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If you have sold or transferred all your shares in CHINA VANKE CO., LTD.*, you should at once hand this circular to the purchaser or transferee, or to the bank, securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

(1) SUPPLEMENTAL CIRCULAR OF THE REPORT ON THE DEMONSTRATION AND ANALYSIS OF THE PROPOSAL TO ISSUE A SHARES TO SPECIFIC SUBSCRIBERS BY THE COMPANY AND THE AUTHORIZATION TO THE BOARD AND/OR ITS AUTHORIZED PERSONS IN RESPECT THEREOF

(2) UPDATED NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

IMPORTANT NOTICE: The purpose of this circular is to provide you with information reasonably necessary for the EGM in order to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

A letter from the Board is set out on pages 4 to 8 of this circular.

The EGM originally scheduled at 3:00 p.m. on Friday, 3 March 2023 has been resolved by the Board to be postponed to 3:00 p.m. on Wednesday, 8 March 2023 at Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, Guangdong Province, the PRC, due to an interim resolution proposed by an eligible Shareholder, and the consideration to comply with relevant domestic and overseas regulations. The updated notice regarding the EGM is set out on pages 9 to 16 of this circular.

A new resolution will be resolved at the EGM. In view of the fact that the proxy form of the EGM issued together with the Notice of the EGM of the Company dated 13 February 2023 does not contain the new resolution contained in the updated notice of the EGM, the Company has prepared a new revised proxy form of the EGM attached to this circular.

For those who intend to direct a proxy to attend the EGM, please complete the revised EGM proxy form and return the same in accordance with the instructions printed thereon. To be valid, for holders of A Shares, the revised EGM proxy form, together with the notarised power of attorney or other document of authorisation (if any), must be delivered to the office of the Board at Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the PRC as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof; for holders of H Shares, the revised EGM proxy form must be delivered to the Company's H Shares Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the revised proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

* For identification purpose only

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Note: If there is any inconsistency between the Chinese and English versions of this circular, the Chinese version shall prevail.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Share(s)”	the domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the SZSE (stock code: 000002) and traded in RMB
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of Directors of the Company
“Chairman”	the chairman of the Board
“Company”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock company established in the PRC with limited liability on 30 May 1984, the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 2202) and the A Shares of which are listed on the SZSE (stock code: 000002)
“Company Law”	Company Law of the PRC, as amended from time to time
“Demonstration and Analysis Report”	the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 first extraordinary general meeting of the Company or any adjournment thereof originally scheduled at 3:00 p.m. on Friday, 3 March 2023 has been resolved by the Board to be postponed to 3:00 p.m. on Wednesday, 8 March 2023 at Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, Guangdong Province, the PRC
“Executive Director(s)”	the executive director(s) of the Company

DEFINITIONS

“General Mandate”	the general mandate granted to the Board of the Company by the Shareholders at the 2022 first extraordinary general meeting of the Company on 16 December 2022 approved by a special resolution, among others, to authorise the Board to determine, either separately or concurrently, to issue, allot and/or deal with the Shares not exceeding 20% of each of the total number of the A Shares in issue and/or the H Shares in issue as at the date of holding of the 2022 first extraordinary general meeting
“General Meeting(s)”	the general meeting(s) held by the Company from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“H Share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange (Stock Code: 2202) and traded in Hong Kong dollars
“H Shareholders”	the holders of H Shares
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company
“Latest Practicable Date”	21 February 2023, being the latest practicable date for ascertaining certain information before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“Non-executive Director(s)”	the non-executive director(s) of the Company

DEFINITIONS

“Proposal for Proposed Non-public Issuance of A Shares”	the issuance proposal for the Proposed Non-public Issuance of A Shares
“Proposed Non-public Issuance of A Shares”	the proposed non-public issuance of not more than 1,100 million A Shares (inclusive) by the Company to not more than 35 specific investors under the General Mandate
“PRC”	the People’s Republic of China, for the purpose of this circular, exclude Hong Kong, Macau and Taiwan
“Securities Law”	Securities Law of the PRC, as amended from time to time
“Share(s)”	the ordinary share(s) of the Company, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Supervisor(s)”	the supervisor(s) of the Company
“SZMC”	Shenzhen Metro Group Co., Ltd.
“SZSE”	Shenzhen Stock Exchange
“%”	per cent

LETTER FROM THE BOARD

vanke
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)

Board of Directors

Executive Directors

Mr. YU Liang
Mr. ZHU Jiusheng
Mr. WANG Haiwu

Registered office and address of head office

Vanke Center
No. 33 Huanmei Road
Dameisha, Yantian District
Shenzhen, the PRC

Non-executive Directors

Mr. XIN Jie
Mr. HU Guobin
Mr. HUANG Liping
Mr. LEI Jiangsong

Principal place of business in Hong Kong

55/F, Bank of China Tower
1 Garden Road
Hong Kong

Independent Non-executive Directors

Mr. KANG Dian
Ms. LIU Shuwei
Mr. NG Kar Ling, Johnny
Mr. ZHANG Yichen

21 February 2023

To the Shareholders

Dear Sir/Madam,

**(1) SUPPLEMENTAL CIRCULAR OF THE REPORT ON THE
DEMONSTRATION AND ANALYSIS OF THE PROPOSAL TO ISSUE A SHARES TO
SPECIFIC SUBSCRIBERS BY THE COMPANY AND THE AUTHORIZATION TO
THE BOARD AND/OR ITS AUTHORIZED PERSONS IN RESPECT THEREOF
(2) UPDATED NOTICE OF
THE 2023 FIRST EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with all the information reasonably necessary in relation to the EGM, regarding, among other things, the following information of the supplemental resolution, in order to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the EGM.

