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# vanke

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

## ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### INTERIM 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 unaudited interim results of the Group for the six months ended 30 June 2023 (the “**Period**”) as follows:

#### Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

		Unaudited	
		For the six months ended	For the six months ended
	Note	30 June 2023	30 June 2022
		HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>181,799</b>	184,492
Cost of services		(89,561)	(96,447)
<b>Gross profit</b>		<b>92,238</b>	88,045
Other income and net gain	4	8,856	885
Gain on disposal of a subsidiary		–	30,394
Administrative and other operating expenses		(43,292)	(15,163)
Increase in fair value of investment properties		74,303	–
<b>Operating profit</b>		<b>132,105</b>	104,161
Finance income	5(a)	8,472	1,343
Finance costs	5(b)	(19,570)	(14,108)
Share of results of associates		(109,210)	20,317
Share of results of joint ventures		(15)	–
<b>Profit before taxation</b>	5	<b>11,782</b>	111,713
Income tax	6	(9,247)	(29,126)
<b>Profit for the period</b>		<b>2,535</b>	82,587
<b>Attributable to:</b>			
Shareholders of the Company		2,535	82,587
Non-controlling interests		–	–
<b>Profit for the period</b>		<b>2,535</b>	82,587
		HK\$	HK\$
<b>Earnings per share – basic and diluted</b>	7	<b>0.01</b>	0.21

Details of dividends paid and payable to shareholders of the Company are set out in note 8.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*For the six months ended 30 June 2023*

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>30 June 2023</b>	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>2,535</b>	82,587
<b>Other comprehensive income for the period:</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of the financial statements of overseas subsidiaries	1,037	(27)
Exchange reserve reclassified to profit or loss upon disposal of a subsidiary	–	9,237
	<u>1,037</u>	<u>9,210</u>
<b>Total comprehensive income for the period</b>	<b>3,572</b>	91,797
<b>Attributable to:</b>		
Shareholders of the Company	3,572	92,066
Non-controlling interests	–	(269)
<b>Total comprehensive income for the period</b>	<b>3,572</b>	91,797

## Consolidated Statement of Financial Position

At 30 June 2023

		Unaudited At 30 June 2023 HK\$'000	Audited At 31 December 2022 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Investment properties	9	2,046,800	1,994,300
Property, plant and equipment		930,543	879,451
Interests in associates	10	269,029	371,001
Interests in joint ventures	11	245,126	393,400
		<u>3,491,498</u>	<u>3,638,152</u>
<b>Current assets</b>			
Properties under development		835,250	796,700
Trade and other receivables	12	251,729	110,476
Investment instruments		210,124	223,220
Tax recoverable		3,321	4,003
Bank balances and cash		546,192	585,114
		<u>1,846,616</u>	<u>1,719,513</u>
<b>Current liabilities</b>			
Trade and other payables	13	(343,798)	(335,066)
Contract liabilities		(31,311)	–
Lease liabilities		(6,867)	(10,210)
Tax payable		(19,682)	(12,918)
		<u>(401,658)</u>	<u>(358,194)</u>
<b>Net current assets</b>		<u>1,444,958</u>	<u>1,361,319</u>
<b>Total assets less current liabilities</b>		<u>4,936,456</u>	<u>4,999,471</u>
<b>Non-current liabilities</b>			
Bank loan		(615,473)	(645,670)
Lease liabilities		–	(1,838)
Deferred tax liabilities		(50,527)	(50,021)
		<u>(666,000)</u>	<u>(697,529)</u>
<b>NET ASSETS</b>		<u>4,270,456</u>	<u>4,301,942</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		3,895	3,895
Reserves		4,266,562	4,298,048
<b>Total equity attributable to shareholders of the Company</b>		<u>4,270,457</u>	<u>4,301,943</u>
<b>Non-controlling interests</b>		(1)	(1)
<b>TOTAL EQUITY</b>		<u>4,270,456</u>	<u>4,301,942</u>

## Notes

### 1. GENERAL INFORMATION

The Company is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The registered office of the Company is P.O. Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is Room A, 43rd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong. The principal activities of the Group are asset management, property development and property investment.

