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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)

2019 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 2019, 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 twenty-third meeting of the eighteenth session of the Board (the “**Meeting**”) of the Company. Mr. KANG Dian, an independent non-executive Director, was not able to attend the Meeting in person due to business engagements and authorised Ms. LIU Shuwei, an independent non-executive Director, to represent him and vote on his behalf at the Meeting. All other Directors attended the Meeting in person.
- 1.3** Mr. YU Liang, the Chairman of the Board, Mr. ZHU Jiusheng, the President and Chief Executive Officer of the Company, and Mr. WANG Wenjin, 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 2019.
- 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 exercise caution towards investment risks.

§2 BASIC CORPORATE INFORMATION

2.1 Major accounting data and financial indicators

Unit: RMB’000

	As at 30 September 2019		As at 31 December 2018	Change
Total assets	1,638,837,123		1,528,663,415	7.21%
Total equity attributable to equity shareholders of the Company	167,273,827		155,764,132	7.39%
Share capital	11,302,143		11,039,152	Increase of 262,991,000 shares
	Jul. to Sep. 2019	YOY change	Jan. to Sep. 2019	YOY change
Revenue	84,594,680	21.74%	223,914,757	28.43%
Profit for the period attributable to equity shareholders of the Company	6,398,993	31.64%	18,240,745	30.43%
Net cash (used in)/generated from operating activities	(7,118,699)	66.85%	1,734,411	106.74%
Basic earnings per share (RMB)	0.566	28.58%	1.631	28.73%
Diluted earnings per share (RMB)	0.566	28.58%	1.631	28.73%
Weighted average return on equity	3.91%	Increased by 0.37 percentage point	11.16%	Increased by 1.12 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 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	290,546 (including 290,500 holders of A shares and 46 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	Total 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	28.69%	3,242,810,791	0	–	0
HKSCC NOMINEES LIMITED <small>Note 1</small>	Overseas legal person	13.96%	1,577,885,274	0	–	0
Shenzhen Jushenghua Co., Ltd. (“Jushenghua”) <small>Note 2</small>	Domestic non-state-owned legal person	7.08%	799,741,909	0	Pledged	799,334,627
Anbang Life Insurance Co., Ltd. – Conservative Investment Portfolio <small>Note 3</small>	Others	4.29%	484,693,983	0	–	0
Guosen Securities –Industrial and Commercial Bank of China – Guosen Jinpeng No.1 Classified Collective Asset Management Plan	Others	4.04%	456,993,190	0	–	0
Hong Kong Securities Clearing Company Ltd. <small>Note 4</small>	Others	3.73%	421,222,293	0	–	0
CMS Wealth –CMB – De Ying No. 1 Specialised Asset Management Plan	Others	2.91%	329,352,920	0	–	0
Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	Others	2.86%	323,100,542	0	–	0
Central Huijin Asset Management Co., Ltd.	Domestic state-owned legal person	1.68%	189,566,000	0	–	0
Industrial and Commercial Bank of China Limited-Ping An Zhong Zheng Trading Index Securities Investment Open-ended Fund On Development Of The Guangdong-Hong Kong-Macao Greater Bay Area	Others	1.51%	170,960,200	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	3,242,810,791	Ordinary RMB-denominated shares (“A shares”)
HKSCC NOMINEES LIMITED	1,577,885,274	Overseas listed foreign shares (H shares)
Jushenghua	799,741,909	A shares
Anbang Life Insurance Co., Ltd. – Conservative Investment Portfolio	484,693,983	A shares
Guosen Securities – Industrial and Commercial Bank of China – Guosen Jinpeng No.1 Classified Collective Asset Management Plan	456,993,190	A shares
Hong Kong Securities Clearing Company Ltd.	421,222,293	A shares
CMS Wealth –CMB – De Ying No. 1 Specialised Asset Management Plan	329,352,920	A shares
Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	323,100,542	A shares
Central Huijin Asset Management Co., Ltd.	189,566,000	A shares
Industrial and Commercial Bank of China Limited-Ping An Zhong Zheng Trading Index Securities Investment Open-ended Fund On Development Of The Guangdong-Hong Kong-Macao Greater Bay Area	170,960,200	A shares
Remarks on the connected relationship or action in concert of the aforementioned shareholders	<ol style="list-style-type: none"> 1. Jushenghua holds 51% equity interests in Foresea Life Insurance Co., Ltd. 2. Save as aforesaid, 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) Nil

