

# vanke

## Vanke Overseas Investment Holding Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

# 2023

## Interim Report

For the six months ended 30 June 2023

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

SUN Jia (*Chairman*)

QUE Dongwu (*Chief Executive Officer*)

(resigned with effect from 1 August 2023)

YIP Hoi Man (*Chief Executive Officer*)

(appointed with effect from 1 August 2023)

DING Changfeng

ZHOU Yue (resigned with effect from 1 August 2023)

### Non-Executive Director

Han Huihua (appointed with effect from 1 August 2023)

### Independent Non-Executive Directors

CHOI Fan Wai

LAW Chi Yin, Cynthia

ZHANG Anzhi

### AUDIT COMMITTEE

CHOI Fan Wai (*Chairman*)

LAW Chi Yin, Cynthia

ZHANG Anzhi

### REMUNERATION COMMITTEE

ZHANG Anzhi (*Chairman*)

QUE Dongwu (resigned with effect from 1 August 2023)

YIP Hoi Man (appointed with effect from 1 August 2023)

CHOI Fan Wai

### NOMINATION COMMITTEE

LAW Chi Yin, Cynthia (*Chairman*)

SUN Jia

ZHANG Anzhi

### COMPANY SECRETARY

YIP Hoi Man (resigned with effect from 1 August 2023)

LAI Ivy (appointed with effect from 1 August 2023)

## AUDITOR

KPMG

(Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)

## LEGAL ADVISORS TO THE COMPANY

Reed Smith Richards Butler LLP (*as to Hong Kong law*)

Maples and Calder (Hong Kong) LLP

(*as to Cayman Islands law*)

## PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

## REGISTERED OFFICE

P.O. Box 309, Ugland House

Grand Cayman KY1-1104

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS

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## WEBSITE

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## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

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183 Queen's Road East

Wan Chai

Hong Kong

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

# Management Discussion and Analysis *(continued)*

## **BUSINESS REVIEW** *(continued)*

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.

# Management Discussion and Analysis *(continued)*

## BUSINESS REVIEW *(continued)*

### 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.

# Management Discussion and Analysis *(continued)*

## BUSINESS REVIEW *(continued)*

### 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.

# Management Discussion and Analysis *(continued)*

## FINANCIAL REVIEW *(continued)*

### Liquidity, financial resources, gearing and capital structure *(continued)*

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

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.

# Management Discussion and Analysis *(continued)*

## FINANCIAL REVIEW *(continued)*

### 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 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 any interim dividend for the Period (six months ended 30 June 2022: nil).



# Management Discussion and Analysis *(continued)*

## OUTLOOK

While Year 2023 was expected to be a year of the “re-bound” 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.

# Report on Review of Interim Financial Information



## Review report to the Board of Directors of Vanke Overseas Investment Holding Company Limited

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 25 which comprises the consolidated statement of financial position of Vanke Overseas Investment Holding Company Limited and its subsidiaries (the "Group") as of 30 June 2023 and the related consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof, and to be in compliance with either International Accounting Standard 34 ("IAS 34"), *Interim financial reporting*, issued by the International Accounting Standards Board or Hong Kong Accounting Standard 34 ("HKAS 34"), *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants, depending on whether the issuer's annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs") respectively. As the annual financial statements of the Group are prepared in accordance with both IFRSs and HKFRSs, the directors are responsible for the preparation and presentation of the interim financial information in accordance with both IAS 34 and HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34 and HKAS 34.

#### KPMG

*Certified Public Accountants*

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

25 August 2023

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023 – unaudited

|   |      | 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                                |      | <b>(89,561)</b>          | (96,447)     |
| <b>Gross profit</b>                             |      | <b>92,238</b>            | 88,045       |
| Other income and net gain                       | 4    | <b>8,856</b>             | 885          |
| Gain on disposal of a subsidiary                |      | –                        | 30,394       |
| Administrative and other operating expenses     |      | <b>(43,292)</b>          | (15,163)     |
| Increase in fair value of investment properties |      | <b>74,303</b>            | –            |
| <b>Operating profit</b>                         |      | <b>132,105</b>           | 104,161      |
| Finance income                                  | 5(a) | <b>8,472</b>             | 1,343        |
| Finance costs                                   | 5(b) | <b>(19,570)</b>          | (14,108)     |
| Share of results of associates                  |      | <b>(109,210)</b>         | 20,317       |
| Share of results of joint ventures              |      | <b>(15)</b>              | –            |
| <b>Profit before taxation</b>                   | 5    | <b>11,782</b>            | 111,713      |
| Income tax                                      | 6    | <b>(9,247)</b>           | (29,126)     |
| <b>Profit for the period</b>                    |      | <b>2,535</b>             | 82,587       |
| <b>Attributable to:</b>                         |      |                          |              |
| Shareholders of the Company                     |      | <b>2,535</b>             | 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         |