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

### 2. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group’s interim report for the six months ended 30 June 2023 but are extracted from the report.

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

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies as required by accounting standards are set out below.

The IASB has issued certain amendments to International Financial Reporting Standards (“**IFRSs**”) that are first effective for the current accounting period of the Group. The equivalent revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

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

The HKICPA has also issued a new HKICPA guidance on the accounting implication of the mandatory provident fund and long service payment offsetting mechanism in July 2023. As the Group has not completed its assessment, further impacts may be identified in due course.

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

The Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs or HKFRSs.

### 3 REVENUE AND SEGMENT INFORMATION

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

	<b>For the six months ended</b>	
	<b>30 June 2023</b>	30 June 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time</i>		
Property management fee income	<b>8,809</b>	8,231
Asset management fee income	<b>109,620</b>	103,557
<i>Revenue from other sources</i>		
Rental income from investment properties	<b>40,036</b>	44,799
Interest income on investment instruments	<b>23,334</b>	27,905
	<b><u>181,799</u></b>	<u>184,492</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 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

The segment results are as follows:

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

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

**For the six months ended 30 June 2022**

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

#### 4 OTHER INCOME AND NET GAIN

	For the six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
Compensation received from tenants on early lease termination	27	42
Other management fee	870	779
Gain on disposal of an investment property	7,897	–
Others	62	64
	<u>8,856</u>	<u>885</u>

#### 5 PROFIT BEFORE TAXATION

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

	For the six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
<b>(a) Finance income</b>		
Interest income on bank deposits and bank balances	(7,684)	(408)
Interest income on an amount due from an associate	(788)	(935)
	<u>(8,472)</u>	<u>(1,343)</u>
<b>(b) Finance costs</b>		
Interest expenses on bank loans	18,718	8,728
Other borrowing costs	723	4,921
	<u>19,441</u>	<u>13,649</u>
Interest expenses on lease liabilities	129	459
	<u>19,570</u>	<u>14,108</u>
<b>(c) Others</b>		
Depreciation		
– owned property, plant and equipment	645	315
– other properties leased for own use	5,159	5,514
Contributions to defined contribution plan	3,399	2,783
Salaries, wages and other benefits (including Directors' emoluments)	63,631	62,775
Net foreign exchange loss	1,084	657
Impairment losses on investment instruments	30,484	–
Rental and related income from investment properties less direct outgoings of HK\$11,870,000 (six months ended 30 June 2022: HK\$11,482,000)	(36,975)	(41,548)
	<u>(36,975)</u>	<u>(41,548)</u>

## 6 INCOME TAX

	For the six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	1,057	2,164
Over-provision in prior years	–	(179)
	<u>1,057</u>	<u>1,985</u>
<b>Current tax – Overseas</b>		
Provision for the period	7,684	20,284
Under-provision in prior years	–	4,694
	<u>7,684</u>	<u>24,978</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>506</u>	<u>2,163</u>
	<u>9,247</u>	<u>29,126</u>

Provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits for the Period.

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

There is no taxation charge (six months ended 30 June 2022: HK\$10,884,000) in the results of associates for the Period.

## 7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$2,535,000 (six months ended 30 June 2022: HK\$82,587,000), and 389,527,932 shares (six months ended 30 June 2022: 389,527,932 shares) in issue during the Period.

Diluted earnings per share equals to the basic earnings per share as the Company had no dilutive potential shares in issue during the Period (six months ended 30 June 2022: nil).

## 8 DIVIDEND

### (a) Dividend attributable to the interim period:

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2022: nil).

