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萬科海外投資控股有限公司

VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS

The Board of Directors (the “**Board**”) of Vanke Overseas Investment Holding Company Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2022 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	3	353,228	461,205
Cost of services		(189,180)	(182,434)
Gross profit		164,048	278,771
Other income	4	1,488	753
Gain on disposal of a subsidiary	18	38,384	–
Administrative and other operating expenses		(81,937)	(65,383)
Net increase in fair value of investment properties		–	191,263
Operating profit		121,983	405,404
Finance income	5(a)	8,270	2,685
Finance costs	5(b)	(30,814)	(33,015)
Share of results of associates		(37,611)	99,181
Profit before taxation	5	61,828	474,255
Income tax	6	(33,659)	(49,563)
Profit for the year		28,169	424,692
Attributable to:			
Shareholders of the company		28,169	424,580
Non-controlling interests		–	112
Profit for the year		28,169	424,692
		HK\$	HK\$
Earnings per share — basic and diluted	8	0.07	1.09

Details of dividends paid and payable to shareholders of the Company attributable to the profit for the year are set out in note 7.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year		28,169	424,692
Other comprehensive income for the year:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of the financial statements of overseas subsidiaries		(1,756)	(1,195)
Exchange reserve reclassified to profit or loss upon disposal of a subsidiary	<i>18</i>	10,694	–
Other comprehensive income for the year		8,938	(1,195)
Total comprehensive income for the year		37,107	423,497
Attributable to:			
Shareholders of the Company		37,116	423,405
Non-controlling interests		(9)	92
Total comprehensive income for the year		37,107	423,497

Consolidated Statement of Financial Position
At 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Investment properties	9	1,994,300	3,317,746
Property, plant and equipment		879,451	685,336
Interests in associates	10	371,001	469,052
Interests in joint ventures	11	393,400	–
Other non-current assets	13	–	37,620
		<u>3,638,152</u>	<u>4,509,754</u>
Current assets			
Properties under development	12	796,700	–
Trade and other receivables	13	110,476	185,583
Investment instruments	14	223,220	435,491
Tax recoverable		4,003	8,506
Bank balances and cash		585,114	811,937
		<u>1,719,513</u>	<u>1,441,517</u>
Current liabilities			
Trade and other payables	15	(335,066)	(295,622)
Bank loan	16	–	(766,287)
Lease liabilities		(10,210)	(3,881)
Tax payable		(12,918)	(32,357)
		<u>(358,194)</u>	<u>(1,098,147)</u>
Net current assets		<u>1,361,319</u>	<u>343,370</u>
Total assets less current liabilities		<u>4,999,471</u>	<u>4,853,124</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Bank loan	16	(645,670)	(441,281)
Lease liabilities		(1,838)	(54,228)
Deferred tax liabilities		(50,021)	(57,388)
		<u>(697,529)</u>	<u>(552,897)</u>
NET ASSETS		<u>4,301,942</u>	<u>4,300,227</u>
CAPITAL AND RESERVE			
Share capital		3,895	3,895
Reserves		4,298,048	4,295,990
Total equity attributable to shareholders of the Company		4,301,943	4,299,885
Non-controlling interests		(1)	342
TOTAL EQUITY		<u>4,301,942</u>	<u>4,300,227</u>

Notes

1 GENERAL INFORMATION

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

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2022 comprise the Group and its interests in associates and joint ventures. The consolidated results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2022 but are extracted from those financial statements.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). As Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong, are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time</i>		
Property management fee income	16,379	16,287
Asset management fee income	200,380	228,737
<i>Revenue from other sources</i>		
Rental income from investment properties	85,041	128,540
Interest income on investment instruments	51,428	87,641
	<u>353,228</u>	<u>461,205</u>

(b) Segment reporting

The Group's chief operating decision maker assesses the performance of the operating segment primarily based on segment profit. Segment profit represents the profit earned by the segment and excludes mainly head office and corporate expenses (net of unallocated income), finance income – bank interest income and income tax.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following three segments:

Property investment:	The leasing of the Group's investment properties to earn rental and management fee income and to gain from the appreciation in properties' values in the long term
Property development:	Sales of properties, share of the results of associates and joint ventures that principal activities are property development and financing from the Group's perspective, interest income from an associate and interest income on investment instruments
Asset management:	Asset management fee income from the provision of asset management services

Segment assets principally comprise all non-current assets and current assets directly attributable to each segment except for property, plant and equipment (excluding property under redevelopment and other properties leased for own use), other receivables, other deposits, prepayments, tax recoverable and bank balances and cash. No segment liabilities analysis is presented as the Group monitors and manages its liabilities on a group basis.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property development segment — Customer A	51,428	87,641
Asset management segment — entities controlled by the ultimate holding company	200,380	228,737
	<u>251,808</u>	<u>316,378</u>

Operating segments

The segment results are as follows:

For the year ended 31 December 2022

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	<u>101,420</u>	<u>51,428</u>	<u>200,380</u>	<u>353,228</u>
Segment results before gain on disposal of a subsidiary	40,536	(39,923)	38,300	38,913
Gain on disposal of a subsidiary (note 18)	<u>38,384</u>	<u>–</u>	<u>–</u>	<u>38,384</u>
Segment results	78,920	(39,923)	38,300	77,297
Head office and corporate expenses (net of unallocated income)				(22,025)
Finance income — bank interest income				<u>6,556</u>
Profit before taxation				61,828
Income tax				<u>(33,659)</u>
Profit for the year				<u><u>28,169</u></u>

For the year ended 31 December 2021

	Property investment HK\$'000	Property development HK\$'000	Asset management HK\$'000	Total HK\$'000
Revenue	<u>144,827</u>	<u>87,641</u>	<u>228,737</u>	<u>461,205</u>
Segment results before changes in fair value of investment properties	77,911	157,436	75,344	310,691
Net increase in fair value of investment properties	<u>191,263</u>	<u>–</u>	<u>–</u>	<u>191,263</u>
Segment results	269,174	157,436	75,344	501,954
Head office and corporate expenses (net of unallocated income)				(28,102)
Finance income — bank interest income				<u>403</u>
Profit before taxation				474,255
Income tax				<u>(49,563)</u>
Profit for the year				<u><u>424,692</u></u>

Total assets by segment

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property investment	1,996,606	3,365,581
Property development	2,649,665	1,629,459
Asset management	60,222	82,531
	<hr/>	<hr/>
Segment assets	4,706,493	5,077,571
Property, plants and equipment	3,992	1,290
Other receivables	58,063	51,967
Tax recoverable	4,003	8,506
Bank balances and cash	585,114	811,937
	<hr/>	<hr/>
Total assets	5,357,665	5,951,271
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Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's investment properties, property under redevelopment, other property leased for own use, interests in associates and joint ventures and other non-current assets ("**specified non-current assets**"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of investment properties, property under redevelopment, other properties leased for own use and other non-current assets, and the location of operations, in the case of interests in associates and joint ventures.

	Revenue from external customers		Specific non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	179,929	194,854	3,441,446	2,847,784
United Kingdom	16,693	60,796	–	1,360,417
United States	156,606	205,555	192,714	300,263
	<hr/>	<hr/>	<hr/>	<hr/>
Total	353,228	461,205	3,634,160	4,508,464
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4 OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Compensation received from tenants on early lease termination	42	91
Management fee income from related companies	1,295	590
Others	151	72
	<u>1,488</u>	<u>753</u>

5 PROFIT BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) Finance income		
Interest income on bank deposits and bank balances	(6,556)	(403)
Interest income on an amount due from an associate	(1,714)	(2,282)
	<u>(8,270)</u>	<u>(2,685)</u>
(b) Finance costs		
Interest expenses on bank loans	24,592	25,493
Interest expenses on lease liabilities	717	2,989
Other borrowing costs	5,505	4,533
	<u>30,814</u>	<u>33,015</u>
(c) Staff costs (including directors' emoluments)		
Contributions to defined contribution plan	5,256	4,767
Salaries, wages and other benefits	125,642	126,234
	<u>130,898</u>	<u>131,001</u>
(d) Others		
Auditors' remuneration		
— audit services	1,130	1,580
— non-audit services	310	262
Depreciation	12,258	11,384
(Reversal of provision for impairment)/impairment losses on trade receivables	(1,953)	1,681
Impairment losses on investment instruments	51,779	31,174
Net foreign exchange loss	719	218
Rental and related income from investment properties less direct outgoings of HK\$27,590,000 (2021: HK\$29,381,000)	<u>(73,830)</u>	<u>(115,446)</u>

6 INCOME TAX

(a) Income tax represents:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	7,897	5,709
Over-provision in prior years	<u>(227)</u>	<u>(60)</u>
	<u>7,670</u>	<u>5,649</u>
Current tax — Overseas		
Provision for the year	16,697	33,992
Under/(over)-provision in prior years	<u>6,095</u>	<u>(1,675)</u>
	<u>22,792</u>	<u>32,317</u>
Deferred tax		
Origination and reversal of temporary differences	<u>3,197</u>	<u>11,597</u>
	<u>33,659</u>	<u>49,563</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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

Share of associates' income tax expense of HK\$6,462,000 (2021: HK\$5,028,000) is included in the share of results of associates for the year ended 31 December 2022.

7 DIVIDENDS

(a) Dividends attributable to the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend proposed after the end of reporting period of HK\$0.09 (2021: HK\$0.09) per share	<u>35,058</u>	<u>35,058</u>

At a meeting held on 24 March 2023, the Directors recommended a final dividend of HK\$0.09 per share. This proposed dividend is not reflected as a dividend payable in the Group's consolidated financial statements until it has been approved by the shareholders of the Company and will be reflected as an appropriation of reserves in the year ending 31 December 2023.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.09 (2021: HK\$0.09) per share	<u>35,058</u>	<u>35,058</u>

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$28,169,000 (2021: HK\$424,580,000) and 389,527,932 (2021: 389,527,932) shares in issue during the year.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the year (2021: nil).