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. HKSCC NOMINEES LIMITED is the nominee holder of non-registered shareholders of the H shares of the Company.
2. On 13 October 2019, Jushenghua disclosed the change of its holding of interest in Vanke at website of HKExnews (www.hkexnews,hk). Jushenghua, together with its person acting in concert, held 1,352,836,874 shares of the Company, representing 11.97% of total share capital of the Company as at 11 October 2019.
3. In August 2019, Anbang Life Insurance Co., Ltd. has been renamed as Dajia Life Insurance Co., Ltd*, after obtaining the approval from China Banking and Insurance Regulatory Commission.
4. Hong Kong Securities Clearing Company Ltd. is the nominee holder of A shares of the Company held by non-registered shareholders through the Shenzhen-Hong Kong Stock Connect.
5. “The 290,500 holders of A shares” in the above table refers to the number of shareholders combining the securities margin trading credit accounts.

As of 30 September 2019, the total number of shares of the Company was 11,302,143,001, including 9,724,196,533 A shares and 1,577,946,468 H shares.

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

Applicable Not Applicable

§3 OPERATIONS DISCUSSION AND ANALYSIS

1. Property market in the third quarter

During the Reporting Period, pursuant to the requirement of the principle of “houses are for living in, not for speculation”, local governments introduced policies aligning with local conditions with an aim to “stabilize housing price, land premium and expectation” to promote the stable operation of the property market.

According to the statistics of National Bureau of Statistics, from January to September, the sales area of commodity housing in China amounted to 1,190 million sq m, representing a 0.1% year-on-year decrease, with a sales amount of RMB11.1 trillion, up by 7.1% year-on-year; among which the sales area of commodity housing in China in the third quarter increased 2.9% year-on-year and the sales amount increased by 9.7% year-on-year.

In the third quarter, for the 14 cities¹ under the Company’s ongoing and focused observation, the area of commodity housing sold increased by 2.5% year-on-year. As at the end of the Reporting Period, the digestion cycle of the inventory of new housing available for sale (area with sales permits but had yet to be sold) in the above-mentioned cities was about 10.2 months.

The total investment in property development in China from January to September increased by 10.5% year-on-year, which was 0.4 percentage point lower than the growth rate of the first half of 2019. The area of new housing construction in China increased by 8.6% year-on-year, which was 1.5 percentage points lower than the growth rate of the first half of 2019.

The land market cooled down. According to the statistics from China Index Academy, the average premium rate of residential land in 300 cities in the third quarter was 11.6%, which was 8.6 percentage points lower than the average premium rate of the first half of 2019.

Financial supervision targeted at the property industry continued to be tightened. According to the report of the People’s Bank of China, as at the end of September, the balance of property loans recorded a year-on-year growth rate of 15.6%, which was 4.4 percentage points lower than the growth rate at the end of last year.

¹ Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi, Suzhou

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 RMB84.59 billion, representing a year-on-year increase of 21.7%; the net profit attributable to equity shareholders of the Company amounted to RMB6.40 billion, representing a year-on-year increase of 31.6%. The booked area of the property development business amounted to 6.087 million sq m, with a revenue of RMB79.58 billion, representing year-on-year increases of 5.1% and 20.8% respectively.

From January to September, the accumulated revenue of the Group amounted to RMB223.91 billion, representing a year-on-year increase of 28.4%; the net profit attributable to equity shareholders of the Company amounted to RMB18.24 billion, representing a year-on-year increase of 30.4%; the booked area of the property development business amounted to 14.550 million sq m, with a revenue of RMB212.57 billion, representing year-on-year increases of 13.6% and 28.5% respectively.

From January to September, the estimated gross profit margin of the Group's property development business was 27.0%, representing a decrease of 1.2 percentage points when compared with that of the same period last year.

In view of the property market adjustments in certain cities, the Group made inventory impairment provision for individual projects with risks. As of the end of September, the balance of the Group's inventory impairment provision amounted to RMB3.06 billion. During the Reporting Period, the Group appropriated inventory impairment provision of RMB1.14 billion, which led to an impact on net profit attributable to equity shareholders of the Company of RMB0.78 billion.