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

	For the six months ended	
	30 June 2023	30 June 2022
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the Period, of HK\$0.09 (six months ended 30 June 2022: HK\$0.09) per share ( <i>note</i> )	<b>35,058</b>	35,058

*Note:* 2022 final dividend was paid on 12 July 2023.

## 9 INVESTMENT PROPERTIES

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
At 1 January	<b>1,994,300</b>	3,317,746
Disposal	<b>(21,803)</b>	(1,325,578)
Fair value gain	<b>74,303</b>	–
Exchange adjustments	–	2,132
At 30 June/31 December	<b>2,046,800</b>	1,994,300

Investment properties of the Group were revalued as at 30 June 2023. The valuation was carried out by an external firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, which has among their staff with relevant professional qualifications and has recent experience in the location and category of the property being valued. The fair value of investment properties is determined by taking into account the net rental income of the property derived from the existing leases with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at appropriate capitalisation rates, and with reference to the comparable sale transactions as available in the market.

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

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Share of net assets	180,071	278,927
Amounts due from associates (non-current) ( <i>note (a)(i)</i> )	<u>88,958</u>	<u>92,074</u>
	<u>269,029</u>	<u>371,001</u>
Amount due from an associate (current) ( <i>note (a)(i)</i> )	<u>1,081</u>	<u>1,597</u>
Amounts due to associates (current) ( <i>note (a)(ii)</i> )	<u>141,767</u>	<u>134,834</u>

### Notes:

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

- (i) An amount due from Gold Value Limited of HK\$42,680,000 (31 December 2022: HK\$46,312,000) is unsecured and interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The amount of HK\$1,081,000 (31 December 2022: HK\$1,597,000) is expected to be recovered within one year, while the remaining amount of HK\$41,599,000 (31 December 2022: HK\$44,715,000) will be recovered after one year. An amount due from 657-667 Mission Street Venture LLC of HK\$47,359,000 (31 December 2022: HK\$47,359,000) is unsecured, interest-free and recoverable after one year.
- (ii) An amount due to Ultimate Vantage Limited of HK\$134,834,000 (31 December 2022: HK\$134,834,000) is unsecured, interest-free and repayable on demand. An amount due to 657-667 Mission Street Venture LLC of HK\$6,933,000 (31 December 2022: nil) is unsecured, interest-free and repayable on demand.

## 11 INTERESTS IN JOINT VENTURES AND AMOUNTS DUE FROM JOINT VENTURES

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Share of net liabilities	(15)	–
Amounts due from joint ventures (non-current) ( <i>note (a)(i)</i> )	<u>245,141</u>	<u>393,400</u>
	<u>245,126</u>	<u>393,400</u>
Amounts due from joint ventures (current) ( <i>note (a)(ii)</i> )	<u>157,276</u>	<u>–</u>

Notes:

- (a) Amounts due from joint ventures comprise of:
- (i) An amount due from Champion Estate (HK) Limited of HK\$245,141,000 (31 December 2022: nil) is unsecured and recoverable after one year. The amount of HK\$245,132,000 (31 December 2022: nil) is interest-bearing at 3% per annum, while the remaining amount of HK\$9,000,000 (31 December 2022: nil) is interest-free. As at 31 December 2022, an amount due from Champion Estate Holdings Limited of HK\$393,400,000 is unsecured, interest-free and recoverable after one year.
- (ii) An amount due from Champion Estate Holdings Limited of HK\$122,500,000 (31 December 2022: nil) is unsecured, interest-free and recoverable on demand. An amount due from Champion Estate (HK) Limited of HK\$34,776,000 (31 December 2022: nil) is unsecured, interest-bearing at 3% per annum and recoverable on demand.