9 INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	3,317,746	3,127,531
Additions	–	16,138
Net fair value gain	–	191,263
Disposal of a subsidiary (<i>note 18</i>)	(1,325,578)	–
Exchange adjustments	<u>2,132</u>	<u>(17,186)</u>
At 31 December	<u>1,994,300</u>	<u>3,317,746</u>

All of the Group's investment properties were revalued at 31 December 2022. The valuations were carried out by independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which as among its staff experienced members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued.

The fair value of investment properties in Hong Kong (2021: Hong Kong and the United Kingdom) is determined by taking into account the net rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at appropriate capitalisation rates, and with reference to the comparable sale transactions as available in the market. The fair value measurement is positively correlated to the market rent per square foot, and negatively correlated to the capitalisation rates.

10 INTERESTS IN ASSOCIATES AND AMOUNTS DUE FROM/TO ASSOCIATES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Share of net assets	278,927	401,788
Amounts due from associates (non-current) (<i>note (a)</i>)	<u>92,074</u>	<u>67,264</u>
	<u>371,001</u>	<u>469,052</u>
Amount due from an associate (current) (<i>note (a)</i>)	<u>1,597</u>	<u>1,834</u>
Amount due to an associate (current) (<i>note (b)</i>)	<u>134,834</u>	<u>119,161</u>

Notes:

- (a) An amount due from Gold Value Limited of HK\$46,312,000 (2021: HK\$69,098,000) is unsecured, interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK\$1,597,000 (2021: HK\$1,834,000) is expected to be recovered within one year, while the remaining amount of HK\$44,715,000 (2021: HK\$67,264,000) will be recovered after one year. An amount due from 657-667 Mission Street Venture LLC of HK\$47,359,000 (2021: nil) is unsecured, interest-free and recoverable after one year.
- (b) An amount due to Ultimate Vantage Limited of HK\$134,834,000 (2021: HK\$119,161,000) is unsecured, interest-free and repayable on demand.

11 INTERESTS IN JOINT VENTURES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Share of net assets	–	–
Amount due from a joint venture (non-current) (<i>note</i>)	<u>393,400</u>	–
	<u>393,400</u>	–

The amount due from Champion Estate Holdings Limited is unsecured, interest-free and expected to be recovered after one year.

12 PROPERTIES UNDER DEVELOPMENT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance as at 1 January	–	–
Acquisition of subsidiaries (<i>note 17</i>)	726,772	–
Additions	<u>69,928</u>	–
Balance as at 31 December	<u>796,700</u>	–

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

Properties under development are expected to be completed within the normal operating cycle, recovered after more than one year from the end of the reporting period and included under current assets.

13 TRADE AND OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, net of loss allowance (<i>note (a)</i>)	1,080	908
Unamortised rent receivables	1,226	46,278
Other receivables	13,976	10,606
Other deposits	7,744	6,550
Deposit paid for acquisition of subsidiaries (<i>note 17</i>)	–	42,646
Prepayments	1,168	2,929
Amount due from an associate (<i>note 10(a)</i>)	1,597	1,834
Amount due from an intermediate holding company (<i>note (b)</i>)	24,553	58,533
Amounts due from fellow subsidiaries (<i>note (b)</i>)	59,132	52,919
	<u>110,476</u>	<u>223,203</u>
Representing:		
Current	110,476	185,583
Non-current (unamortised rent receivables)	–	37,620
	<u>110,476</u>	<u>223,203</u>

(a) Ageing analysis

Trade receivables represent mainly rental receivables from tenants of the Group's investment properties. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	997	804
31 to 90 days	83	104
	<u>1,080</u>	<u>908</u>

- (b) The amounts due from an intermediate holding company and fellow subsidiaries are unsecured, interest-free and recoverable on demand. Included in the balances were trade receivables from an intermediate holding company and fellow subsidiaries of HK\$24,553,000 (2021: HK\$26,481,000) and HK\$23,957,000 (2021: HK\$52,439,000), respectively, which arose from the provision of asset management services. As at 31 December 2022, the ageing of the balance of HK\$48,510,000 (2021: HK\$54,388,000) is less than 30 days from the date of revenue recognition. As at 31 December 2021, the ageing of the remaining balance of HK\$24,532,000 was more than 90 days from the date of revenue recognition.

14 INVESTMENT INSTRUMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross carrying amount	306,173	466,665
Allowance for impairment losses	(82,953)	(31,174)
Net carrying amount	<u>223,220</u>	<u>435,491</u>

The Group invests in the investment instruments for funding a property development project.

The instruments are interest-bearing at 14.15% per annum and the original maturity date is 20 December 2020. The borrowers have the right to extend the original maturity date for five successive one-year periods upon the expiration of each extension period. During the year ended 31 December 2022, the borrowers exercised the third extension option and the maturity date of the instruments was extended to 20 December 2023. During the year, HK\$175,468,000 (2021: HK\$224,498,000) has been repaid to the Group.

The instruments are guaranteed by a holding company of the borrowers. The balance of HK\$172,375,000 (2021: HK\$305,008,000) is secured by the equity interest of a borrower, while the remaining balance of HK\$133,798,000 (2021: HK\$161,657,000) is unsecured.