The notes on pages 16 to 25 form part of this interim financial information. 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 – unaudited

|  | For the six months ended |                          |
|--|--------------------------|--------------------------|
|  | 30 June 2023<br>HK\$'000 | 30 June 2022<br>HK\$'000 |
| <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 | <b>1,037</b>             | (27)                     |
| Exchange reserve reclassified to profit or loss upon disposal of a subsidiary            | –                        | 9,237                    |
|  | <b>1,037</b>             | 9,210                    |
| <b>Total comprehensive income for the period</b>   | <b>3,572</b>             | 91,797                   |
| <b>Attributable to:</b>  |                          |                          |
| Shareholders of the Company  | <b>3,572</b>             | 92,066                   |
| Non-controlling interests  | –                        | (269)                    |
| <b>Total comprehensive income for the period</b>   | <b>3,572</b>             | 91,797                   |

The notes on pages 16 to 25 form part of this interim financial information.

# Consolidated Statement of Financial Position

At 30 June 2023

|  | Note | At<br>30 June<br>2023<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2022<br>HK\$'000<br>(audited) |
|--|------|--|--|
| <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  |
|  |      | <b>3,491,498</b>                                 | 3,638,152  |
| <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  |
|  |      | <b>1,846,616</b>                                 | 1,719,513  |
| <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)   |
|  |      | <b>(401,658)</b>                                 | (358,194)  |
| <b>Net current assets</b>                    |      | <b>1,444,958</b>                                 | 1,361,319  |
| <b>Total assets less current liabilities</b> |      | <b>4,936,456</b>                                 | 4,999,471  |
| <b>Non-current liabilities</b>               |      |  |  |
| Bank loan                                    |      | (615,473)  | (645,670)  |
| Lease liabilities                            |      | –  | (1,838)  |
| Deferred tax liabilities                     |      | (50,527)   | (50,021)   |
|  |      | <b>(666,000)</b>                                 | (697,529)  |
| <b>NET ASSETS</b>                            |      | <b>4,270,456</b>                                 | 4,301,942  |

# Consolidated Statement of Financial Position *(continued)*

At 30 June 2023

|   | At<br>30 June<br>2023<br>HK\$'000<br>(unaudited) | At<br>31 December<br>2022<br>HK\$'000<br>(audited) |
|---|--|--|
| <b>CAPITAL AND RESERVES</b>                                     |  |  |
| Share capital   | <b>3,895</b>                                     | 3,895  |
| Reserves  | <b>4,266,562</b>                                 | 4,298,048  |
| <b>Total equity attributable to shareholders of the Company</b> | <b>4,270,457</b>                                 | 4,301,943  |
| <b>Non-controlling interests</b>                                | <b>(1)</b>                                       | (1)  |
| <b>TOTAL EQUITY</b>   | <b>4,270,456</b>                                 | 4,301,942  |

The notes on pages 16 to 25 form part of this interim financial information.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 – unaudited