## 12 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Trade receivables	1,695	1,080
Unamortised rent receivables	458	1,226
Other receivables	13,279	13,976
Other deposits	8,991	7,744
Prepayments	7,371	1,168
Amount due from an associate ( <i>note 10(a)(i)</i> )	1,081	1,597
Amounts due from joint ventures ( <i>note 11(a)(ii)</i> )	157,276	–
Amount due from an intermediate holding company ( <i>note (b)</i> )	37,328	24,553
Amounts due from fellow subsidiaries ( <i>note (b)</i> )	24,250	59,132
	<u>251,729</u>	<u>110,476</u>

### (a) Ageing analysis

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

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
0 to 30 days	1,515	997
31 to 90 days	180	83
	<u>1,695</u>	<u>1,080</u>

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

- (b) The amounts due from an intermediate holding company and fellow subsidiaries are unsecured, interest-free and recoverable on demand. Included in the balances were trade receivables from an intermediate holding company and fellow subsidiaries of HK\$32,026,000 (31 December 2022: HK\$24,553,000) and HK\$22,670,000 (31 December 2022: HK\$23,957,000), respectively, which arose from the provision of asset management services. The ageing of these balances are less than 30 days from the date of revenue recognition.

### 13 TRADE AND OTHER PAYABLES

	At 30 June 2023 <i>HK\$'000</i>	At 31 December 2022 <i>HK\$'000</i>
Trade payables	20,758	946
Other payables	41,699	40,105
Rental and other deposits received ( <i>note (b)</i> )	24,638	24,694
Accruals	77,520	75,963
Amounts due to associates ( <i>note 10(a)(ii)</i> )	141,767	134,834
Amount due to an intermediate holding company ( <i>note (a)</i> )	31,772	53,268
Amounts due to fellow subsidiaries ( <i>note (a)</i> )	5,644	5,256
	<u>343,798</u>	<u>335,066</u>

- (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 investment properties and other payables of HK\$8,993,000 (31 December 2022: HK\$11,777,000) which are expected to be settled after one year, all of the other payables, rental and other deposits received and accruals are expected to be settled within one year or repayable on demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the six months ended 30 June 2023 (the “**Period**”), the Group continued to provide asset management services (the “**Management Services**”) to Vanke Property (Hong Kong) Company Limited (“**VPHK**”) and certain of its subsidiaries (including other subsidiaries of China Vanke Co., Ltd (“**China Vanke**”)) (the “**VPHK Parties**”) pursuant to the management services framework agreement entered into by the Group and the VPHK Parties in 2022. For details of the Management Services, please refer to the Company’s announcement dated 26 October 2022 and circular dated 23 November 2022.

During the Period, the Group continued to hold various equity interests or investment instruments (as the case may be) in certain properties in Hong Kong and San Francisco and New York in the United States of America (the “**US**”) which included the followings (collectively, the “**Investments**”):

Location/project	Effective interest	Segment	Type	Status
Various units and car park spaces of Regent Centre 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (“ <b>Regent Centre</b> ”)	100%	Property investment	Industrial	Leasing stabilised
62, 64, 66 and 68 Chun Yeung Street, Hong Kong (the “ <b>Chun Yeung Street Property</b> ”)	100%	Property development	Hospitality- related	Under development
No. 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong (“ <b>Bondlane I</b> ”)	100%	Property development	Residential	Under development
Sha Tin Town Lot No. 643, located at Hin Wo Lane, Sha Tin, New Territories, Hong Kong (the “ <b>Hin Wo Lane Property</b> ”)	50%	Property development	Residential	Under development
657 and 663–667 Mission Street, San Francisco, California, the US (“ <b>Mission</b> ”)	45%	Property development	Commercial	Completed
Investment instruments (“ <b>Investment Instruments</b> ”) for funding the development of the property located at 25 Park Row, New York, the US (“ <b>Park Row</b> ”)	49%	Property development	Investment instrument	–