During the year, management concluded that the credit risk of the investment instruments increased significantly since initial recognition. The Group recognised a loss allowance at an amount equal to lifetime expected credit losses, calculated based on the present value of cash shortfalls over the expected life of the instruments. A cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. An impairment loss of HK\$51,779,000 was made during the year ended 31 December 2022 (2021: HK\$31,174,000) (note 5(d)).

15 TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	946	–
Other payables	40,105	18,504
Rental and other deposits received	24,694	24,491
Accruals	75,963	65,631
Amount due to an associate (<i>note 10(b)</i>)	134,834	119,161
Amount due to an intermediate holding company (<i>note (a)</i>)	53,268	66,673
Amounts due to fellow subsidiaries (<i>note (a)</i>)	5,256	1,162
	<u>335,066</u>	<u>295,622</u>

Notes:

- (a) Amounts due to an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.
- (b) Except for the rental and other deposits received on properties and other payables of HK\$11,777,000 (2021: HK\$10,006,000) which are expected to be settled after one year, all of the trade payables, other payables, rental and other deposits received and accruals are expected to be settled within one year or repayable on demand.

16 BANK LOANS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured bank loans	646,418	1,208,546
Other borrowing costs capitalised	(748)	(978)
	<u>645,670</u>	<u>1,207,568</u>
Total bank loans	<u><u>645,670</u></u>	<u><u>1,207,568</u></u>
<i>Representing secured bank loans repayable:</i>		
Within 1 year or on demand	–	766,287
After 2 years but within 5 years	<u>645,670</u>	<u>441,281</u>
Total bank loans	<u><u>645,670</u></u>	<u><u>1,207,568</u></u>

At 31 December 2022, the Group has a banking facility of HK\$1,000,000,000 (the “**HK Loan Facility**”) (2021: HK Loan Facility of HK\$1,000,000,000 and another banking facility of GBP75,000,000 (equivalent to HK\$789,653,000) (the “**UK Loan Facility**”).

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

The HK Loan Facility is interest-bearing at the Hong Kong Interbank Offered Rate plus 2.1% per annum (2021: London Interbank Offered Rate plus 2.1% per annum), secured by share charges in respect of the equity interests of certain subsidiaries of the Group (the “**HK Subsidiaries**”) and floating charges over all the rental related receivables of the HK Subsidiaries, and guaranteed by the Company. It has an initial term of 12 months from its utilisation date and upon the end of the initial 12-month term, the Group may exercise not more than four consecutive 12-month extension options subject to satisfaction of certain extension conditions.

The HK Loan Facility is subject to the fulfilment of covenants relating to the HK Subsidiaries’ and the Company’s financial ratios, obligations on the HK Subsidiaries’ immediate holding companies to maintain their beneficial interests in the HK Subsidiary’s issued share capital and obligation on the Company’s ultimate holding company to maintain its beneficial interest of at least 30% of the entire issued share capital of a subsidiary of the Group.

The UK Loan Facility was discharged upon the disposal of a subsidiary during the year (note 18).

At 31 December 2022, none of the covenants relating to the HK Loan Facility had been breached. If the Group were to breach the covenants, the HK Loan Facility would become payable on demand. The Group regularly monitors its compliance with these covenants.

17 ACQUISITION OF SUBSIDIARIES

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

Details of the above transaction are disclosed in the Company’s announcements dated 22 November 2021 and 31 January 2022, and the Company’s circular dated 31 December 2021. The transaction was approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 January 2022 and completed on 31 January 2022. The acquisition constituted a notifiable transaction and connected transaction under Chapter 14 and Chapter 14A of Listing Rules respectively.

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

	<i>HK\$’000</i>
Other receivables	125,835
Properties under development	726,772
Bank balances	577
Trade and other payables	(4,270)
Tax payable	(246)
	<hr/>
Net identified assets and liabilities and total consideration	848,668
	<hr/> <hr/>
Total cash consideration paid	(848,668)
Less: deposit paid during the year ended 31 December 2021 (<i>note 13</i>)	42,646
	<hr/>
Cash consideration paid during the year	(806,022)
Total bank balances acquired	577
	<hr/>
Net cash outflow	(805,445)
	<hr/> <hr/>

Given the property project held by the Enigma Group is currently under development, the Enigma Group does not contribute any revenue to the Group and the loss attributable to the equity shareholders was HK\$3,204,000 for the year. Should the acquisition had occurred on 1 January 2022, the revenue and the profit attributable to the equity shareholders of the Company for the year would have been HK\$353,228,000 and HK\$28,155,000 respectively.

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

18 DISPOSAL OF A SUBSIDIARY

On 21 January 2022, the Group entered into a sale and purchase agreement with an independent third party (the “**Purchaser**”) to dispose of the entire issued share capital of a subsidiary, Lithium Real Estate (Jersey) Limited (“**Lithium Jersey**”), for a cash consideration of GBP36,896,000 (equivalent to HK\$385,762,000). The completion of the disposal took place on 28 January 2022 (the “**Completion**”). Upon Completion, the Group also received an amount equal to the shareholder’s loan due from Lithium Jersey of GBP18,552,000 (equivalent to HK\$193,969,000) as the Purchaser procured Lithium Jersey to repay all such loan on a dollar-to-dollar basis. At Completion, Lithium Jersey held Ryder Court located at 13–17 Bury Street and 12, 14, 16 Ryder Street, London, SW1Y 6QB, United Kingdom (“**Ryder Court**”). During the year ended 31 December 2022, the Purchaser has successfully rented out the vacant unit of Ryder Court before the date falling two years after the Completion. A portion of the consideration retained by the Purchaser in relation to the letting of the vacant unit of GBP882,000 (equivalent to HK\$9,221,000) was refunded to the Group.