|   | Attributable to shareholders of the Company |                  |                  |                  | Total            | Non-controlling interests | Total equity     |
|---|---|------------------|------------------|------------------|------------------|---------------------------|------------------|
|   | Share capital                               | Share premium    | Exchange reserve | Retained profits |                  |                           |                  |
|   | HK\$'000                                    | HK\$'000         | HK\$'000         | HK\$'000         |                  |                           |                  |
| <b>At 1 January 2023</b>  | <b>3,895</b>                                | <b>1,030,877</b> | <b>3,550</b>     | <b>3,263,621</b> | <b>4,301,943</b> | <b>(1)</b>                | <b>4,301,942</b> |
| <b>Changes in equity for the six months ended 30 June 2023:</b>     |   |                  |                  |                  |                  |                           |                  |
| Profit for the period   | -   | -                | -                | 2,535            | 2,535            | -                         | 2,535            |
| Other comprehensive income  | -   | -                | 1,037            | -                | 1,037            | -                         | 1,037            |
| Total comprehensive income  | -   | -                | 1,037            | 2,535            | 3,572            | -                         | 3,572            |
| Final dividend approved in respect of the previous year (note 8(b)) | -   | -                | -                | (35,058)         | (35,058)         | -                         | (35,058)         |
| <b>At 30 June 2023</b>  | <b>3,895</b>                                | <b>1,030,877</b> | <b>4,587</b>     | <b>3,231,098</b> | <b>4,270,457</b> | <b>(1)</b>                | <b>4,270,456</b> |
| <b>At 1 January 2022</b>  | 3,895                                       | 1,030,877        | (5,397)          | 3,270,510        | 4,299,885        | 342                       | 4,300,227        |
| <b>Changes in equity for the six months ended 30 June 2022:</b>     |   |                  |                  |                  |                  |                           |                  |
| Profit for the period   | -   | -                | -                | 82,587           | 82,587           | -                         | 82,587           |
| Other comprehensive income  | -   | -                | 9,479            | -                | 9,479            | (269)                     | 9,210            |
| Total comprehensive income  | -   | -                | 9,479            | 82,587           | 92,066           | (269)                     | 91,797           |
| Final dividend approved in respect of the previous year (note 8(b)) | -   | -                | -                | (35,058)         | (35,058)         | -                         | (35,058)         |
| <b>At 30 June 2022</b>  | <b>3,895</b>                                | <b>1,030,877</b> | <b>4,082</b>     | <b>3,318,039</b> | <b>4,356,893</b> | <b>73</b>                 | <b>4,356,966</b> |

The notes on pages 16 to 25 form part of this interim financial information.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023 – unaudited

|  | For the six months ended |                  |
|--|--------------------------|------------------|
|  | 30 June 2023             | 30 June 2022     |
|  | HK\$'000                 | HK\$'000         |
| <b>Operating activities</b>  |                          |                  |
| Net cash generated from operations   | 5,303                    | 161,669          |
| Hong Kong Profits Tax paid   | (1,296)                  | (231)            |
| Overseas tax paid  | –                        | (26,519)         |
| <b>Net cash generated from operating activities</b>  | <b>4,007</b>             | <b>134,919</b>   |
| <b>Investing activities</b>  |                          |                  |
| Payments for acquisition of subsidiaries,<br>net of cash and cash equivalents of the subsidiaries acquired | –                        | (805,445)        |
| Net proceed from disposal of an investment property  | 29,700                   | –                |
| Payments for additions of property, plant and equipment  | (60,722)                 | (54,066)         |
| Proceed from disposal of a subsidiary  | –                        | 572,479          |
| Repayments from investment instruments   | 42,398                   | 82,830           |
| Bank interest received   | 7,684                    | 408              |
| Interest received from an associate  | 788                      | 935              |
| Dividend received from an associate  | –                        | 29,651           |
| Repayment from an associate  | 3,632                    | 8,265            |
| Payments for additional investments in joint ventures  | (9,017)                  | –                |
| Payment for additional investment in an associate  | (3,421)                  | –                |
| <b>Net cash generated from/(used in) investing activities</b>  | <b>11,042</b>            | <b>(164,943)</b> |
| <b>Financing activities</b>  |                          |                  |
| Interest and other borrowing costs paid  | (19,638)                 | (13,311)         |
| Capital element of lease rentals paid  | (5,181)                  | (5,514)          |
| Interest element of lease rentals paid   | (129)                    | (458)            |
| Repayment of a bank loan   | (30,000)                 | –                |
| Proceed from a new bank loan   | –                        | 200,000          |
| <b>Net cash (used in)/generated from financing activities</b>  | <b>(54,948)</b>          | <b>180,717</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | <b>(39,899)</b>          | <b>150,693</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>585,114</b>           | <b>811,937</b>   |
| Effect of foreign exchange rate changes  | 977                      | (3,848)          |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>546,192</b>           | <b>958,782</b>   |
| <b>Analysis of the balances of cash and cash equivalents at 30 June</b>                                    |                          |                  |
| Bank balances and cash   | 546,192                  | 958,782          |

The notes on pages 16 to 25 form part of this interim financial information.



# Notes to the Unaudited Interim Financial Information

## 1 GENERAL INFORMATION

Vanke Overseas Investment Holding Company Limited (the “Company” and together with its subsidiaries, the “Group”) is a limited liability company incorporated under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands and the address of its principal office in Hong Kong is 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 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 IFRSs that are first effective for the current accounting period of the Group. The equivalent revised 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 will 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.