During the Period, the Group's revenue is mainly derived from (i) the leasing of units and car parking spaces in Regent Centre; (ii) interest from the Investment Instruments for funding the development of Park Row; and (iii) provision of asset management services. Revenue for the Period was approximately HK\$181.8 million (six months ended 30 June 2022: HK\$184.5 million), representing a decrease of 1% from the corresponding period in 2022. The decrease was mainly due to the net effect of (i) the decrease in interest income on the Investment Instruments due to the collection of principals on the Investment Instruments during the Period; (ii) the decrease in revenue generated from the Group's investment property Ryder Court in London, the United Kingdom ("**Ryder Court**") due to the disposal of Ryder Court in January 2022 (as disclosed in the Company's announcements dated 21 January 2022 and 28 January 2022 and circular dated 25 February 2022); and (iii) the increase in revenue generated from the Management Services.

The Group's investment in Regent Centre was at a fair value at approximately HK\$2,046.8 million as at 30 June 2023 (31 December 2022: HK\$1,994.3 million). There has been no change in the valuation methodology of the Group's investment properties. After netting off the partial disposal of Regent Centre of approximately HK\$21.8 million, the fair value gain amounted to approximately HK\$74.3 million for the Period (six months ended 30 June 2022: nil).

### **Asset management**

The Group provides Management Services to the VPHK Parties with respect to VPHK Parties' projects in Hong Kong, the United Kingdom (the "**UK**") and the US. In return, the Management Service fees were charged by the Group calculated at (i) 1.25% per annum of the total capital of the relevant projects invested by VPHK Parties in the UK and the US; and (ii) 1.8% per annum of the total capital of the relevant projects invested by VPHK Parties in Hong Kong. During the Period, the Group's revenue from the provision of asset management services amounted to approximately HK\$109.6 million (six months ended 30 June 2022: HK\$103.6 million).

Segment profit from the provision of asset management services increased to approximately HK\$31.7 million for the Period (six months ended 30 June 2022: HK\$18.3 million), mainly due to the increase in the fee rate from 1.25% to 1.8% per annum of the total capital for the relevant projects invested by VPHK Parties in Hong Kong during the Period.

### **Property Investment**

During the Period, the Group's investment properties comprised various portions of Regent Centre, which is located at 63 Wo Yi Hop Road and 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong. The Group owns a total gross floor area of approximately 649,000 square feet, representing 63% of the total gross floor area of Regent Centre.

During the Period, the Group renewed the leases of Regent Centre at a stable rental reversion. Occupancy of Regent Centre remained at 95% as at 30 June 2023 (30 June 2022: 95%) with passing rent at HK\$9.5 per square foot as at 30 June 2023 (30 June 2022: HK\$9.4 per square foot). Apart from monthly rent, the tenants are responsible for payment of property management fees to the landlord, whose income has been accounted for as part of the revenue of the Group. Total revenue from the leasing of units and car parking spaces in Regent Centre during the Period was approximately HK\$48.8 million (six months ended 30 June 2022: HK\$49.5 million).

Segment profit after deducting property management fees, carpark management expenses, leasing commission and other operating expenses but before the change in fair value of investment properties of the Group amounted to approximately HK\$24.8 million for the Period (six months ended 30 June 2022: HK\$54.8 million), representing a decrease of 55%. The decrease was mainly due to the gain on disposal of Ryder Court of approximately HK\$30.4 million recorded during the six months ended 30 June 2022, but which was not recorded during the Period.

### **Property development**

The Group's property development projects comprise (i) investment in the development of the West Rail Tsuen Wan West Station TW6 property development project (the "**TW6 Project**" and also known as "**The Pavilia Bay**"); (ii) investment in Mission; (iii) 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**"), an associate of the Group in which the Group holds 20% equity interests thereof. Ultimate Vantage is a special purpose vehicle established in January 2013 for the development of the TW6 Project. Up to the date hereof, all units have been sold at gross proceeds of approximately HK\$10.1 billion and all of the sold units of The Pavilia Bay have been handed over to the buyers.