The Group insisted on the creation of true value with emphasis on liquidity, and maintained sound financial and capital positions. As at the end of September, the cash and cash equivalents held by the Group amounted to RMB107.24 billion, much higher than the sum of short-term borrowings and interest-bearing liabilities due within one year of RMB59.08 billion; among the interest-bearing liabilities, 74.0% was long-term liabilities.

(2) Major operations

The Group has always adhered to a proactive sales strategy. During the third quarter, the Group's property development business achieved a contracted sales area of 9.115 million sq m and a contracted sales amount of RMB141.61 billion, representing year-on-year increases of 5.2% and 11.6% respectively. From January to September, the Group achieved an accumulated contracted sales area of 30.616 million sq m and contracted sales amount of RMB475.61 billion, representing year-on-year increases of 5.5% and 10.2% respectively.

As at the end of September, the resources sold but not completed for recognition in the Group's consolidated financial statements amounted to 44.743 million sq m, with a total contracted amount of approximately RMB636.24 billion, representing increase of 20.6% and 19.9% respectively as compared to those at the beginning of the year.

The Group continued to adhere to its prudent investment strategies, and on the premise that prices were reasonable, actively explored various potential investment opportunities. In the third quarter, the Group acquired 62 new property development projects, with a total gross floor area ("GFA") of approximately 14.790 million sq m and a planned GFA attributable to the Company's equity holding of approximately 11.553 million sq m; from January to September, the Group acquired a total of 116 new property development projects, with a total GFA of 28.321 million sq m and a planned GFA attributable to the Company's equity holding of 20.420 million sq m. In terms of equity investment amount, 81% was located in first and second tier cities.

As at the end of September, the total GFA of the Group's projects under construction was approximately 105.878 million sq m, of which the GFA attributable to Vanke's equity holding was approximately 62.754 million sq m; the total GFA of projects under planning was approximately 55.942 million sq m, of which the GFA attributable to Vanke's equity holding was approximately 36.294 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 3.414 million sq m according to current planning.

From January to September, the floor area of new construction of the Group amounted to 32.434 million sq m, and accounting for 89.9% of the floor area of new construction planned for the full year; completed floor area was 16.401 million sq m, representing a year-on-year increase of 5.5% and accounting for 53.3% of the planned floor area to be completed for the full year.

The Group adhered to the strategic position of a "city and town developer and service provider". While consolidating its edges in residential development, the Group had been actively developing businesses such as property services, rental housing, retail property development and operation, logistics and warehousing services, standard office and industrial park and ski resort, addressing people's growing demands for better life quality.

During the Reporting Period, the brand value of Vanke Service Development Co., Ltd. ranked first in the "2019 Property Service Brand Value Study Results List" from China Index Academy. At the same time, it won a number of awards, including "2019 Specialized Operational Leading Brand of China Property Service Companies", "2019 Leading Brand of China Property Service Companies in terms of Service Quality" and "2019 Platform Leading Brand of China Property Service Companies" as well as the title of "2019 Most Influential Property Service Brand of Property Developers".

As at the end of September, the rental housing business of the Group had accumulated approximately 98,000 units in operation; during the Reporting Period, the Group had successfully issued the second phase of the 2019 corporate bonds designated for rental housing, with an issue size of RMB2.5 billion and a coupon rate of 3.55%.

SCPG Holdings Co., Limited (“SCPG”) is the retail property development and operation platform of the Group. During the Reporting Period, SCPG was awarded the name of “2019 Leading Brand of China Retail Property Companies” in the 2019 China Real Estate Brand Value Study Results Presentation.

During the third quarter, the Group’s logistics and warehousing services business acquired 4 new projects, with a total GFA (GFA of leasable properties) of approximately 270,000 sq m. As at the end of September, the total GFA of logistics and warehousing services business amounted to approximately 9.98 million sq m.

The Group constantly paid attention to the development of stakeholders and practically fulfilled its social responsibilities. Due to the contribution in terms of targeted poverty alleviation and rural revitalization, Mr. YU Liang, Chairman of the Board of the Company was awarded the “Anti-poverty Effort Contribution Award in China of 2019” by the State Council Leading Group Office of Poverty Alleviation and Development.