* For identification purpose only

LETTER FROM THE BOARD

SUPPLEMENTAL RESOLUTION PROPOSED AT THE EGM AND POSTPONEMENT OF THE EGM

Reference is made to the notice of EGM of the Company dated 13 February 2023. The Board of the Company, as the convenor of the EGM, has issued the notice of EGM on 13 February 2023. According to Article 72 of the Company's current Articles of Association, the convenor of a General Meeting shall not amend the proposed resolutions set out in the notice of the meeting or add any new proposed resolutions subsequent to the issue of the notice of the General Meeting. Shareholders individually or jointly holding more than 3% of the Company's Shares shall have the right to submit extra interim resolutions in writing to the convenor of the General Meeting 10 days prior to the General Meeting. The convenor shall issue a supplementary notice of the General Meeting containing the contents of such extra interim resolutions within 2 days after receipt thereof.

On 20 February 2023, the Board, as the convenor of the EGM, received a written letter from SZMC (which held 3,242,810,791 A Shares as at the Latest Practicable Date, accounting for 27.88% of the total issued shares of the Company). The letter set out that SZMC, as a Shareholder of the Company, submitted an interim resolution to the Board, and proposed to the EGM for the consideration of the Resolution Regarding the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company and the Authorization to the Board and/or its Authorized Persons in respect thereof.

The twenty-sixth meeting of the nineteenth session of the Board of the Company considered and approved the Resolution on Additional Interim Resolution Proposed to 2023 First Extraordinary General Meeting and the Postponement of 2023 First Extraordinary General Meeting on 21 February 2023, with eleven votes in favor, 0 vote against and 0 abstention, agreed to propose the Resolution Regarding the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company and the Authorization to the Board and/or its Authorized Persons in respect thereof to EGM, and postponed the EGM to 3:00 p.m. on Wednesday, 8 March 2023.

RESOLUTION REGARDING THE REPORT ON THE DEMONSTRATION AND ANALYSIS OF THE PROPOSAL TO ISSUE A SHARES TO SPECIFIC SUBSCRIBERS BY THE COMPANY AND THE AUTHORIZATION TO THE BOARD AND/OR ITS AUTHORIZED PERSONS IN RESPECT THEREOF

A special resolution will be proposed at the EGM to approve the Resolution regarding the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company and the Authorization to the Board and/or its Authorized Persons in respect thereof.

I. DEMONSTRATION AND ANALYSIS REPORT

On 17 February 2023, the CSRC promulgated the rules of the system relating to the full implementation of the registration system for share issuance, which came into effect from the date of publication. Pursuant to the newly promulgated and implemented "Rules Governing the Registration of Securities Issuance by Listed Companies" and the "Code on the Content and Format of Information Disclosure by Companies Issuing Public Securities No. 59 – Application Documents for Securities Issuance by Listed Companies", the Company is required to prepare a demonstration and analysis report for the Proposal for Proposed Non-public issuance of A shares.

LETTER FROM THE BOARD

For details of the Demonstration and Analysis Report, please refer to the Appendix to this circular. For details of the Proposed Non-public Issuance of A Shares of the Company, please refer to the Company's Shareholders' circular dated 13 February 2023.

II. Authorization

- 1) To request the EGM to authorise the Board and/or its authorised persons to adjust the specific proposal for the Proposed Non-public Issuance of A Shares accordingly in accordance with the rules and regulations of the system relating to the full implementation of the registration system for share issues by the CSRC and the requirements of the regulatory authorities, and to sign, prepare, amend, submit and execute all reporting materials and documents relating to the issue and listing.

Where the aforesaid authorisation involves the approval by the securities regulatory authorities of specific implementation items after the Proposed Non-public Issuance of A Shares, the authorisation shall be valid from the date of approval at the EGM of the Company until the date of completion of such specific implementation items, and the remaining authorisation items shall be valid for 12 months from the date of approval at the EGM of the Company.

- 2) To seek the approval of the EGM for the Board to authorize the chairman of the Board and/or its authorised persons to be the authorised persons for the Proposed Non-public Issuance of A Shares, to deal specifically with the matters relating to the Proposed Non-public Issuance of A Shares and to sign the relevant legal documents. The above authorised persons are authorised to act on behalf of the Company in relation to the Proposed Non-public Issuance of A Shares in accordance with the scope of authority determined by the resolution of the EGM of the Company and as authorised by the Board.

The Independent Non-executive Directors of the Company have expressed their independent opinion in favour of this resolution.

EGM

The EGM originally scheduled at 3:00 p.m. on Friday, 3 March 2023 which will be postponed to 3:00 p.m. on Wednesday, 8 March 2023 at Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, Guangdong Province, the PRC, to consider and, if thought fit, approve the resolutions set out in the updated notice of the EGM.

The updated notice of the EGM and the revised proxy form for the EGM have been posted on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and despatched to Shareholders on Tuesday, 21 February 2023.