Details of the above disposal are disclosed in the Company’s announcements dated 21 January 2022 and 28 January 2022 and the Company’s circular dated 25 February 2022. The disposal constituted a notifiable transaction as defined under Chapter 14 of the Listing Rules.

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

	<i>Note</i>	<i>HK\$’000</i>
Investment property	9	1,325,578
Trade and other receivables		49,843
Bank balances		7,252
Tax recoverable		2,797
Trade and other payables		(13,465)
Lease liabilities		(54,007)
Bank loan		(767,411)
Deferred tax liabilities		(10,713)
Exchange reserve		10,694
		<hr/>
Net identified assets and liabilities		550,568
Less: total consideration		(588,952)
		<hr/>
Gain on disposal of a subsidiary		(38,384)
		<hr/>
Cash consideration received		588,952
Total bank balances disposed of		(7,252)
		<hr/>
Net cash inflow		581,700
		<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

While the financial year 2022 was a year of uncertainty as the world was recovering from the disruptions and setbacks caused by the COVID-19 pandemic and in an attempt to adjust and adapt, the global economy was facing tremendous challenges — high inflation, high food prices, energy supply shortages, steep rises in interest rates and more expensive debt service. All these challenges posed serious problems for many economies and their financial systems. 2022 was a year filled with a mix of economic growth and economic pressure around the globe.

The Group recorded a profit attributable to the shareholders of the Company for the year of approximately HK\$28.2 million (2021: HK\$424.6 million), representing a decrease of approximately 93%. The decrease was mainly due to the combined effect of (i) a one-off termination fee received by an associate from its tenant for terminating the lease for the associate's investment property located in California, the United States of America (the "US") during the year ended 31 December 2021, but not during the year, which led to a significant decrease in share of profit from the associate of approximately HK\$163 million; and (ii) the fair value gain of approximately HK\$201 million contributed by the Group's investment property located in London, the United Kingdom (the "UK"), namely Ryder Court, in 2021 but not during the year as a result of the completion of the disposal of Ryder Court on 28 January 2022.

In 2022, as the then existing management services framework agreement entered into by the Group and Vanke Property (Hong Kong) Company Limited ("VPHK") and certain of its subsidiaries (collectively, the "VPHK Parties") in 2020 expired on 31 December 2022 and the parties wished to continue engaging in the transactions thereunder, the Company has renewed the new management services framework agreement with the VPHK Parties for a term of three years from 1 January 2023 until 31 December 2025. Under the new management services framework agreement, the Group will continue to be engaged on an exclusive basis to provide management services to the VPHK Parties in Hong Kong, the UK and the US (the "Management Services").

For details of the Management Services, please refer to the Company's announcements dated 26 October 2022 and 23 December 2022 and circular dated 23 November 2022.

At the beginning of the year, the Group continued to hold various equity interests or investment instruments (as the case may be) in certain properties in Hong Kong, London in the UK, and San Francisco and New York in the US which included (i) various units and car park spaces of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“**Regent Centre**”); (ii) the property comprising pieces or parcels of ground located at 62, 64, 66 and 68 Chun Yeung Street, Hong Kong (the “**Chun Yeung Street Property**”); (iii) approximately 99.95% effective interest in the investment property Ryder Court located at 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James’s, London, SW1, the UK (“**Ryder Court**”); (iv) 45% effective interest in the investment property located at 657 and 663–667 Mission Street, San Francisco, California, the US (“**Mission**”); and (v) 100% of the holding entity which participates in 49% effective interest in the investment instruments (“**Investment Instruments**”) for funding the development of the property located at 25 Park Row, New York, the US (“**Park Row**”).

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

Separately, on 22 November 2021, the Group, as purchaser, entered into a sale and purchase agreement with Oceanic Jade Limited, a subsidiary of VPHK and as seller, to acquire (i) the entire issued share capital of Enigma Company Limited (“**Enigma**”), a company incorporated in the British Virgin Islands which indirectly holds the property comprising pieces or parcels of ground located in No. 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong (“**Bondlane I**”); and (ii) the shareholder’s loan due by Enigma and its subsidiaries to VPHK, at a consideration of HK\$848.7 million by way of cash (the “**2021 Acquisition**”), the completion of which took place on 31 January 2022. The Group intends to develop Bondlane I into a residential-based project. It is expected that sales of the residential units built on Bondlane I would contribute income to the Group from the second half of 2024. For details of the 2021 Acquisition, please refer to the Company’s announcements dated 22 November 2021, 20 January 2022 and 31 January 2022, and circular dated 31 December 2021.