§4 SIGNIFICANT EVENTS

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

Unit: RMB'000

Item	30 Sep. 2019	31 Dec. 2018	Change (+/-)	Remarks
Deferred tax assets	21,582,290	15,749,205	37.04%	Increase in provision for settlement of Land Value-added Tax
Contract assets	2,919,536	1,364,127	114.02%	Growth in entrusted construction business
Other current assets	2,386,432	12,600,806	-81.06%	Wealth management due for redemption
Cash and cash equivalents	96,061,793	175,668,164	-45.32%	Increase in construction and land premium
Deferred tax liabilities	409,177	622,971	-34.32%	Decrease in deferred tax liabilities in respect of the contract costs
Investment properties	93,669,117	25,897,948	261.69%	Effect of change in accounting policy
Lease liabilities	23,362,180	–	N/A	
Other non-current assets	6,384,228	35,982,967	-82.26%	

Item	Jan. – Sep. 2019	Jan. – Sep. 2018	Change (+/-)	Remarks
Other net income	3,602,611	2,185,504	64.84%	Decrease in exchange losses
Administrative expenses	(10,626,645)	(7,910,657)	34.33%	Expansion of operation scale of the Company
Other operating expenses	(1,637,153)	(3,759,696)	-56.46%	Decrease in provisions
Income tax	(30,961,459)	(20,169,144)	53.51%	Increase in taxable profit

4.2 Update on significant events and analysis of their effects and solutions

No. Description of Item

- 1 Arrangements for payment of 2018 final dividend. The Company proposed to pay a final dividend for the year ended 31 December 2018 in cash of RMB1.045102 per share (inclusive of applicable tax) to the shareholders of the H shares of the Company whose names appear on the register of members of the H shares of the Company at the close of business on Wednesday, 24 July 2019. Such payment has been completed on 15 August 2019.
- 2 “19 Vanke 02” corporate bonds specialized in rental housing with a final issue size of RMB2.5 billion and a term of five years (attached with option for the Company to adjust coupon rate and option for investors to sell back at the end of the third year), and a coupon rate of 3.55% was issued between 25 September 2019 and 26 September 2019.
- 3 On 16 October 2019 to 17 October 2019, the Company issued the first tranche of super and short term commercial papers of 2019 in the amount of RMB500 million, a coupon rate of 3.18% and a term of 270 days.

4.3 Overdue undertakings of the Company’s de facto controller, shareholders, connected parties, purchasers and the Company during the Reporting Period

Applicable Not Applicable

During the Reporting Period, there were no overdue undertakings of the Company’s de facto controller, shareholders, connected parties, purchasers and the Company.

4.4 Estimates on the operating results of the year of 2019

Warnings on any potential loss in accumulated net profits from the beginning of the year to the end of the next reporting period or any material change as compared with that in the same period of last year and the reasons

Applicable Not Applicable

4.5 Investment of securities

Unit: RMB'000

Stock Code	Stock Name	Initial Investment Amount	Shareholding Percentage in the company	Book Value at the end of the Reporting Period	Gain or Loss in the year	Change of ownership interest during the Reporting Period
0267.HK	CITIC Limited	509,673	approximately 0.19%	491,511.85	(95,508.76)	–
Total		509,673	approximately 0.19%	491,511.85	(95,508.76)	–

4.6 Investment in Derivatives

Remarks on risk analysis and management of derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)

As of the end of the Reporting Period, the Group's derivative financial instruments mainly included Cross Currency Swap (CCS) and Interest Rate Swap (IRS). The risks faced by CCS are related to exchange rate market risks and the certainty of the Group's future foreign currency debt cash flows. The risks faced by IRS are related to the interest rate market risk and the certainty of the Group's future foreign currency debt interest cash flow. The Group's control measures on derivative financial instruments are mainly reflected in: For derivatives trading, the Group strictly regulates the authorization and business operation procedures, carefully selects and determines the types and quantities of new derivative financial instruments, and strictly controls the credits level of the Group and related entities.

With regards to the change in market price or fair value of the derivatives invested during the Reporting Period, specific method, related assumptions and parameters for analysis of the fair value of derivatives should be disclosed

During the Reporting Period, CCS due for settlement this year brought a profit of RMB4.3759 million to the Company.

