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CHINA VANKE CO., LTD.*

萬科企業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2202)

2021 THIRD QUARTERLY REPORT

The board of directors (the “**Board**”) of China Vanke Co., Ltd.* (the “**Company**” or “**Vanke**”) is pleased to announce the unaudited quarterly report (the “**Quarterly Report**” or the “**Report**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and nine months ended 30 September 2021, which has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”). This announcement is made pursuant to the inside information provisions set out in Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the requirements under Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§1 IMPORTANT NOTICE

- 1.1** The Board, the supervisory committee and the directors (the “**Director(s)**”), supervisors and senior management of the Company guarantee the truthfulness, accuracy and completeness of the contents of the Report, and that there is no false representation, misleading statement or material omission in the Report, and accept full legal responsibilities for the Report jointly and severally.
- 1.2** The Quarterly Report was approved at the twelfth meeting of the nineteenth session of the Board (the “**Meeting**”) of the Company. All Directors of the Company attended the Meeting in person.
- 1.3** Mr. YU Liang, the Chairman of the Board, and Ms. HAN Huihua, an Executive Vice President and Financial Principal of the Company declare that the financial statements contained in the Quarterly Report are warranted to be true, accurate and complete.
- 1.4** The financial and accounting statements contained in the Quarterly Report of the Group have been prepared in accordance with the IFRSs and have not been audited.
- 1.5** Unless otherwise indicated, Renminbi is the reporting currency in the Quarterly Report. The “**Reporting Period**” refers to 1 July to 30 September of 2021.

- 1.6** This Report includes forward-looking statements of future plans and development strategy, which does not constitute the Group's actual undertakings to investors. Investors are advised to be aware of the risks involved, understand the differences between plans, forecasts and undertakings, and pay attention to investment risks.

§2 BASIC CORPORATE INFORMATION

2.1 Major accounting data and financial indicators

Unit: RMB'000

	As at 30 September 2021		As at 31 December 2020	Change
Total assets	1,967,458,401		1,869,240,971	5.25%
Total equity attributable to equity shareholders of the Company	227,622,869		224,510,953	1.39%
Share capital (thousand share)	11,625,383		11,617,732	Increase of 7,651 thousand shares
	Jul. to Sep. 2021	YOY change	Jan. to Sep. 2021	YOY change
Revenue	104,374,840	9.70%	271,485,775	12.42%
Profit for the period attributable to equity shareholders of the Company	5,641,859	-23.30%	16,688,796	-15.98%
Net cash generated from operating activities	(5,561,873)	-151.62%	1,219,687	-96.35%
Basic earnings per share (RMB)	0.486	-23.31%	1.436	-17.51%
Diluted earnings per share (RMB)	0.486	-23.31%	1.436	-17.51%
Weighted average return on equity	2.51%	Decrease by 1.18 percentage points	7.31%	Decrease by 2.82 percentage points

Note: The equity and earning/return used in the above calculation refer to the net equity attributable to equity shareholders of the Company and the profit for the period attributable to equity shareholders of the Company respectively.

2.2 Significant changes and reasons for such changes in major items of the accounting statements and financial indicators

Unit: RMB'000

Item	30 Sep. 2021	31 Dec. 2020	Change (+/-)	Remarks
Intangible assets	3,302,136	918,742	259.42%	Impact of business combinations
Other non-current assets	7,135,688	13,840,079	-48.44%	Impact of disposal of equity investments
Contract assets	9,798,996	6,162,550	59.01%	Growth in construction contracts
Other current assets	54,050	172,789	-68.72%	Expiration of some of the wealth management products
Assets held for sale	1,099,123	6,334,728	-82.65%	Disposals of certain assets held for sale
Deferred tax liabilities	577,408	295,348	95.50%	Deferred tax liabilities arising from business combinations increased

Unit: RMB'000

Item	Jan - Sep 2021	Jan - Sep 2020	Change (+/-)	Remarks
Share of profits less losses of associates and joint ventures	3,196,123	2,307,807	38.49%	Increase in profits from associates and joint ventures

2.3 Total number of shareholders and shareholdings of the top 10 holders of non-restricted shares as at the end of the Reporting Period

Unit: Share

Total number of ordinary shareholders as at the end of the Reporting Period	538,847 (including 538,792 holders of A Shares ^(Note 1) and 55 holders of H Shares)	Total number of preference shareholders with restored voting rights at the end of the Reporting Period (if any)	0
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Shareholdings of the top 10 shareholders