The Interim Financial Information 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. KPMG’s independent review report to the Board of Directors is included on page 9 of the Interim Financial Information. In addition, this Interim Financial Information has been reviewed by the Company’s Audit Committee.

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

## 3 REVENUE AND SEGMENT INFORMATION

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

|  | For the six months ended |                          |
|--|--------------------------|--------------------------|
|  | 30 June 2023<br>HK\$'000 | 30 June 2022<br>HK\$'000 |
| <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>181,799</b>           | 184,492                  |

### (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   |

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

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

The segment results are as follows:

### For the six months ended 30 June 2023 (the "Period")

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

### For the six months ended 30 June 2022

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

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

## 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           |
|   | <b>8,856</b>             | <b>885</b>   |

## 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)          |
|  | <b>(8,472)</b>           | <b>(1,343)</b> |
| <b>(b) Finance costs</b>   |                          |                |
| Interest expenses on bank loans  | 18,718                   | 8,728          |
| Other borrowing costs  | 723                      | 4,921          |
|  | <b>19,441</b>            | <b>13,649</b>  |
| Interest expenses on lease liabilities   | 129                      | 459            |
|  | <b>19,570</b>            | <b>14,108</b>  |
| <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<br>(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<br>properties less direct outgoings of HK\$11,870,000<br>(six months ended 30 June 2022: HK\$11,482,000) | (36,975)                 | (41,548)       |

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

## 6 INCOME TAX

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

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).

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

## 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               | At               |
|------------------------|------------------|------------------|
|                        | 30 June 2023     | 31 December 2022 |
|                        | HK\$'000         | 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.

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

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

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

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

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

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

*(continued)*

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 (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<br>30 June<br>2023<br>HK\$'000 | At<br>31 December<br>2022<br>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 (note 10(a)(i))               | 1,081                             | 1,597                                 |
| Amounts due from joint ventures (note 11(a)(ii))           | 157,276                           | –                                     |
| Amount due from an intermediate holding company (note (b)) | 37,328                            | 24,553                                |
| Amounts due from fellow subsidiaries (note (b))            | 24,250                            | 59,132                                |
|  | <b>251,729</b>                    | <b>110,476</b>                        |

### (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<br>30 June<br>2023<br>HK\$'000 | At<br>31 December<br>2022<br>HK\$'000 |
|---------------|-----------------------------------|---------------------------------------|
| 0 to 30 days  | 1,515                             | 997                                   |
| 31 to 90 days | 180                               | 83                                    |
|               | <b>1,695</b>                      | <b>1,080</b>                          |

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



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

### 12 TRADE AND OTHER RECEIVABLES *(continued)*

- (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<br>30 June<br>2023<br>HK\$'000 | At<br>31 December<br>2022<br>HK\$'000 |
|---|-----------------------------------|---------------------------------------|
| 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                                 |
|   | <b>343,798</b>                    | 335,066                               |

- (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.

### 14 COMMITMENTS

Commitments outstanding at 30 June 2023 not provided for in the Interim Financial Information were as follows:

|                                 | At<br>30 June<br>2023<br>HK\$'000 | At<br>31 December<br>2022<br>HK\$'000 |
|---------------------------------|-----------------------------------|---------------------------------------|
| Contracted for construction of: |                                   |                                       |
| – Property, plant and equipment | 50,346                            | 98,282                                |

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

## 15 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Interim Financial Information, the Group entered into the following material related party transactions in its ordinary course of business during the Period.

|  | For the six months ended |                          |
|--|--------------------------|--------------------------|
|  | 30 June 2023<br>HK\$'000 | 30 June 2022<br>HK\$'000 |
| Asset management fee income received/receivable from <i>(note (a))</i>                         |                          |                          |
| – an intermediate holding company  | <b>63,639</b>            | 51,189                   |
| – fellow subsidiaries  | <b>45,981</b>            | 52,368                   |
| Management and administrative fee payable to an intermediate holding company <i>(note (b))</i> | <b>3,459</b>             | 4,139                    |
| Key management personnel compensation <i>(note (c))</i>  | <b>825</b>               | 810                      |

Notes:

- (a) *Assets management fee income is charged at terms agreed by both parties. The details of the amounts due from an intermediate holding company and fellow subsidiaries are set out in note 12(b).*
- (b) *Management and administrative fee is charged at terms agreed by both parties. The details of the amount due to an intermediate holding company are set out in note 13(a).*
- (c) *Key management personnel represent the directors of the Company.*