The fair value of IRS and CCS at the end of the Reporting Period was determined by reference to the market quotation of external financial institutions.

Remarks on whether there has been a material change in the accounting policy and accounting measurement principles for the Company's derivatives during the Reporting Period as compared with those of the previous reporting period

NIL.

Specialized opinion of the independent non-executive Directors on derivative investment and risk control of the Company

The independent non-executive Directors of the Company are of the view that the Company standardizes derivatives investment, follows the principle of prudence and mitigates possible losses associated with foreign currency loans in the event of significant change in exchange rates or interest rates via IRS, CCS and other financial derivatives, in accordance with the actual situation of business operations and the relevant regulations of the regulatory authorities. The relevant arrangements of the Company had been prudent and reasonable.

Derivative positions as at the end of the Reporting Period

Unit: RMB'0000

Type of contracts	Contract amount as at the beginning of the year	Contract amount as at the end of the Reporting Period	Profit or loss during the year	Contract amount as a percentage of the Company's net assets as at the end of the Reporting Period
IRS	438,600.00	455,550.00	-	1.86%
CCS	2,017,208.16	2,078,832.43	437.59	8.49%
DF	601,177.50	-	-	-
Total	3,056,985.66	2,534,382.43	437.59	10.35%

Note: During the Reporting Period, there was no change to amount of the IRS and CCS. But due to exchange rate fluctuation, there was a minor difference in the contract amount at the end of September 2019 as compared to the amount at the beginning of the period when converted into RMB.

4.7 Meetings with researchers, communications activities and visits during the Reporting Period

Type of meeting	Time	Location	Approach	Type of investors	Issues discussed and Information provided
Haitong Securities Meeting	2019.7	Shanghai	Face to Face	Investors including securities companies, funds and etc.	
Interim Results Presentation	2019.8	Shenzhen (Shanghai, Beijing), Hong Kong	Face to Face	Investors including securities companies, funds and etc.	
CLSA Meeting	2019.9	Hong Kong	Face to Face	Investors including securities companies, funds and etc.	
Note: The abovementioned meetings included one-on-one meetings, small group meetings and large group presentation. The Company received or met with investors from over 50 companies.					<ol style="list-style-type: none"> 1. Major issues discussed: <ol style="list-style-type: none"> 1) The Company's daily operations; 2) The Company's development strategies; 3) The Company's opinions about the industry. 2. Major information provided: published information including the Company's regular reports.
Securities companies	During the Reporting Period	Anshan, Beijing, Chengdu, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Guiyang, Harbin, Hangzhou, Jinan, Jiaxing, Kunming, Lanzhou, Nanjing, Ningbo, Qingdao, Shanghai, Shenzhen, Shenyang, Suzhou, Taiyuan, Tianjin, Wuxi, Wuhan, Xi'an, Yantai, Changchun, Changsha, Zhengzhou, Chongqing, Zhuhai	Small Group or one-on-one	Changjiang Securities, CITIC Securities, CICC, Tianfeng Securities, Mitsubishi UFG Securities, Ping An Securities, Huatai Financial Holdings (Hong Kong), Haitong Securities, Guotai Junan, GF Securities, Okasan Securities, Orient Securities, Founder Securities, Shenyin Wanguo, Guosen Securities, Credit Suisse Founder Securities, Pacific Securities, Citi Research, BCP Securities, etc.	
Funds and other investment companies and individual investors	During the Reporting Period	Zhuhai, Harbin, Changchun, Shanghai, Beijing, Chengdu, Dalian, Dongguan, Suzhou, Foshan, Changsha, Fuzhou, Guangzhou, Guiyang, Hangzhou, Jinan, Kunming, Lanzhou, Nanjing, Ningbo, Qingdao, Shenzhen, Shenyang, Taiyuan, Tianjin, Wuxi, Wuhan, Xi'an, Zhengzhou, Chongqing	Small Group or one-on-one	Greenwoods Asset, BOCOM Fund, Baoying Fund, Orient Securities Asset Management, Danske Bank, ABC-CA Fund, J.P. Morgan, UBS Asset Management, Brilliance Capital Management, etc.	

4.8 Illegal external guarantees

The Group had no illegal external guarantees during the Reporting Period.