Name of shareholder	Classification of shareholder	Percentage of shareholdings	Number of shares held	Number of restricted shares held	Pledged or lock-up Share status	Number of shares
Shenzhen Metro Group Co., Ltd. (“SZMC”)	Domestic state-owned legal person	27.61%	3,209,810,791	0	–	0
HKSCC NOMINEES LIMITED ^{Note 2}	Overseas legal person	16.35%	1,901,072,272	0	–	0
Hong Kong Securities Clearing Company Limited ^{Note 3}	Overseas legal person	5.27%	612,734,365	0	–	0
Shenzhen Yingjiazhong Industrial Partnership (Limited Partnership)	Domestic non-state-owned legal person	3.77%	438,703,992	0	Pledged	438,703,992
Central Huijin Asset Management Co., Ltd.	Domestic state-owned legal person	1.63%	189,566,000	0	–	0
CMS Wealth – CMB – De Ying No. 1 Specialised Asset Management Plan	Others	1.26%	146,255,820	0	–	0
China Securities Finance Corporation Limited	Domestic state-owned legal person	1.14%	132,669,394	0	–	0
Shenzhen Ying’an Financial Consulting Enterprise (Limited Partnership)	Domestic non-state-owned legal person	1.05%	122,230,826	0	Pledged	92,230,826
CLIC – Dividend – Personal Dividend -005L-FH002 SZ	Others	0.61%	70,841,537	0	–	0
Industrial Bank Company Limited – Xingquan Trend Investment Mixed Securities Investment Fund	Others	0.59%	68,154,474	0	–	0

Shareholdings of the top 10 holders of non-restricted shares

Name of shareholder	Number of non-restricted shares held	Class of shares
SZMC	3,209,810,791	RMB-denominated Ordinary Share(s) (“ A Share(s) ”)
HKSCC NOMINEES LIMITED	1,901,072,272	Overseas-listed Foreign Share(s) (“ H Share(s) ”)
Hong Kong Securities Clearing Company Limited	612,734,365	A Share(s)
Shenzhen Yingjiazhong Industrial Partnership (Limited Partnership)	438,703,992	A Share(s)
Central Huijin Asset Management Co., Ltd.	189,566,000	A Share(s)
CMS Wealth – CMB – De Ying No. 1 Specialised Asset Management Plan	146,255,820	A Share(s)
China Securities Finance Corporation Limited	132,669,394	A Share(s)
Shenzhen Ying’an Financial Consulting Enterprise (Limited Partnership)	122,230,826	A Share(s)
CLIC – Dividend – Personal Dividend -005L-FH002 SZ	70,841,537	A Share(s)
Industrial Bank Company Limited – Xingquan Trend Investment Mixed Securities Investment Fund	68,154,474	A Share(s)

Remarks on the related relationship or action in concert of the aforementioned shareholders

The “Shenzhen Yingjiazhong Industrial Partnership (Limited Partnership)” and the “Shenzhen Ying’an Financial Consulting Enterprise (Limited Partnership)” are persons acting in concert. Save from that, it is not known to the Company as to whether there are connections or persons deemed to be acting in concert under the Measures for the Administration of the Takeover of Listed Companies among the abovementioned shareholders.

Top 10 ordinary shareholders involved in margin trading business (if any)

As at the end of the Reporting Period, SZMC had lent 33,000,000 A Shares of the Company for a period of not more than 6 months through the transfer business platform. No transfer of ownership of the shares will occur as a result of the lending of shares through the transfer business.

Statements on the transaction of shares under agreements to repurchase of the top 10 holders of ordinary shares and top 10 holders of non-restricted ordinary shares during the Reporting Period (if any)

Nil

Notes:

1. The “538,792 holders of A Shares” in the above table refers to the number of shareholders combining the securities margin trading credit accounts.
2. HKSCC NOMINEES LIMITED is the nominee holder of non-registered shareholders of the H Shares of the Company.
3. Hong Kong Securities Clearing Company Limited is the nominee holder of A Shares of the Company held by non-registered shareholders through the Shenzhen-Hong Kong Stock Connect.

As of 30 September 2021, the total number of shares of the Company was 11,625,383,375, including 9,724,196,533 A Shares and 1,901,186,842 H Shares.