In view of the fact that the proxy form ("**Original Proxy Form**") of the EGM issued together with the Notice of the EGM of the Company dated 13 February 2023 does not contain the new resolution contained in the updated notice of the EGM, the Company has prepared a new revised proxy form for EGM ("**Revised Proxy Form for EGM**") attached to this circular.

LETTER FROM THE BOARD

For those who intend to direct a proxy to attend the EGM, please complete the Revised Proxy Form for EGM and return the same in accordance with the instructions printed thereon. To be valid, for holders of A Shares, the Revised Proxy Form for EGM, together with the notarised power of attorney or other document of authorisation (if any), must be delivered to the office of the Board of the Company at Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the PRC not less than 24 hours before the time appointed for the holding of the EGM (i.e. 3:00 p.m. on 7 March 2023) or any adjournment thereof; for holders of H Shares, the Revised Proxy Form for EGM must be delivered to the Company's H Shares Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the revised proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

Any shareholder who intends to appoint a proxy to attend the EGM and has not lodged the Revised Proxy Form for EGM is required to complete and lodge the enclosed Revised Proxy Form for EGM in accordance with the instructions stated thereon and lodging the Original Proxy Form is not required. If a shareholder has already returned the Original Proxy Form in accordance with the instructions printed thereon, he/she should note that:

1. If no Revised Proxy Form for EGM is returned by the shareholder, the Original Proxy Form will be treated as a valid Proxy Form lodged by the shareholder. (Each of) the proxy(ies) appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the new resolution set out in the updated notice of EGM).
2. If the Revised Proxy Form for EGM is lodged 24 hours before the time appointed for the EGM, the Revised Proxy Form for EGM, if it is duly completed, will revoke and supersede the Original Proxy Form previously lodged by the shareholder. The Revised Proxy Form for EGM will be treated as a valid form of proxy if duly completed.
3. If the Revised Proxy Form for EGM is lodged within 24 hours before the time appointed for the EGM, or it is lodged 24 hours before the time appointed for the EGM but not duly completed, it will be deemed invalid. It will not revoke and supersede the Original Proxy Form previously lodged by the shareholder. The Original Proxy Form will be treated as a valid proxy form lodged by the shareholder if duly completed. (Each of) the proxy(ies) appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the new resolution set out in the updated notice of EGM).

LETTER FROM THE BOARD

The H Shares register of members of the Company will be changed from the original period from Monday, 27 February 2023 to Friday, 3 March 2023, both dates inclusive, to the new period from Monday, 27 February 2023 to Wednesday, 8 March 2023, both dates inclusive (the “**New Closure Period**”). The register of H Shares will be closed during the New Closure Period. For holders of H Shares who intend to attend the EGM, the shares and the registration documents must be delivered to Computershare Hong Kong Investor Services Limited, the Company’s H Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 24 February 2023. The holders of the H Shares whose names appear on the H Shares register of members of the Company at the close of business on Monday, 27 February 2023 are entitled to attend and vote in respect of the resolutions to be proposed at the EGM.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the EGM must be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

RECOMMENDATION

The Directors (including the Independent Non-executive Directors) consider that the proposed resolutions are in the best interests of the Company and the Shareholders as a whole. None of the other Directors abstained from voting on these Board resolutions. As such, the Directors (including the Independent Non-executive Directors) recommend the Shareholders to vote in favour of the resolutions set forth in the notice.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

In the event of discrepancies between the English and Chinese versions of this circular, the Chinese version shall prevail.

For and on behalf of the Board of
China Vanke Co., Ltd.*
Yu Liang
Chairman

UPDATED NOTICE OF THE 2023 FIRST EGM

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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)

UPDATED NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

Reference is made to the notice (“**Initial Notice**”) of the 2023 first extraordinary general meeting (“**EGM**”) of China Vanke Co., Ltd. (the “**Company**”) dated 13 February 2023.

The Board of the Company (the “**Board**”), as the convenor of the EGM, has issued the notice of EGM on 13 February 2023. According to Article 72 of the Company’s current Articles of Association, the convenor of a general meeting shall not amend the proposed resolutions set out in the notice of the meeting or add any new proposed resolutions subsequent to the issue of the notice of the general meeting. Shareholders individually or jointly holding more than 3% of the Company’s shares shall have the right to submit extra interim resolutions in writing to the convenor of a general meeting 10 days prior to the general meeting. The convenor shall issue a supplementary notice of the general meeting containing the contents of such extra interim resolutions within 2 days after receipt thereof.

On 20 February 2023, the Board, as the convenor of the EGM, received a written letter from Shenzhen Metro Group Co., Ltd. (“**SZMC**”) (which held 3,242,810,791 A Shares as at the Latest Practicable Date, accounting for 27.88% of the total issued shares of the Company). The letter set out that SZMC, as a Shareholder of the Company, submitted an interim resolution to the Board, and proposed to the EGM for the consideration of Resolution Regarding the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company and the Authorization to the Board and/or its Authorized Persons in respect thereof.

The twenty-sixth meeting of the nineteenth session of the Board of the Company considered and approved the Resolution on Additional Interim Resolution Proposed to 2023 First Extraordinary General Meeting and the Postponement of 2023 First Extraordinary General Meeting on 21 February 2023, with eleven votes in favor, 0 vote against and 0 abstention, agreed to propose the Resolution Regarding the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company and the Authorization to the Board and/or its Authorized Persons in respect thereof to EGM, and postponed the EGM to 3:00 p.m. on Wednesday, 8 March 2023.