4.9 Non-operating capital of the Group attributable to the controlling shareholders and their related parties

The Company has no controlling shareholder. During the Reporting Period, the Group had no capital which was non-operating attributed to the largest shareholder and its related parties.

§5 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, 24 October 2019

As at the date of this announcement, the Board comprises Mr. YU Liang, Mr. WANG Wenjin and Mr. ZHANG Xu as executive Directors; Mr. LIN Maode, Mr. CHEN Xianjun and Mr. SUN Shengdian as non-executive Directors; and Mr. KANG Dian, Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. LI Qiang as independent non-executive Directors.

* *For identification purpose only*

APPENDIX I

The unaudited consolidated results of the Group for the three months ended 30 September 2019 and the comparative figures for the corresponding period in 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

	Three months ended 30 September	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	84,594,680	69,485,935
Cost of sales	<u>(55,640,751)</u>	<u>(45,352,422)</u>
Gross profit	28,953,929	24,133,513
Other net income	1,191,842	497,257
Selling and marketing expenses	(2,127,088)	(1,677,175)
Administrative expenses	(3,587,077)	(3,179,924)
Other operating expenses	<u>(743,234)</u>	<u>(2,931,185)</u>
Profit from operations	23,688,372	16,842,486
Finance costs	(2,153,824)	(2,468,363)
Share of profits less losses of associates and joint ventures	<u>192,146</u>	<u>1,810,417</u>
Profit before taxation	21,726,694	16,184,540
Income tax	<u>(12,421,954)</u>	<u>(7,909,342)</u>
Profit for the period	<u>9,304,740</u>	<u>8,275,198</u>
Attributable to:		
Equity shareholders of the Company	6,398,993	4,860,817
Non-controlling interests	<u>2,905,747</u>	<u>3,414,381</u>
Profit for the period	<u>9,304,740</u>	<u>8,275,198</u>
Basic earnings per share (RMB)	<u>0.57</u>	<u>0.44</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019**

	Three months ended	
	30 September	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(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	123,687	(121,380)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	21,936	(20,572)
Cash flow hedge: net movement in the hedging reserve	11,695	147,059
Share of other comprehensive income of associates	–	(2,899)
Other comprehensive income for the period	<u>157,318</u>	<u>2,208</u>
Total comprehensive income for the period	<u>9,462,058</u>	<u>8,277,406</u>
Attributable to:		
Equity shareholders of the Company	6,525,960	4,838,343
Non-controlling interests	2,936,098	3,439,063
Total comprehensive income for the period	<u>9,462,058</u>	<u>8,277,406</u>

The unaudited consolidated results of the Group for the nine months ended 30 September 2019 and the comparative figures for the corresponding period in 2018 are as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

	Nine months ended	
	30 September	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	223,914,757	174,345,060
Cost of sales	<u>(144,473,960)</u>	<u>(114,840,718)</u>
Gross profit	79,440,797	59,504,342
Other net income	3,602,611	2,185,504
Selling and marketing expenses	(5,313,612)	(4,485,487)
Administrative expenses	(10,626,645)	(7,910,657)
Other operating expenses	<u>(1,637,153)</u>	<u>(3,759,696)</u>
Profit from operations	65,465,998	45,534,006
Finance costs	(7,013,706)	(6,142,025)
Share of profits less losses of associates and joint ventures	<u>1,099,584</u>	<u>2,574,961</u>
Profit before taxation	59,551,876	41,966,942
Income tax	<u>(30,961,459)</u>	<u>(20,169,144)</u>
Profit for the period	<u>28,590,417</u>	<u>21,797,798</u>
Attributable to:		
Equity shareholders of the Company	18,240,745	13,984,560
Non-controlling interests	<u>10,349,672</u>	<u>7,813,238</u>
Profit for the period	<u>28,590,417</u>	<u>21,797,798</u>
Basic earnings per share (RMB)	<u>1.63</u>	<u>1.27</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