On 20 September 2022, the Government of the Hong Kong Special Administrative Region awarded the tender of a piece of land parcel known as Sha Tin Town Lot No. 643, located at Hin Wo Lane, Sha Tin, New Territories, Hong Kong (the “**Hin Wo Lane Property**”) with a total site area of approximately 1,383.3 square metres at the consideration of approximately HK\$786.4 million to Champion Estate (HK) Limited (the “**Champion**”), a company in which each of the Company and Wing Tai Properties Limited indirectly owns 50% effective interests (the “**2022 Acquisition**”). The Group and Wing Tai Properties Limited intend to develop the Hin Wo Lane Property into a residential project.

As a result of the completion of the Disposal, the 2021 Acquisition and the 2022 Acquisition during the year, as at 31 December 2022, the Group no longer held equity interests in Ryder Court but continue to hold equity interests or investment instruments (as the case may be) in certain properties in Hong Kong and San Francisco and New York in the US which included (i) various units and car park spaces in Regent Centre; (ii) the Chun Yeung Street Property; (iii) Bondlane I; (iv) 50% effective interest in Hin Wo Lane Property; (v) 45% effective interest in Mission; and (vi) 100% of the holding entity which participates in 49% effective interest in the Investment Instruments for funding the development of Park Row.

During the year under review, the Group's revenue is derived from the leasing of units and car parking spaces in Regent Centre, the leasing of Ryder Court, interest from the Investment Instruments and provision of asset management services. Revenue for the year was approximately HK\$353.2 million (2021: HK\$461.2 million), representing a decrease of approximately 23%. The decrease was mainly due to the combined effect of (i) the decrease in interest income on the Investment Instruments due to the collection of principals on the Investment Instruments during the year which lead to the decrease in the amounts of principals; (ii) the decrease in revenue generated from Ryder Court due to the Disposal; and (iii) a decrease in revenue generated from the asset management services.

The Group's investment in Regent Centre was at a fair value of HK\$1,994.3 million as at 31 December 2022 (31 December 2021: HK\$1,994.3 million). The Group's investment in Ryder Court at a fair value of approximately HK\$1,325.6 million as at 28 January 2022 (31 December 2021: HK\$1,323.4 million) was disposed of in January 2022. There has been no change in the valuation methodology of the Group's investment properties. After netting off the exchange adjustments of investment properties of approximately HK\$2.2 million (2021: HK\$17.2 million) and the disposal of Ryder Court of HK\$1,325.6 million (2021: nil), there is no fair value change for the year (2021: fair value gain of HK\$191.3 million).

Asset management

From the second half of 2019 onwards, the Group has been providing asset management services to VPHK Parties with respect to VPHK Parties' projects in Hong Kong, the UK and the US. In return, the asset management service fees calculated at 1.25% per annum of the total capital of the relevant projects invested by VPHK Parties was charged by the Group. Revenue from the provision of asset management services during the year amounted to approximately HK\$200.4 million (2021: HK\$228.7 million), representing a decrease of approximately 12%. The decrease was due to the decrease in the total capital of the relevant projects invested by VPHK Parties during the year.

Segment profit from the provision of asset management services decreased to approximately HK\$38.3 million for the year ended 31 December 2022 (2021: HK\$75.3 million), mainly due to the increase in direct operating expenses of the asset management teams and the decrease in the total capital of the relevant projects invested by VPHK Parties during the year.

Property investment

The Group's investment properties comprise various portions of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong. As at 31 December 2022, the Group owns a total gross floor area of approximately 657,000 square feet, representing 64% of the total gross floor area of Regent Centre.

Occupancy rate of Regent Centre was 95% as at 31 December 2022 (31 December 2021: 96%) and monthly passing rent was HK\$9.5 per square foot as at 31 December 2022 (31 December 2021: HK\$9.5 per square foot). Apart from monthly rent, the tenants are responsible for payment of a property management fee to the landlord, whose income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of units and car parking spaces during the year was approximately HK\$98.1 million (2021: HK\$98.7 million).

From the beginning of the year up to the completion of the Disposal, the Group's investment properties also comprised approximately 76,000 square feet in Ryder Court, which is located at 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James's, London, SW1, the UK, representing 100% of the total gross floor area of Ryder Court.

As a result of the Disposal, total revenue from the leasing of Ryder Court during the year decreased to approximately HK\$3.3 million (2021: HK\$46.1 million).

Segment profit before change in fair value of investment properties of the Group amounted to approximately HK\$78.9 million for the year (2021: HK\$77.9 million), representing an increase of approximately 1%. The increase was mainly due to the netting effect of (i) the decrease in revenue generated from Ryder Court; and (ii) the gain on the Disposal.

Property development

The Group's property development projects comprise (i) investment in the development of the West Rail Tsuen Wan West Station TW6 property development project (the "**TW6 Project**" and also known as "**The Pavilia Bay**"); (ii) investment in Mission; (iii) participation in the Investment Instruments for funding the development of Park Row; (iv) the development of the Chun Yeung Street Property; (v) the development of Bondlane I; and (vi) investment in the development of the Hin Wo Lane Property.

One of the Group's property development projects is represented by investment in Ultimate Vantage Limited ("**Ultimate Vantage**"), a 20% associate of the Group. Ultimate Vantage is a special purpose vehicle established in January 2013 for the development of The Pavilia Bay. Up to the date hereof, all units have been sold at gross proceeds of approximately HK\$10.1 billion and all of the sold units of The Pavilia Bay have been handed over to the buyers.