The content of the other resolutions in the Initial Notice remains unchanged.

UPDATED NOTICE OF THE 2023 FIRST EGM

UPDATED NOTICE IS HEREBY GIVEN that the EGM is originally scheduled at 3:00 p.m. on Friday, 3 March 2023 which will be postponed to 3:00 p.m. on Wednesday, 8 March 2023 at Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, Guangdong Province, the PRC.

MATTERS TO BE CONSIDERED AND APPROVED AT THE EGM

The following resolutions will be considered and, if thought fit, approved by the Shareholders at the EGM:

SPECIAL RESOLUTIONS

1. The resolution regarding compliance of the Company with conditions of the Non-public Issuance of A Shares.
2. The resolution regarding the Company's proposal for the Non-public Issuance of A Shares of the Company:

2.01 Class and par value of Shares to be issued

The type of shares in the Non-public Issuance is domestic listed Renminbi ordinary shares (A Shares) with a par value of RMB1.00 each.

2.02 Method and time of issue

The Non-public Issuance of Shares will be conducted by way of non-public issuance to specific target Subscribers and will be made in due course within the validity period upon obtaining approval documents from the CSRC in respect of the Non-public Issuance.

2.03 Target Subscribers and subscription method

The target Subscribers under the Non-public Issuance of A Shares shall be not more than 35 specific investors (inclusive). The target Subscribers shall be securities investment and fund management companies, securities companies, finance companies, asset management companies, insurance institutional investors, trust companies, qualified foreign institutional investors and other qualified investors that meet the requirements of the CSRC. Any securities investment and fund management company, securities company, qualified foreign institutional investor and Renminbi qualified foreign institutional investor subscribing for the Shares through two or more products under their management shall be regarded as one target subscriber. Trust companies, as the target Subscribers, are limited to use their own funds to subscribe for the Shares.

UPDATED NOTICE OF THE 2023 FIRST EGM

The final Subscribers shall be determined based on the quotation of the target Subscribers by the Board and/or its authorised persons under the authorisation granted at the EGM, with the sponsor (the lead underwriter) according to the relevant regulations of the CSRC, upon obtaining the approval of the CSRC on the Issuance. Where national laws, administrative regulations, departmental rules or normative documents or regulatory authorities provide otherwise for the target Subscribers of the Non-public Issuance of Shares, such provisions shall prevail.

The target Subscribers of the Issuance shall subscribe for the Non-public Issuance of Shares by way of cash at the same price.

2.04 Issue price and pricing method

The pricing benchmark date of the Non-public Issuance of Shares will be the first day of the issuance period.

The Issue Price of the Non-public Issuance of A Shares shall not be lower than 80% of the average trading price of A Shares of the issuer in the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date, the same below) (i.e. the “minimum issue price”, rounded to two decimal places according to the “round up method”). The average trading price of A Shares in the 20 trading days prior to the pricing benchmark date equals the total trading value of A Shares of the Company in the 20 trading days prior to the pricing benchmark date, divided by the total trading volume of A Shares in the 20 trading days prior to the pricing benchmark date.

In the event of any ex-right or ex-dividend matter as a result of distribution of dividends, bonus issue and conversion of capital reserve into share capital during the period from the pricing benchmark date of the Non-public Issuance of A Shares to the issuance date, the issue price shall be adjusted accordingly.

On the basis of the aforesaid minimum issue price, the final issue price of the Non-public Issuance shall be determined based on the quotation of the target Subscribers by the Board of the Company and/or its authorised persons under the authorisation granted at the general meeting, with the sponsor (the lead underwriter) according to the provisions of laws and regulations and the requirements of the regulatory authorities, upon obtaining the relevant approval documents of the CSRC.

UPDATED NOTICE OF THE 2023 FIRST EGM

2.05 Number of Shares to be issued

The number of Shares in the Non-public Issuance shall be the total amount of proceeds divided by the issue price (in the event that there are fractional shares after calculation, the portion of less than one full share shall be rounded down and the consideration for the part of less than one share shall be automatically deducted from the total subscription price) and shall not exceed 1,100 million Shares (inclusive), i.e., not more than 9.46% of the total share capital of the Company (including treasury shares) prior to the Issuance and not more than 11.32% of the total A Shares of the Company (including treasury shares) prior to the Issuance. In the event of any ex-right or ex-dividend matter in the Shares of the Company as a result of distribution of dividends, bonus issue and conversion of capital reserve into share capital during the period from the announcement date of the resolution of the Board of the Non-public Issuance to the issuance date or other events that result in a change in the total share capital of the Company, the number of shares to be issued and the maximum number of Shares under the Non-Public Issuance shall be adjusted accordingly.

The final number of Shares shall be determined by the Board of the issuer and/or its authorised persons under the authorisation granted at the general meeting within the above maximum number of Shares to be issued, with the sponsor (the lead underwriter) according to the relevant laws, administrative regulations, departmental rules and normative documents and the actual situation at the time of Issuance, upon obtaining the approval of the CSRC on the Non-public Issuance. In the event of any adjustment by the CSRC or other regulatory authorities to the above number of Shares to be issued, the data approved by them shall prevail.