# Other Information

## REVIEW OF INTERIM FINANCIAL INFORMATION

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

Apart from reviewing the interim financial information, the Audit Committee has also considered the significant accounting principles and policies adopted by the Company and discussed with management the internal control and financial reporting matters in respect of this interim report.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

## 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.

## 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.

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

With effect from 1 August 2023, Ms. Que Dongwu has resigned as the Chief Executive Officer and an executive Director; Ms. Zhou Yue has resigned as an executive Director; Ms. Yip Hoi Man has been re-designated from the Chief Financial Officer to the Chief Executive Officer, and appointed as an executive Director; and Ms. Han Huihua has been appointed as the non-executive Director.

Save as disclosed above, there has been no change to the information of the Directors since the date of the issuance of the annual report of the Company for the year ended 31 December 2022, which is required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of Directors are available on the Company's website.

## Other Information *(continued)*

### DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2023, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

#### Interests in associated corporations

| Name of Director   | Name of associated corporation | Type of shares | Number of ordinary shares held    |                         |  |                 |   | Total interests              | Percentage of issued share capital |
|--|--------------------------------|----------------|-----------------------------------|-------------------------|--|-----------------|---|------------------------------|------------------------------------|
|  |                                |                | Interest held as beneficial owner | Interest held by spouse | Interest held by controlled corporations | Other interests | Number of underlying shares held under equity derivatives |                              |                                    |
| Sun Jia  | China Vanke                    | A shares       | -                                 | 5,800                   | -  | -               | -   | 5,800<br><i>(Note 1)</i>     | 0.00006%                           |
| Que Dongwu<br><i>(resigned with effect from 1 August 2023)</i> | China Vanke                    | A shares       | 208,200                           | -                       | -  | -               | -   | 208,200<br><i>(Note 1)</i>   | 0.00214%                           |
| Ding Changfeng   | China Vanke                    | A shares       | 1,037,660                         | -                       | -  | -               | -   | 1,037,660<br><i>(Note 1)</i> | 0.01067%                           |

Note:

- The total number of ordinary A shares of China Vanke in issue as at 30 June 2023 was 9,724,196,533 and the total number of ordinary H shares of China Vanke in issue as at 30 June 2023 was 2,206,512,938. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.

All the interests in the shares disclosed under this section represent long position in the shares of the associated corporations of the Company. Save as disclosed herein, as at 30 June 2023, none of the Directors or any of their spouses or children aged under eighteen years of age had any interests or short positions in the shares, underlying shares and debentures or were granted any right to subscribe for the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights which was required to be recorded in the register kept by the Company under section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## Other Information *(continued)*

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to a business partnership scheme adopted by China Vanke in 2014, certain employees of the China Vanke Group have been admitted as business partners entrusting part of their bonuses into a collective account for investment management by Shenzhen Ying'an Financial Advisory Limited, including the introduction of leveraged finance for investment. All business partners in the scheme have undertaken that the collective bonuses and derivative assets will be centralised under closed-end management, without any payment to specific individuals, before the release of the contingent obligation requiring the return of the collective bonuses. An investment management and holding agreement was executed by all business partners. Mr. Sun Jia, Ms. Yip Hoi Man, Mr. Ding Changfeng and Ms. Han Huihua are one of the beneficiaries in the scheme.

Save for the above, at no time during the Period was the Company or any of its subsidiaries or the Company's holding company or a subsidiary of the Company's holding company a party to any arrangements that enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Apart from the interests or short positions of the Directors in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors' Interests in Equity or Debt Securities", the register kept by the Company under section 336 of the SFO (the "Register") records that, as at 30 June 2023, the Company has been notified of the following interests or short positions in the shares of the Company:

| Name of substantial shareholder                     | Long position/<br>short position | Capacity of interest            | Total number of<br>shares in which<br>the shareholder<br>is interested | Percentage of<br>shareholding |
|---|----------------------------------|---------------------------------|--|-------------------------------|
| China Vanke <i>(Note 1)</i>                         | Long position                    | Held by controlled corporations | 292,145,949  | 75.0%                         |
| CITIC Securities Company Limited<br><i>(Note 2)</i> | Long position                    | Held by controlled corporations | 30,080,000   | 7.72%                         |

Notes:

- As recorded in the Register, the 292,145,949 ordinary shares of the Company are held by China Vanke through Wkland Investments Company Limited ("Wkland Investments"), which is an indirect wholly-owned subsidiary of China Vanke. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of Vanke Property (Hong Kong) Company Limited ("VPHK"). VPHK is a direct wholly-owned subsidiary of Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.
- As recorded in the Register, the 30,080,000 ordinary shares of the Company are held by CSI Capital Management Limited, which is an indirect wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a direct wholly-owned subsidiary of CITIC Securities Company Limited.