2.4 Number of preferred shareholders and shareholdings of top 10 preferred shareholders

Applicable Not Applicable

§3 OTHER SIGNIFICANT MATTERS

1. Property market in the third quarter

During the Reporting Period, the pace of transactions in the national commercial housing market slowed apparently. According to the National Bureau of Statistics, the floor area of commodity housing sold from January to September reached 1.30 billion square meters while sales amount totaled RMB13.5 trillion, up by 11.3% and 16.6% year-on-year respectively; the growth rates were 16.4 and 22.3 percentage points lower than that of the first half of the year respectively. Of which, the floor area of commodity housing sold and the sales amount in the third quarter are down by 12.5% and 14.1% year-on-year respectively.

Weak performance in investment in property development and new construction projects. From January to September, the investment in property development nationwide increased by 8.8% year-on-year, the growth rate was 6.2 percentage points lower than that in the first half of the year; the area of new construction projects nationwide decreased by 4.5% year-on-year from a year-on-year increase of 3.8% in the first half of the year.

Obvious cooldown in land market in the third quarter. According to the statistics of China Index Academy, in the third quarter, the floor area and the transaction area of residential land supply in 300 cities declined by 14% and 37% year-on-year respectively; the average residential land premium rate was 9%, a quarter-on-quarter decrease of 9 percentage points from the second quarter.

2. Business development of the Group during the Reporting Period

(1) *Key financial guidance*

In the third quarter, the revenue of the Group amounted to RMB104.37 billion, representing a year-on-year increase of 9.7%; the net profit attributable to equity shareholders of the Company amounted to RMB5.64 billion, representing a year-on-year decrease of 23.3%. The booked area of the property development business amounted to 7.426 million sq.m, with a revenue of RMB92.71 billion, representing year-on-year increases of 10.0% and 9.2% respectively.

From January to September, the accumulated revenue of the Group amounted to RMB271.49 billion, representing a year-on-year increase of 12.4%; the net profit attributable to equity shareholders of the Company amounted to RMB16.69 billion, representing a year-on-year decrease of 16.0%. Amongst them, the property development business booked an area of 18.58 million sq.m, and contributed a revenue of RMB237.04 billion, representing year-on-year increases of 7.7% and 10.8% respectively.

From January to September, the gross profit margin of the Group's property development and related asset operation business (net of taxes and surcharges) was 17.5%, representing a decrease of 5.4 percentage points from the same period in 2020. The decline in gross profit margin was mainly related to the increase in the proportion of land premium to property prices.

The Group maintained sound financial and capital positions. As of the end of September, the Group's net gearing ratio was 31.9% and the cash and cash equivalents held by the Group (including restricted deposits) amounted to RMB147.11 billion, much higher than the interest-bearing liabilities due within one year of RMB78.29 billion. The interest-bearing liabilities accounted for 13.6% of total assets, and among the interest-bearing liabilities, 70.6% was long-term liabilities.

(2) *Major operations*

During the third quarter, the Group's property development business achieved a contract sales area of 7.547 million sq.m and a contract sales amount of RMB124.68 billion, representing year-on-year decreases of 36.5% and 27.6% respectively. From January to September, the Group achieved an accumulated contract sales area of 29.464 million sq.m and contract sales amount of RMB479.13 billion, representing year-on-year decreases of 9.8% and 2.8% respectively.

As of the end of September, the resources sold but not completed for recognition in the Group's consolidated financial statements amounted to 52.111 million sq.m, with a total contract amount of approximately RMB773.29 billion, representing increases of 5.9% and 10.8% respectively as compared to those at the beginning of the year.

The Group adhered to its rational investment strategies and keeping expenditure within the limits of revenues. In the third quarter, the Group acquired 37 new property development projects, with a total gross floor area (“GFA”) of approximately 7.357 million sq.m and a planned GFA attributable to the Company’s equity holding of approximately 5.324 million sq.m; from January to September, the Group acquired a total of 132 new property development projects, with a total GFA of approximately 22.41 million sq.m and a planned GFA attributable to the Company’s equity holding of approximately 16.032 million sq.m.

As of the end of September, the total GFA of the Group’s projects under construction was approximately 115.815 million sq.m, of which the GFA attributable to the Company’s equity holding was approximately 70.618 million sq.m; the total GFA of projects under planning was approximately 44.144 million sq.m, of which the GFA attributable to the Company’s equity holding was approximately 27.850 million sq.m. In addition, the Group also participated in certain urban renewal projects, of which the aggregate GFA attributable to the Company’s equity holding was approximately 3.37 million sq.m according to current planning.