2.06 Arrangements for lock-up period

Upon completion of the Non-Public Issuance, the A Shares subscribed by the target Subscribers under the Non-Public Issuance shall be non-transferable for a period of six months from the date of closing of the Issuance. Upon expiry of the lock-up period, the aforesaid shares shall also be subject to the Company Law, the Securities Law, the Rules Governing the Listing of Stocks and other laws, regulations, rules and normative documents as well as the relevant regulations of the Articles of Association of the Company.

During the aforesaid share lock-up period, the Shares subscribed by the target Subscribers under the Issuance which are acquired as a result of the Company's share bonus and conversion of capital reserve into share capital shall also be subject to the aforesaid share lock-up arrangement.

UPDATED NOTICE OF THE 2023 FIRST EGM

2.07 Place of listing

The A Shares issued under the Non-public Issuance shall be listed for trading on the Shenzhen Stock Exchange upon expiry of the lock-up period.

2.08 Arrangement of accumulated undistributed profits before the Non-public Issuance of A Shares

Both new Shareholders and existing Shareholders upon completion of the Issuance are entitled to the accumulated undistributed profits before the Issuance upon completion of the Issuance according to their respective shareholdings.

2.09 Amount and use of proceeds

The total proceeds from the Non-public Issuance of A Shares shall not exceed RMB15 billion (inclusive). The net proceeds after deducting relevant issuance expenses will be used in the following projects in full:

No.	Name of project	Total investment amount (RMB100 million)	Proposed amount of proceeds to be invested (RMB100 million)
1	Jinyu International, Zhongshan	29.34	12.50
2	Jinmao Vanke Glamorous City, Guangzhou	93.46	8.00
3	Zhuhai Maritime City	40.42	5.00
4	Hangzhou Xingtou Guangnianxuan	54.25	7.00
5	Zhengzhou Cuiwan Zhongcheng	39.62	13.00
6	Zhengzhou Future Time	23.61	7.00
7	Star Light Skycity, Chongqing	22.07	10.00
8	Chengdu Jingrong City	17.11	8.50
9	Vanke Dongwang, Xi'an	64.66	12.00
10	Xiwanghui, Zhangchun	23.33	9.00
11	High & New Dream Town, Anshan	45.73	13.00
12	Replenishment of liquidity	45.00	45.00
	Total	498.61	150.00

UPDATED NOTICE OF THE 2023 FIRST EGM

In the event that the actual amount of proceeds from the Non-public Issuance of A Shares after deducting issuance expenses is less than the total proposed amount of proceeds to be invested in the above projects, the Company will, based on the actual amount of net proceeds, adjust the application arrangement such as the priority of the projects to be invested and the specific investment amount to each project in accordance with the importance and urgency of the projects subject to the relevant laws and regulations. Any shortfall will be made up by the Company with its self-raised funds.

In order to ensure the smooth progress of projects to be invested with the proceeds and safeguard the interests of all Shareholders, before the receipt of the proceeds from the Non-public Issuance of A Shares, the Company will invest with its own funds or self-raised funds based on the actual progress of the projects to be invested. When the proceeds are available, such funds used will be replaced by the proceeds so raised in accordance with relevant procedures required.

2.10 Validity period of the resolution of the Non-public Issuance of A Shares

The resolution in relation to the Issuance shall remain valid for 12 months from the date on which the Proposal for the Non-public Issuance is considered and approved at the general meeting of the Company. If there are new provisions in national laws, administrative regulations, departmental rules or normative documents on the Non-public Issuance of Shares, adjustments will be made according to the new provisions.

3. The resolution regarding the Company's plan of the Non-public Issuance of A Shares of the Company.
4. The resolution regarding feasibility research report of the Company's Non-public Issuance of A Shares to raise funds for investment projects.
5. The resolution regarding the report on the use of proceeds previously raised by the Company.
6. The resolution regarding the dilution of current shareholders' returns as a result of the Non-public Issuance of A Shares of the Company and the proposed remedial measures.
7. The resolution regarding the shareholders' dividend return plan of the Company for the three years from 2023 to 2025.
8. The resolution regarding the authorisation by the General Meeting to the Board and/or its authorised persons to proceed with the relevant matters related to the Non-public Issuance at its/theirs sole discretion.

UPDATED NOTICE OF THE 2023 FIRST EGM

SUPPLEMENTAL SPECIAL RESOLUTION

9. The resolution regarding the Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers by the Company and the Authorization to the Board and/or its Authorized Persons in respect thereof.

For and on behalf of the Board of
China Vanke Co., Ltd.*
Yu Liang
Chairman

Shenzhen, the PRC, 21 February 2023

Notes:

1. The H Shares register of members will be closed from Monday, 27 February 2023 to Wednesday, 8 March 2023 (both days inclusive), during which time no share transfers of H shares will be effected. For registered holders of H shares who intend to attend the EGM, the shares and the registration documents must be delivered to Computershare Hong Kong Investor Services Limited, the Company's H share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 24 February 2023. The holders of the H shares whose names appear on the H shares register of members of the Company at the close of business on Monday, 27 February 2023 are entitled to attend and vote in respect of the resolutions to be proposed at the EGM.
2. Each Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his/her/its behalf at the EGM. A proxy does not need to be a Shareholder.
3. A proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.
4. In view of the fact that the proxy form ("**Original Proxy Form**") of the EGM issued together with the Notice of the EGM of the Company dated 13 February 2023 do not contain the ninth resolution contained in this notice, a revised proxy form for EGM ("**Revised Proxy Form for EGM**") was attached to this circular.