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

The Group's total investment in Ultimate Vantage and Gold Value (collectively, the “**TW6 Associates**”), comprising the share of net assets of the Group in the TW6 Associates as well as an amount due from Gold Value, amounted to approximately HK\$180.1 million as at 31 December 2022 (31 December 2021: HK\$173.5 million). The increase in total investment of the Group during the year was mainly due to the combined effect of (i) partial repayment of amount due from Gold Value of approximately HK\$22.8 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value); and (ii) the Group's share of profit of TW6 Associates amounted to approximately HK\$29.4 million for the year (2021: HK\$3.3 million). The increase in share of profit was mainly due to the reversal of the constructions costs over-accrued in the prior years.

Another of the Group's property development projects is represented by investment in 657–667 Mission Street Venture LLC, a 45% associate of the Group, and its subsidiaries (collectively, the “**Mission Street Group**”). The Mission Street Group owns Mission with a total gross floor area of approximately 155,000 square feet.

During the year, the Group had shared a loss of HK\$67.0 million (2021: profit of HK\$95.9 million) from Mission Street Group. The decrease in share of profit was mainly due to the combined effect of (i) the receipt of the one-off termination fee in 2021 from a tenant for terminating the lease which contributed to the income in 2021 but not during the year; and (ii) the decrease in fair value of Mission during the year.

The Group's another property development project is represented by the participation in 49% effective interest in the Investment Instruments for funding the development of Park Row held by Supreme J Limited, an indirect wholly-owned subsidiary of the Company. The revenue generated from the Investment Instruments during the year amounted to approximately HK\$51.4 million (2021: HK\$87.6 million), representing a decrease of approximately 41%. The decrease was due to the collection of principals on the Investment Instruments during the year which lead to the decrease in the amounts of principals.

The Group owns the entire equity interests in the Chun Yeung Street Property and Bondlane I. The Chun Yeung Street Property and Bondlane I are being redeveloped into a hospitality-related property and residential-based property, respectively, and are both under development during the year in accordance with the development.

The Group also owns the 50% effective interest in the Hin Wo Lane Property. The Hin Wo Lane Property is being redeveloped into a residential property and is under development during the year in accordance with the development.

Segment loss amounted to approximately HK\$39.9 million for the year (2021: profit of HK\$157.4 million). The decrease in profit was mainly due to the combined effect of (i) the share of loss of Mission Street Group during the year; and (ii) the decrease in profit generated from the Investment Instruments.

Head office and corporate expenses

Head office and corporate expenses, net of unallocated income, were approximately HK\$22.0 million during the year (2021: HK\$28.1 million). The decrease was mainly due to the legal and professional fees arising from the 2021 Acquisition and Disposal during 2021.

Finance income

Finance income for the year amounted to approximately HK\$8.3 million (2021: HK\$2.7 million), comprising interest income on bank deposits and bank balances of HK\$6.6 million (2021: HK\$0.4 million) and interest income on shareholders' loans due from Gold Value amounted to approximately HK\$1.7 million (2021: HK\$2.3 million). The increase in finance income was mainly due to the increase in bank interest rates during the year.

FINANCIAL REVIEW

Liquidity and financial resources

Equity attributable to shareholders of the Company amounted to approximately HK\$4,301.9 million as at 31 December 2022 (31 December 2021: HK\$4,299.9 million). The increase was due to the equity attributable to the shareholders of the Company for the year of HK\$37.1 million less a payment of 2021 final dividend of HK\$35.1 million.

The Group's interest-bearing bank and other borrowings of approximately HK\$657.7 million as at 31 December 2022 (31 December 2021: HK\$1,265.7 million) were mainly denominated in Hong Kong dollars. The bank loans of HK\$645.7 million (31 December 2021: HK\$1,207.6 million) were arranged on a floating rate basis, while the lease liabilities of HK\$12.0 million (31 December 2021: HK\$58.1 million) were arranged on a fixed rate basis. The decrease was due to the Disposal during the year.

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

After deducting other borrowing costs capitalised of approximately HK\$0.7 million (31 December 2021: HK\$0.9 million), the total outstanding bank loan was approximately HK\$645.7 million (31 December 2021: HK\$1,207.6 million). The maturity dates of these bank loans are set out on page 15 to this announcement. As at 31 December 2022, the maturity profile of the outstanding bank loan was as follows:

	At 31 December 2022 HK\$'000	At 31 December 2021 HK\$'000
Within 1 year or on demand	–	766,287
After 2 years but within 5 years	<u>645,670</u>	<u>441,281</u>
	<u><u>645,670</u></u>	<u><u>1,207,568</u></u>

As at 31 December 2022, the debt-to-equity ratio of the Company, which is calculated as interest-bearing bank and other borrowings divided by total equity of the Group, was 15.3% (31 December 2021: 29.4%). The ratio of net debts (interest-bearing bank and other borrowings net of bank balances and cash) divided by total equity was 1.7% (31 December 2021: 10.6%). The decrease in the ratios is primarily due to (i) the decrease of bank balances as at 31 December 2022; and (ii) the decrease of bank loans due to the Disposal.