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

The Group's total investment in Ultimate Vantage and Gold Value (collectively, the "**TW6 Associates**"), comprising the share of net assets of the Group in the TW6 Associates as well as amounts due from Gold Value, amounted to approximately HK\$176.5 million as at 30 June 2023 (31 December 2022: HK\$180.1 million). The decrease in total investment of the Group during the Period was mainly due to the partial repayment of the amount due from Gold Value of approximately HK\$3.6 million (out of the repayment of mortgages by the buyers of The Pavilia Bay to Gold Value). The Group's share of profit of TW6 Associates during the six months ended 30 June 2022 of approximately HK\$29.2 million was mainly due to the reversal of the constructions costs over-accrued in the prior years.

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

During the Period, the Group had shared a loss of approximately HK\$109.2 million (six months ended 30 June 2022: HK\$8.9 million) from Mission Street Group. The increase in share of loss was mainly due to the decrease in fair value of Mission during the Period resulting from various local market factors.

The Group's another property development project is represented by the participation in 49% effective interest in the Investment Instruments for funding the development of Park Row. During the Period, the revenue generated from the Investment Instruments amounted to approximately HK\$23.3 million (six months ended 30 June 2022: HK\$27.9 million). The decrease in interest on the Investment Instruments was mainly due to the collection of principals on the Investment Instruments throughout the Period.

The Group owns the entire equity 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 Period in accordance with the development plan.

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 Period in accordance with the development plan.

Segment loss amounted to approximately HK\$117.9 million for the Period (six months ended 30 June 2022: profit of HK\$48.8 million), mainly due to the share of the decrease in fair value of Mission during the Period resulting from various local market factors.

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

Head office and corporate expenses, net of unallocated income, were approximately HK\$8.9 million during the Period (six months ended 30 June 2022: HK\$10.6 million). The decrease was mainly due to the legal and professional fees arising from the disposal of Ryder Court during the six months ended 30 June 2022, but not during the Period.

### **Finance income**

Finance income for the Period amounted to approximately HK\$8.5 million (six months ended 30 June 2022: HK\$1.3 million), comprising interest income on bank deposits and bank balances of approximately HK\$7.7 million for the Period (six months ended 30 June 2022: HK\$0.4 million) and interest income on shareholders' loans due from Gold Value of approximately HK\$0.8 million for the Period (six months ended 30 June 2022: HK\$0.9 million). The increase in finance income is mainly due to the increase in bank interest rates during the Period.

## Events after the Reporting Period

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

## FINANCIAL REVIEW

### Liquidity, financial resources, gearing and capital structure

Equity attributable to shareholders of the Company amounted to approximately HK\$4,270.4 million as at 30 June 2023 (31 December 2022: HK\$4,301.9 million). The decrease was mainly due to the equity attributable to the shareholders of the Company for the Period of approximately HK\$3.6 million less a declaration of 2022 final dividend of approximately HK\$35.1 million.

The Group's interest-bearing bank and other borrowings of approximately HK\$622.4 million as at 30 June 2023 (31 December 2022: HK\$657.7 million) were mainly denominated in Hong Kong dollars. The bank loan of approximately HK\$615.5 million (31 December 2022: HK\$645.7 million) was arranged on a floating rate basis, while the lease liabilities of approximately HK\$6.9 million (31 December 2022: HK\$12.0 million) were arranged on a fixed rate basis. The decrease was mainly due to the partial repayment of bank loan during the Period.

The Group has a banking facility amounting to HK\$970.0 million (31 December 2022: HK\$1,000.0 million) in which approximately HK\$616.4 million (31 December 2022: HK\$646.4 million) has been utilised as at 30 June 2023.