Any shareholder who intends to appoint a proxy to attend the EGM and has not lodged the Revised Proxy Form for EGM is required to complete and lodge the enclosed Revised Proxy Form for EGM in accordance with the instructions stated thereon and lodging the Original Proxy Form is not required. If a shareholder has already returned the Original Proxy Form in accordance with the instructions printed thereon, he/she should note that:

- A. If no Revised Proxy Form for EGM is returned by the shareholder, the Original Proxy Form will be treated as a valid Proxy Form lodged by the shareholder. (Each of) the proxy(ies) appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the new resolution set out in the updated notice of EGM).
- B. If the Revised Proxy Form for EGM is lodged 24 hours before the time appointed for the EGM, the Revised Proxy Form for EGM, if it is duly completed, will revoke and supersede the Original Proxy Form previously lodged by the shareholder. The Revised Proxy Form for EGM will be treated as a valid form of proxy if duly completed.
- C. If the Revised Proxy Form for EGM is lodged within 24 hours before the time appointed for the EGM, or it is lodged 24 hours before the time appointed for the EGM but not duly completed, it will be deemed invalid. It will not revoke and supersede the Original Proxy Form previously lodged by the shareholder. The Original Proxy Form will be treated as a valid proxy form lodged by the shareholder if duly completed. (Each of) the proxy(ies) appointed under the Original Proxy Form will

* For identification purpose only

UPDATED NOTICE OF THE 2023 FIRST EGM

also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the new resolution set out in the updated notice of EGM).

5. The proxy form and the instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her/its attorney duly authorised in writing, or if the Shareholder is a legal person, either under seal or under the hand of a director or a duly authorised attorney. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other document of authorisation must be notarised. To be valid, for holders of A shares, the notarised power of attorney or other document of authorisation and the proxy form must be delivered to the office of the Board of Directors not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. In order to be valid, for holders of H shares, the above documents must be delivered to Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the EGM or any adjournment thereof.
6. This EGM is expected to last for half a day. Shareholders (in person or by proxy) attending this EGM are responsible for their own transportation and accommodation expenses.

7. The address of the office of the Board of Directors is as follows:

CHINA VANKE CO., LTD.

Vanke Centre, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the PRC

Postal code: 518083

Contact persons: Mr. Xu Zhitao

Tel: 86 (755) 2560 6666

Fax: 86 (755) 2553 1696

8. Each Shareholder (or his or her or its proxy) shall exercise his or her or its voting rights by way of poll.

DEFINITIONS

In this report, unless otherwise defined, the following abbreviations shall have the meanings set out below:

Company /Issuer/ Vanke	China Vanke Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	The Shenzhen Stock Exchange
CSDC Shenzhen Branch	Shenzhen branch of the China Securities Depository and Clearing Corporation Limited
A Shares	Ordinary shares of RMB1.00 each issued to domestic investors, listed on a domestic stock exchange, subscribed and traded in RMB with the approval of the CSRC
the Issuance, the Issuance to Specific Subscribers, the Issuance of Shares to Specific Subscribers, the Issuance of A Shares to Specific Subscribers	the issuance of A shares to specific subscribers by China Vanke Co., Ltd. in 2023
this Report	Report on the Demonstration and Analysis of the Proposal to Issue A Shares to Specific Subscribers for 2023
Board	the board of directors of China Vanke Co., Ltd.
General Meeting	the general meeting of China Vanke Co., Ltd.
Company Law	The Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Registration and Administrative Measures for the Issuance	Registration and Administrative Measures for the Issuance of Securities by Listed Companies
Articles of Association	the Articles of Association of A and H Shares of China Vanke Co., Ltd

Stocks Listing Rules

the Rules Governing Listing of Stocks on the
Shenzhen Stock Exchange (2023 Amendments)RMB'00000000,
RMB'0000, RMB

RMB'00000000, RMB'0000, Renminbi

Unless otherwise specified, any discrepancies between the totals and the sum of the items in this Report are due to rounding.

China Vanke Co., Ltd. is a company listed on the SZSE. In order to meet the capital needs for the business development of the Company, optimize the capital structure and further enhance the core competitiveness of the Company, the Company, taking into account its actual situation and in accordance with the requirements of the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents, intends to issue not more than 1,100 million shares (inclusive) to specific subscribers, representing not more than 9.46% of the Company's total share capital prior to the Issuance (including treasury shares), not more than 11.32% of the Company's total A share capital prior to the Issuance (including treasury shares). The funds raised of not more than RMB15 billion (inclusive) are used for 11 real estate projects including Jinyu International, Zhongshan, Guangzhou Jinmao Vanke Glamorous City, Zhuhai Maritime City, Hangzhou Xingtu Guanguan Pavilion, Zhengzhou Cuiwan Zhongcheng, Zhengzhou Future Time, Star Light Skycity, Chongqing, Chengdu Jingrong City, Xi'an Vanke Dongwang, Xiwanghui, Zhangchun and High & New Dream Town, Anshan, as well as replenish liquidity resources.