The Group's bank balances and cash amounted to HK\$585.1 million as at 31 December 2022 (31 December 2021: HK\$811.9 million). The Chun Yeung Street Property, Bondlane I and Hin Wo Lane Property are free from encumbrances for the time being which can be leveraged to raise funds and bring in additional cash resources to the Group as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

Risk of fluctuations in exchange rates

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

Capital commitments

The Group had a contractual commitment of HK\$98.3 million as at 31 December 2022 (31 December 2021: HK\$280.1 million) in respect of capital expenditure to be incurred in the development of Chun Yeung Street Property.

Contingent liabilities and financial guarantees

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

Pledge of assets

As at 31 December 2022, the Group's secured bank loan was secured by the following assets of the Group:

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

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

As disclosed above, apart from the Disposal, the 2021 Acquisition and the 2022 Acquisition, there were no other significant investments held, material acquisitions or disposals of subsidiaries and associates during the year.

EMPLOYEES AND REMUNERATION POLICY

The Group had 100 employees as at 31 December 2022 (31 December 2021: 105). Staff costs (including Directors' emoluments) remained stable at approximately HK\$130.9 million (2021: HK\$131.0 million) during the year.

VPHK provides administrative and management support to the Group on a cost basis. During the year, total fee payable to VPHK in relation to administrative and management support to the Group remained stable at approximately HK\$7.3 million (2021: HK\$7.1 million) during the year.

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

OUTLOOK

After three years of uncertainties bringing unprecedented challenges to the global economy caused by the COVID-19 pandemic, with the cancellation of most of the remaining anti-COVID measures in Hong Kong, the full reopening of the China-Hong Kong border, resumption of travel between Hong Kong and the rest of the world, we believe that year 2023 will be full of hopes of normalisation. Yet, the challenges like rising interest rates, global geopolitical tension, and potential global recession may add hardship to many businesses of all sizes and across all industries including the property market. Despite these challenges, the Group will use its best endeavors to explore investment opportunities in the property markets in 2023 and continues to leverage on the network of VPHK and its subsidiaries to penetrate into the global market with a view to expanding its customer base both locally and overseas. On the positive note, we are cautiously optimistic about the general property market in Hong Kong.

The Group is financially healthy and, with appropriate cost management, is prepared for any economic pressure that may arise from the aforesaid challenges. Looking into 2023, the Group will keep an eye on investment opportunities, including those in other real estate markets in the world, which have good development and investment potential with the objective of being open-minded about new opportunities for growth and expansion of the Group's business and value creation for its shareholders as a whole.

The Group's investment property in Hong Kong, Regent Centre, is expected to maintain the occupancy rate and passing rent in 2023. The Group's Investment Instruments are expected to generate less revenue and profit in 2023 due to the collection of principals on the Investment Instruments during the year which lead to the decrease in the amounts of principals. In addition, the Group's asset management business is expected to generate stable revenue and profit in 2023.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.09 per share (2021: HK\$0.09 per share). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 16 June 2023 (the "**2023 AGM**"), the final dividend will be payable to the shareholders on or about 12 July 2023.

CLOSURE OF REGISTER OF MEMBERS AND THE TRANSFER BOOKS

The Register of Members and the Transfer Books of the Company will be closed during the following periods:

(i) For ascertaining the shareholders' entitlement to attend and vote at the 2023 AGM

The Register of Members and the Transfer Books of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2023 AGM. In order to be eligible to attend and vote at the 2023 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited ("**Computershare**") at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 12 June 2023.

(ii) For ascertaining the shareholders' entitlement to the proposed final dividend

The Register of Members and the Transfer Books of the Company will be closed on Monday, 26 June 2023 for the purpose of ascertaining the shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with Computershare at the abovementioned address no later than 4:30 p.m. on Friday, 23 June 2023.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material event that has occurred since the end of the financial year ended 31 December 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Listing Rules during the year ended 31 December 2022.

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 2022. The Company has also established written guidelines on no less exacting terms than the Model Code for relevant employees (as such term is defined in the CG Code) in respect of their dealings in the securities of the Company. The Board reviews and monitors the compliance of such codes and guidelines periodically.

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 ended 31 December 2022.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the code provisions under the CG Code. The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2022, including the accounting policies and practices adopted by the Group, and also discussed the internal control and financial reporting matters applicable to the Group with the management.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been compared by the Group’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the auditors.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company at www.vankeoverseas.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk. The annual report of the Company will be despatched to shareholders and published on the aforesaid websites in due course.

BOARD OF DIRECTORS

At the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Sun Jia (Chairman)

Ms. Que Dongwu (Chief Executive Officer)

Mr. Ding Changfeng

Ms. Zhou Yue

Independent Non-Executive Directors (in alphabetical order):

Mr. Choi Fan Wai

Ms. Law Chi Yin, Cynthia

Mr. Zhang Anzhi

By order of the Board

**Vanke Overseas Investment Holding
Company Limited**

Yip Hoi Man

Chief Financial Officer and Company Secretary

Hong Kong, 24 March 2023