	Nine months ended	
	30 September	
	2019	2018
	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	507,973	(136,332)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	126,286	(51,516)
Cash flow hedge: net movement in the hedging reserve	290,505	353,989
Share of other comprehensive income of associates	–	(2,899)
Other comprehensive income for the period	<u>924,764</u>	<u>163,242</u>
Total comprehensive income for the period	<u>29,515,181</u>	<u>21,961,040</u>
Attributable to:		
Equity shareholders of the Company	19,133,022	14,120,882
Non-controlling interests	10,382,159	7,840,158
Total comprehensive income for the period	<u>29,515,181</u>	<u>21,961,040</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	At 30 September 2019 <i>RMB'000</i> (Unaudited)	At 31 December 2018 <i>RMB'000</i> (Audited)
Non-current assets		
Property, plant and equipment	28,123,678	22,645,383
Intangible assets	813,688	1,015,426
Investment properties	93,669,117	25,897,948
Interest in associates and joint ventures	126,860,647	129,527,656
Other financial assets	3,144,819	2,688,915
Other non-current assets	6,384,228	35,982,967
Deferred tax assets	21,582,290	15,749,205
	<u>280,578,467</u>	<u>233,507,500</u>
Current assets		
Inventories and other contract costs	864,260,644	754,310,077
Contract assets	2,919,536	1,364,127
Trade and other receivables	376,804,275	331,838,827
Other current assets	2,386,432	12,600,806
Pledged and restricted deposits	11,178,453	12,749,283
Cash and cash equivalents	96,061,793	175,668,164
Assets held for sale	4,647,523	6,624,631
	<u>1,358,258,656</u>	<u>1,295,155,915</u>
Current liabilities		
Bank loans and borrowings	46,205,082	69,620,501
Bonds payable	14,277,525	24,918,488
Trade and other payables	506,955,197	485,370,555
Contract liabilities	587,345,960	504,711,414
Lease liabilities	2,347,982	-
Current taxation	45,167,518	37,292,979
	<u>1,202,299,264</u>	<u>1,121,913,937</u>
Net current assets	<u>155,959,392</u>	<u>173,241,978</u>
Total assets less current liabilities	<u>436,537,859</u>	<u>406,749,478</u>

	At 30 September 2019 <i>RMB'000</i> (Unaudited)	At 31 December 2018 <i>RMB'000</i> (Audited)
Non-current liabilities		
Bank loans and borrowings from financial institutions	119,448,514	120,929,055
Lease liabilities	21,014,198	–
Bonds payable	48,351,104	47,095,146
Deferred tax liabilities	409,177	622,971
Provisions	153,189	143,528
Other non-current liabilities	2,309,782	2,338,048
	<u>191,685,964</u>	<u>171,128,748</u>
NET ASSETS	<u>244,851,895</u>	<u>235,620,730</u>
CAPITAL AND RESERVES		
Share capital	11,302,143	11,039,152
Reserves	155,971,684	144,724,980
Total equity attributable to equity shareholders of the Company	<u>167,273,827</u>	<u>155,764,132</u>
Non-controlling interests	<u>77,578,068</u>	<u>79,856,598</u>
TOTAL EQUITY	<u>244,851,895</u>	<u>235,620,730</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

	2019 Jan-Sep <i>RMB'000</i> (Unaudited)	2018 Jan-Sep <i>RMB'000</i> (Unaudited)
Operating activities		
Cash generated from operations	32,312,773	3,572,282
Income tax paid	<u>(30,578,362)</u>	<u>(29,303,457)</u>
Net cash generated from/(used in) operating activities	<u>1,734,411</u>	<u>(25,731,175)</u>
Investing activities		
Acquisitions of property, plant and equipment and investment properties	(3,461,193)	(8,385,685)
Other cash flows used in investing activities	<u>(8,561,321)</u>	<u>(62,750,101)</u>
Net cash used in investing activities	<u>(12,022,514)</u>	<u>(71,135,786)</u>
Financing activities		
Dividends and interest paid	(28,292,417)	(23,881,601)
Other cash flows (used in)/arising from financing activities	<u>(41,582,352)</u>	<u>79,077,576</u>
Net cash (used in)/generated from financing activities	<u>(69,874,769)</u>	<u>55,195,975</u>
Effect of foreign exchange rate changes	556,501	461,377
Net decrease in cash and cash equivalents	<u>(79,606,371)</u>	<u>(41,209,609)</u>
Cash and cash equivalents at 1 January	<u>175,668,164</u>	<u>164,326,007</u>
Cash and cash equivalents at 30 September	<u><u>96,061,793</u></u>	<u><u>123,116,398</u></u>