1,649)
Amount due to an intermediate holding company		**(267)**	(408)
		(3,229)	(2,057)
Net current assets/(liabilities)		**707,300**	(485)
NET ASSETS		**1,389,656**	355,039
CAPITAL AND RESERVES	21(a)		
Share capital		**3,895**	2,596
Reserves		**1,385,761**	352,443
TOTAL EQUITY		**1,389,656**	355,039

Approved and authorised for issue by the board of directors on 1 March 2016.

Zhang Xu
Director

Que Dong Wu
Director

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to *HKFRSs 2012–2014 cycle*	1 January 2016
Amendments to HKAS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and standards is expected to be in the period of initial application and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

28 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

As announced on 13 January 2016, the Group has decided not to proceed with the potential acquisition of a property under development located in the Wan Chai district of Hong Kong from China Vanke. As a result, the Directors resolved to apply the remaining net proceeds of the Rights Issue, being approximately HK$709 million after applying HK$323 million of the total proceeds of approximately HK$1,032 million for repayment of bank loans in December 2015, for future property acquisition opportunities.

List of Subsidiaries

At 31 December 2015

			Proportion of ownership interest			
Name of subsidiary	Issued share capital		Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Access Rich Limited	Ordinary	HK$1	100%	–	100%	Property investment
Chericourt Company Limited	Ordinary	HK$1,000,000	100%	–	100%	Property investment
Future Best Developments Limited (note (a))	Ordinary	US$1	100%	100%	–	Investment holding
Mainland Investments Group Limited (note (a))	Ordinary	US$1	100%	100%	–	Investment holding
Vanke Best Company Limited	Ordinary	HK$1	100%	100%	–	Provision of administrative services
WK Parking Limited	Ordinary Deferred	HK$18,000,000 HK$2,000,000 (note (b))	100% –	– –	100% –	Property investment
WK Property Financial Limited	Ordinary	HK$840	100%	–	100%	Investment holding, property investment and group finance company
Wkdeveloper Limited (note (a))	Ordinary	US$1	100%	–	100%	Investment holding

Notes:

(a) These companies are incorporated in the British Virgin Islands.

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

(c) Unless stated otherwise, all companies are incorporated and operate principally in Hong Kong. None of the subsidiaries have issued any debt securities.

List of Properties

At 31 December 2015

(a) Completed and held for investment

Location	Lease expiry	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest
Regent Centre, 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, The Remaining Portion of Lot No. 299 in D.D. No. 444, Kwai Chung, New Territories, Hong Kong	2047	103,500	657,000 (remaining portion)	Industrial/ Godown	100%

(b) Under development

Location	Site area (sq. ft.)	Gross floor area (sq. ft.)	Type	Effective interest	Stage of completion	Expected date of completion
Tsuen Wan Town Lot No. 402, West Rail Tsuen Wan West Station, Tsuen Wan, New Territories, Hong Kong	148,586	675,021	Residential	20%	Superstructure in progress	2018

Five-Year Financial Summary

Group results

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Note)	(Note)
Revenue	**89,067**	85,809	82,550	331,075	478,330
Profit for the year	**161,705**	137,555	151,506	507,434	2,472,394
Attributable to					
Shareholders of the Company	**161,705**	137,555	151,506	506,193	2,465,238
Non-controlling interests	**–**	–	–	1,241	7,156

Summary consolidated statement of financial position

	At 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**2,080,410**	1,904,185	1,773,902	1,261,584	13,301,910
Net current assets/(liabilities)	**689,498**	(322,169)	186,524	43,300	(127,510)
Total assets less current liabilities	**2,769,908**	1,582,016	1,960,426	1,304,884	13,174,400
Non-current liabilities	**(31,395)**	(29,593)	(537,767)	(25,940)	(1,817,217)
Net assets	**2,738,513**	1,552,423	1,422,659	1,278,944	11,357,183
Equity attributable to shareholders of the Company	**2,738,513**	1,552,423	1,422,659	1,278,944	11,319,067
Non-controlling interests	**–**	–	–	–	38,116
Total equity	**2,738,513**	1,552,423	1,422,659	1,278,944	11,357,183

Note: The Group's results in these years included discontinued operations, which were distributed to the then shareholders of the Company in specie on 16 July 2012.