I. BACKGROUND AND PURPOSE OF THE ISSUANCE

(I) Background of the Issuance to specific subscribers

1. *The policy such as "The Third Arrow" supports the reasonable financing needs of real estate enterprises*

The stable development of the real estate market is related to the stability of the financial market and the overall economic and social development. In November 2022, the State issued multiple policies to promote the healthy and stable development of real estate enterprises and the policy of "triple arrows" supported real estate enterprises in China to meet their reasonable financing needs starting from three major financing means: credit, bonds and equity interest. In terms of credit and bond financing, on 21 November 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly convened a seminar on credit work for commercial banks nationwide, requiring the maintenance of stable and orderly real estate financing, stabilize development loans for real estate enterprises and the issuance of loans for construction enterprises, support the reasonable extension of stock financing such as development loans and trust loans under the premise of guaranteeing the safety of debts, and make use of the support tools for the debt financing of private enterprises to support the debt financing of private real estate enterprises. In terms

of equity financing, on 28 November 2022, the media spokesperson of the CSRC proposed that the stable and healthy development of the real estate market is related to the stability of the financial market and the overall economic and social development, and the CSRC supports the implementation of the plan for improving the balance sheets of high-quality real estate enterprises, increasing equity replenishment, and promoting the revitalization, prevention of risks and the transformation and development of real estate premises. The CSRC decided to adjust and optimize five measures in equity financing to support equity financing of real estate enterprises, including allowing the non-public re-financing of listed real estate enterprises, guiding the funds raised to be used for policy support of real estate business, including real estate projects related to “ensuring project delivery and livelihood”, construction of housing for economic use, re-development of shanty areas or urban renewal and relocation, as well as replenishment of liquidity resources and repaying debts which meet the requirements of the re-financing policy of listed companies. On 22 December 2022, the Central Economic Working Conference also pointed out the need to ensure the stable development of the real estate market and adhered to the job of ensuring project, livelihood and stability, and support for rigid and improved housing needs.

2. Steady growth in macroeconomy and per capita disposable income has created a favorable environment for industry development

Since the reform and opening-up, China’s economy has maintained steady and rapid development. According to the preliminary accounting results of the annual GDP of China for 2022 released by the National Bureau of Statistics of China, China’s GDP in 2022 was RMB121,020 billion, representing an increase of 3.0% at constant prices as compared to last year. According to the income and consumption expenditure of residents in 2022 released by the National Bureau of Statistics of China, the per capita disposable income of residents nationwide was RMB36,883, representing a nominal increase of 5.0% as compared to last year and an actual growth of 2.9% excluding price factor. China’s economy will continue to maintain a stable development trend, creating a favorable economic environment for the long-term stable development of the real estate industry.

3. The real estate industry has entered an era of high quality development, the urbanization process continues to promote and the future development prospects remain promising

As an important pillar industry of China’s economy, the rapid development of the real estate industry has played an important role in promoting the rapid development of the national economy, improving the living conditions of residents and speeding up urbanization construction. At the same time, the rapid increase of the housing prices of some cities resulting in structural imbalance of housing supply and demand, housing security system is relatively lagging behind and other supply and demand conflicts increased. In recent years, the state has increased its

efforts to regulate the real estate market in order to promote the stable and healthy development of the real estate industry, and issued a series of macro-control policies, resulting periodic fluctuations in the whole real estate industry while maintaining rapid growth. In the long run, the long-term development of China's real estate market is based on the greater demand for housing from the urban residents in the process of urbanization, the steady growth of the macro-economy and the continuous progress of urbanization. Therefore, as the evolution of the urbanization process and the further increase of the per capita living standard in China, there is still room for the development of China's real estate industry.

4. Regional differentiation in the real estate market is gradually emerging and the concentration of the industry is increasing

With the continuous development of China's real estate market, the regional differentiation of the domestic real estate market has intensified, showing a polarization of scale and region. First-tier cities and some regional center cities enjoy the dividends of continuous net population inflow and have more room for development in the real estate market, while some third- and fourth-tier cities are subject to demographical factors such as aging population structure, continuous outflow of adolescents and slowdown of economic growth, and the real estate market is under a relatively greater pressure. With the deepening of marketization, real estate enterprises with strong capital strength and standardized operation will gradually gain greater competitive advantages, and enterprises with weak comprehensive strength will gradually be acquired and merged out of the market, therefore the concentration of the industry will continue to increase.

(II) Purpose of the Issuance to Specific Subscribers

1. Properly Handling National Policies and Promoting Business Development of the Company

With “urban construction services provider” as its strategic positioning, the Company has made efforts to promote transformation and upgrades of businesses and strategies through various means including mergers and acquisitions in line with the implementation of national industrial policies, and preliminary positive results have been obtained. It has achieved significant development in a number of businesses, including real estate development, property services, rental housing, logistics and warehousing, commercial development and operation, etc.

The real estate industry is an important pillar industry of the national economy, in November 2022, the PRC promulgated multiple policies to promote the healthy and stable development of real estate enterprises, and the CSRC also decided to adjust and optimise five measures in respect of equity financing for real estate enterprises, including the resumption of non-public refinancing for listed real estate enterprises. On 22 December 2022, it was also pointed out at the Central Economic Work Conference that it was necessary to ensure the stable development of the real estate market and to do a solid job in ensuring the delivery of housing, people's livelihood and stability. City-specific measures should be applied to support the rigid demand and improvement demand of housing. The Company will make use of the Issuance to Specific Subscribers to improve the Company's business layout and promote its business development in response to the implementation of the national policies.