From January to September, the floor area of new construction of the Group amounted to 28.372 million sq.m, representing a year-on-year increase of 0.3% and accounting for 90.1% (96.9% for the same period in 2020) of the floor area of new construction planned for the whole year; completed floor area was 19.926 million sq.m, representing a year-on-year increase of 10.4% and accounting for 55.5% (54.4% for the same period in 2020) of the planned floor area to be completed for the whole year.

The Group adhered to the strategy of being a “city and town developer and service provider” and “co-development with cities and co-development with customers”, and launched development, operations and services related to real estate for the better life of people.

During the Reporting Period, the Remote Operation Centre in Wuhan (萬物雲武漢遠程運營中心) of Onewo Space-Tech Service Co., Ltd. (“**Onewo**”) was officially put into use. More than 3,000 projects under Onewo’s management realised online command dispatch and operational assessment. Onewo has further enhanced the layout concentration and service efficiency, and accelerated the development of customer asset services and value-added lifestyle services.

During the Reporting Period, “Port Apartment”, the rental housing business of the Group, unveiled 3,400 units in cities such as Xiamen, Xi’an, Shanghai, Ningbo, Chengdu, Jinan and Shenzhen. As of the end of September, the rental housing business of the Group had reserved more than 195,000 housing units and unveiled a total of approximately 149,000 units, and the occupancy rate of accumulated days for rooms on rent to accumulated days for rooms unveiled reached 95%.

During the Reporting Period, the Group's logistics and warehousing operations in Hangzhou, Suzhou and Ningbo unveiled 3 projects. As of the end of September, the GFA of logistic and warehousing projects in operation reached 8.18 million sq.m, including 7.69 million sq.m of high-standard warehouses and 0.49 million sq.m of cold storage. Vanke Logistics Development Co., Ltd. increased its share capital and introduced a number of strategic investors including Reco Meranti Pte Ltd. (a subsidiary of the Government of Singapore Investment Corporation) and Dahlia Investments Pte. Ltd. (a subsidiary of Temasek).

During the Reporting Period, the Group (including SCPG Holdings Co., Limited ("SCPG")) opened 326,000 sq.m. of new commercial projects. Hangzhou Delong Olympic Sports In- City* (杭州匯德隆奧體印象城), which opened in September, achieved a tenancy rate of 99% and an opening rate of 97%. As at the end of the Reporting Period, the cumulative GFA of commercial projects opened by the Group (including the SCPG) amounted to 10.206 million sq.m. SCPG organized the 5th SUPER V SCPG Flower Festival* (第五屆SUPER V印力花花節), enhancing its appeal to the young consumer segment.

§4 APPENDIX – FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE IFRSS

The financial statements prepared in accordance with the IFRSs are set out in Appendix I to this announcement.

By order of the Board
China Vanke Co., Ltd. *
YU Liang
Chairman of the Board

Shenzhen, the PRC, 28 October 2021

As at the date of this announcement, the Board of the Company comprises Mr. YU Liang, Mr. ZHU Jiusheng and Mr. WANG Haiwu as executive directors; Mr. XIN Jie, Mr. HU Guobin and Mr. HUANG Liping as non-executive directors; and Mr. KANG Dian, Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. ZHANG Yichen as independent non-executive directors.

* *For identification purpose only*

APPENDIX I

The unaudited consolidated results of the Group for the nine months ended 30 September 2021 and the comparative figures for the corresponding period in 2020 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Nine months ended 30 September	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	271,485,775	241,491,467
Cost of revenue	<u>(211,500,574)</u>	<u>(169,198,064)</u>
Gross profit	59,985,201	72,293,403
Other net income	4,815,677	5,158,229
Selling and marketing expenses	(7,282,561)	(5,803,606)
Administrative expenses	(10,069,374)	(9,608,696)
Other operating expenses	<u>(839,617)</u>	<u>(1,103,779)</u>
Profit from operations	46,609,326	60,935,551
Finance costs	(6,301,917)	(6,821,887)
Share of profits less losses of associates and joint ventures	<u>3,196,123</u>	<u>2,307,807</u>
Profit before taxation	43,503,532	56,421,471
Income tax	<u>(18,899,183)</u>	<u>(26,349,928)</u>
Profit for the period	<u>24,604,349</u>	<u>30,071,543</u>
Attributable to:		
Equity shareholders of the Company	16,688,796	19,862,827
Non-controlling interests	<u>7,915,553</u>	<u>10,208,716</u>
Profit for the period	<u>24,604,349</u>	<u>30,071,543</u>
Basic earnings per share (RMB)	<u>1.436</u>	<u>1.741</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021**