After deducting other borrowing costs capitalised of approximately HK\$0.9 million (31 December 2022: HK\$0.7 million), the total outstanding bank loan was approximately HK\$615.5 million (31 December 2022: HK\$645.7 million). As at 30 June 2023, the maturity profile of outstanding bank loan was as follows:

	At <b>30 June</b> <b>2023</b> <i>HK\$'000</i>	At 31 December 2022 <i>HK\$'000</i>
After 1 year but within 2 years	<b>615,473</b>	–
After 2 years but within 5 years	–	645,670
	<b>615,473</b>	645,670

As at 30 June 2023, 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 14.6% (31 December 2022: 15.3%). The ratio of net debts (interest-bearing bank and other borrowings net of bank balances and cash) divided by total equity was 1.8% (31 December 2022: 1.7%).

The Group's bank balances and cash amounted to approximately HK\$546.2 million as at 30 June 2023 (31 December 2022: HK\$585.1 million). The Chun Yeung Street Property and Bondlane I are both free from encumbrances for the time being which can be leveraged to raise funds and bring in additional cash resources to the Group as and when required. Taking these into account, it is expected that the Group should have sufficient working capital for its current requirements.

### **Risk of fluctuations in exchange rates**

As the Group operates in Hong Kong and 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\$50.3 million as at 30 June 2023 (31 December 2022: HK\$98.3 million) in respect of capital expenditure to be incurred in the development of the Chun Yeung Street Property.

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

As at 30 June 2023, a wholly-owned subsidiary of the Company engaging in the businesses of property investment has been granted a banking facility of HK\$970.0 million (31 December 2022: HK\$1,000.0 million), of which HK\$616.4 million (31 December 2022: HK\$646.4 million) has been utilised, which is subject to a guarantee given by the Company to the bank for up to 100% (31 December 2022: 100%) of the fund drawn down.

### **Pledge of assets**

As at 30 June 2023, the Group's secured bank loan was secured by the following assets of the Group:

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

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

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

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 98 employees as at 30 June 2023 (30 June 2022: 106). Staff costs (including emoluments of directors of the Company (the “**Directors**”)) were approximately HK\$67.0 million (six months ended 30 June 2022: HK\$65.6 million) during the Period. There was no material change during the Period.

VPHK provides administrative and management support to the Group on a cost basis. Total fees payable to VPHK amounted to approximately HK\$3.5 million during the Period (six months ended 30 June 2022: HK\$4.1 million).

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

## **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Period (six months ended 30 June 2022: nil).

## **OUTLOOK**

While Year 2023 was expected to be a year of the “re-bounce” and the global economy is poised to grow this year, it has so far been filled with uncertainties and challenges as a result of the persistently high inflation, rising interest rates, monetary tightening, political tension and financial vulnerabilities etc.. In Hong Kong, although China’s reopening of its border offers positive momentum early this year, the overall economic activity remains below the pre-pandemic level.

In the property market, during the period under review, we did not see sharp increase in the market activities. While the market sentiment was considerably upbeat and there was increased competition among new properties for sale, the rising interest rates and the anticipation of its further increase add pressure on the property market and therefore, potential homebuyers have become more cautious and would even delay purchase decisions. In view of the above, it is reasonably expected that property prices will face pressure in the latter half of the year. Despite the challenges lying ahead, the Group will continue to seek opportunities in the market for business diversification and expansion.

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

The Group will continue to explore opportunities to increase its scale and profitability with the aim of optimising return for its Shareholders and is positive about the long term prospect of the property market in Hong Kong. The Group’s investment property in Hong Kong, namely Regent Centre, is expected to maintain the occupancy rates and passing rents in the second half of 2023. In addition, the Group’s asset management business is expected to generate stable revenue and profit in the second half of 2023. Moving forward, the Group is still hopeful that together we can weather this storm and overcome the latest challenges brought on to the property market.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

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

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

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

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

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

Hong Kong, 25 August 2023

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

*Executive Directors:*

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

*Non-Executive Director:*

*Ms. Han Huihua*

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

*Mr. Choi Fan Wai, Ms. Law Chi Yin, Cynthia, Mr. Zhang Anzhi*