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of the Company as at 30 June 2023 as recorded in the Register, or as otherwise notified to the Company and the Stock Exchange of Hong Kong.

## Other Information *(continued)*

### LOAN FACILITY WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

The following disclosures are made in compliance with the disclosure requirements under Rule 13.21 of the Listing Rules.

On 17 June 2020, Chericourt Company Limited (“Chericourt”), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the “Facility Agreement”) with a bank for a term loan facility of HK\$1,000,000,000 (the “Loan Facility”) for a period of 12 months from its utilisation date and upon the end of the initial 12-month term, Chericourt may exercise not more than four consecutive 12-month extension options subject to satisfaction of certain extension conditions. Under the Loan Facility, it would constitute an event of default if China Vanke ceases to be the beneficial owner (by way of indirect ownership through the Company) of at least 30% of the entire issued share capital of Future Best Developments Limited, an indirect wholly-owned subsidiary of the Company. Upon the occurrence of the event of default, the Loan Facility under the Facility Agreement together with accrued interest, and all other amounts accrued under the Facility Agreement immediately due and payable.

Until the publication of this Interim Report, the circumstances giving rise to the obligations under Rule 13.18 of the Listing Rules continued to exist.

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

As at 30 June 2023, the aggregate of amount of financial assistance provided by the Group to Gold Value, Champion Estate Holdings Limited (“Champion Holdings”) and Champion Estate (HK) Limited (“Champion HK”), affiliated companies of the Company as defined under the Listing Rules, by way of shareholder’s loans amounted to approximately HK\$445 million, which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Details of the relevant advances to Gold Value, Champion Holdings and Champion HK as at 30 June 2023 are as follows:

|                                   | Note | HK\$ million |
|-----------------------------------|------|--------------|
| Amount due from Gold Value        | (a)  | 43           |
| Amount due from Champion Holdings | (b)  | 122          |
| Amount due Champion HK            | (c)  | <u>280</u>   |
| Total                             |      | <u>445</u>   |

Notes:

- (a) *The balance is unsecured, interest-bearing at Hong Kong Prime Rate minus 2.1% per annum. The balance of approximately HK\$1 million is expected to be recovered within one year, while the remaining balance of approximately HK\$42 million will be recovered after one year.*
- (b) *The balance is unsecured, interest-free and recoverable on demand.*
- (c) *The balance is unsecured and interest-bearing at 3% per annum. The balance of approximately HK\$35 million is recoverable on demand, while the remaining balance of approximately HK\$245 million will be recovered after one year.*

On 17 August 2023, the Company provided a guarantee of approximately HK\$372 million for term loan facilities granted by a bank, an independent third party of the Company, to Champion HK on a several basis in proportionate to the shareholding interest of the Company in Champion HK.

## Other Information *(continued)*

### DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES *(continued)*

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30 June 2023 are set out below.

|                              | <b>Proforma<br/>combined<br/>statement<br/>of financial<br/>position</b> | <b>Group's<br/>attributable<br/>interest</b> |
|------------------------------|--|--|
|                              | HK\$ million   | HK\$ million                                 |
| Non-current assets           | <b>176</b>   | 35   |
| Properties under development | <b>792</b>   | 396  |
| Current assets               | <b>54</b>  | 15   |
| Current liabilities          | <b>(321)</b>   | (159)  |
| Non-current liabilities      | <b>(699)</b>   | (287)  |
| Net assets                   | <b>2</b>   | –  |

The proforma combined statement of financial position of the affiliated companies is prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 30 June 2023.

### PUBLICATION OF INTERIM REPORT

This Interim Report in both English and Chinese is available in printed form and on the website of the Company at [www.vankeoverseas.com](http://www.vankeoverseas.com) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Shareholders may at any time change their means of receiving corporate communications of the Company (in hard copy or through electronic means) free of charge by giving reasonable notice in writing to the Company's Hong Kong Share Registrar or by email to [vankeoverseas.ecom@computershare.com.hk](mailto:vankeoverseas.ecom@computershare.com.hk).