	Nine months ended	
	30 September	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income		
– net movement in fair value reserve (non-recycling)	129,955	(793,070)
Share of other comprehensive income of associates	(98,956)	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(59,143)	110,021
Cash flow hedge: net movement in the hedging reserve	(163,425)	538,278
Share of other comprehensive income of associates	1,324,658	–
	<u>1,133,089</u>	<u>(144,771)</u>
Other comprehensive income for the period		
	<u>25,737,438</u>	<u>29,926,772</u>
Total comprehensive income for the period		
Attributable to:		
Equity shareholders of the Company	17,659,486	19,739,488
Non-controlling interests	8,077,952	10,187,284
	<u>25,737,438</u>	<u>29,926,772</u>
Total comprehensive income for the period		

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	At 30 September 2021 <i>RMB'000</i> (Unaudited)	At 31 December 2020 <i>RMB'000</i> (Audited)
Non-current assets		
Property, plant and equipment	32,478,208	31,841,854
Intangible assets	3,302,136	918,742
Investment properties	108,191,707	103,459,740
Interest in associates and joint ventures	148,402,892	141,895,190
Other financial assets	2,636,693	2,298,997
Other non-current assets	7,135,688	13,840,079
Deferred tax assets	30,680,144	27,535,431
	<u>332,827,468</u>	<u>321,790,033</u>
Current assets		
Inventories and other contract costs	1,121,207,742	1,008,434,340
Contract assets	9,798,996	6,162,550
Trade and other receivables	355,363,980	331,115,807
Other current assets	54,050	172,789
Pledged and restricted deposits	8,441,321	9,568,344
Cash and cash equivalents	138,665,721	185,662,380
Assets held for sale	1,099,123	6,334,728
	<u>1,634,630,933</u>	<u>1,547,450,938</u>
Current liabilities		
Bank loans and borrowings from financial institutions	69,248,481	70,299,267
Bonds payable	10,838,397	13,689,877
Trade and other payables	533,788,983	532,524,608
Contract liabilities	697,730,241	630,747,211
Lease liabilities	1,744,488	1,584,257
Current taxation	64,314,634	68,647,470
	<u>1,377,665,224</u>	<u>1,317,492,690</u>
Net current assets	<u>256,965,709</u>	<u>229,958,248</u>
Total assets less current liabilities	<u>589,793,177</u>	<u>551,748,281</u>

	At 30 September 2021 <i>RMB'000</i> (Unaudited)	At 31 December 2020 <i>RMB'000</i> (Audited)
Non-current liabilities		
Bank loans and borrowings from financial institutions	134,948,906	132,036,783
Lease liabilities	24,466,718	24,589,946
Bonds payable	53,474,486	43,576,223
Deferred tax liabilities	577,408	295,348
Provisions	225,435	215,331
Other non-current liabilities	1,169,780	1,190,176
	<u>214,862,733</u>	<u>201,903,807</u>
NET ASSETS	<u>374,930,444</u>	<u>349,844,474</u>
CAPITAL AND RESERVES		
Share capital	11,625,383	11,617,732
Reserves	215,997,486	212,893,221
Total equity attributable to equity shareholders of the Company	<u>227,622,869</u>	<u>224,510,953</u>
Non-controlling interests	147,307,575	125,333,521
TOTAL EQUITY	<u>374,930,444</u>	<u>349,844,474</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	2021 Jan-Sep <i>RMB'000</i> (Unaudited)	2020 Jan-Sep <i>RMB'000</i> (Unaudited)
Operating activities		
Cash generated from operations	31,265,529	63,740,638
Income tax paid	(30,045,842)	(30,359,769)
Net cash generated from operating activities	1,219,687	33,380,869
Investing activities		
Acquisitions of property, plant and equipment and investment properties	(4,467,650)	(3,470,609)
Other cash flows generated (used in)/generated from investing activities	(23,094,418)	9,660,182
Net cash generated (used in)/generated from investing activities	(27,562,068)	6,189,573
Financing activities		
Dividends and interest paid	(34,504,399)	(26,179,144)
Other cash flows generated from/(used in) financing activities	13,872,765	(5,596,700)
Net cash used in financing activities	(20,631,634)	(31,775,844)
Effect of foreign exchange rate changes	(22,644)	(382,832)
Net (decrease)/increase in cash and cash equivalents	(46,996,659)	7,411,766
Cash and cash equivalents at 1 January	185,662,380	159,738,651
Cash and cash equivalents at 30 September	138,665,721	167,150,417