2. *Optimization of the Company's capital structure to enhance risk resistance*

As at 31 December 2019, 31 December 2020, 31 December 2021 and 30 September 2022, the combined gearing ratio of the Company was 84.36%, 81.28%, 79.74% and 77.85% respectively, and the gearing ratio is relatively high. The Issuance of Shares to Specific Subscribers may increase the ownership interest of the Group, further optimise the capital structure, improve the profitability and risk resistance of the Company, and enhance its core competitiveness and sustainability.

3. *Enhancing the Capital Strength of the Company and Laying the Foundation for Stable Development over the Long Term*

The real estate industry is a capital-intensive industry, characterised by substantial capital requirements and long turnover time. Therefore, strong capital strength is an important guarantee for the active expansion and fully participation in market competition of the Company. Against the backdrop of stable growth in the real estate market as well as increasingly high land prices and project construction costs, adequate cash flow is crucial to the sustainable development of real estate enterprises. Through the fund raised in the Issuance, the Company intends to provide new funding support for the existing projects of the Company and facilitate the smooth implementation and on-time delivery of projects, and expand the capital scale of the Company, thereby laying a solid foundation for its long-term stable development.

II. NECESSITY OF THE ISSUANCE OF SECURITIES AND THE SELECTION OF ITS VARIETIES

(I) Varieties of the Issuance of Securities

The Company has selected to issue shares to specific subscribers in domestic listed RMB-denominated ordinary shares (A shares) of RMB1.00 each.

(II) Necessity of the Selection of the Varieties of the Issuance of Securities***1. Meeting the capital requirements of the investment projects of the fund raised***

The investment projects of the fund raised is centered on the Company's main business, which is in line with the Company's overall strategic development direction and is conducive to enhancing the Company's comprehensive strength. It is in line with the overall strategic development direction of the Company and is conducive to enhancing the Company's comprehensive strength. The total capital requirement of the project is RMB15,000 million (including replenished liquidity resources of RMB4,500 million), which is a relatively large investment amount. Through the Issuance of Shares to Specific Subscribers, the Company can be able to raise funds to meet the capital requirements for business development, enhance capital strength, improve the Company's profitability and risk resistance, and improve the Company's core competitiveness and sustainable development, which is in line with the interest of all shareholders.

2. The Issuance of Shares to Specific Subscribers is a suitable financing method for the Company at current stage

As at 30 September 2022, the combined gearing ratio of the Company was 77.85%, which stood at a relatively high level. Equity financing has better planning and coordination, and better align with the capital requirements of the Company's investment projects, which is conducive to the Company in maintaining a stable capital structure and achieving its long-term strategic development goals. The Company will raise funds through the Issuance of Shares to Specific Subscribers, which will provide strong support for the Company's subsequent development, increase the scale of the Company's total assets and net assets, reduce the gearing ratio, enhance the financial risks resistance once the funds are raised, and ensure the effective implementation of the Company's future development strategy.

In conclusion, the Company has the necessity to raise funds through the Issuance of Shares to Specific Subscribers.

III. APPROPRIATENESS OF THE SCOPE, QUANTITY AND STANDARD OF THE SELECTION ON THE SUBSCRIBER OF THE ISSUANCE

The subscriber of the Issuance of Shares to Specific Subscribers is limited to not more than 35 (including 35) specific subscribers. The target subscribers are: securities investment fund management companies, securities companies, securities companies, financial companies, asset management companies, insurance institutional investors, trust companies, qualified foreign institutional investors and other qualified investors which meet the requirements of the CSRC. Where a securities investment fund management company, securities company, qualified foreign institutional investor and RMB qualified foreign

institutional investor subscribes with more than two products under its management, it shall be deemed as one target subscriber. A trust company as a target subscriber shall only subscribe with its own funds.

The final target subscriber will be determined by the Board of the Company and/or its authorized persons within the scope of the authorization of the General Meeting with the consultation with the sponsor (the lead underwriter) based on the quotation of the target subscriber after the Issuance has been considered and approved by the SZSE and registered with the consent of the CSRC. If national laws, administrative regulations, departmental rules or regulatory documents or regulatory authorities provide otherwise for the Issuance of Shares to Specific Subscribers, they shall comply with such provisions.

The target subscribers should have certain risk identification and bearing capacity and have corresponding capital strength.

The scope, quantity and standard for the selection of the target subscribers are in line with relevant provisions of the Registration and Administrative Measures for the Issuance and other laws and regulations.

IV. REASONABLENESS OF THE PRINCIPLES, BASES, METHODS AND PROCEDURES OF THE PRICING OF THE ISSUANCE

(I) The principles and basis of the pricing of the Issuance

The pricing benchmark date for the Issuance of Shares to Specific Subscribers is the first day of the issuance period.

The issue price of the Issuance to Specific Subscribers shall not be lower than 80% of the average trading price of the Company's A shares in the 20 trading days prior to the pricing benchmark date (excluding the pricing benchmark date, the same below) (i.e. the "minimum issue price", rounded to two decimal places according to the "round up method"). The average trading price of the Company's A shares in the 20 trading days prior to the pricing benchmark date equals the total trading value of the Company's A shares in the 20 trading days prior to the pricing benchmark date, divided by the total trading volume of the A shares in the 20 trading days prior to the pricing benchmark date.

In the event of any ex-right or ex-dividend matter as a result of distribution of dividends, bonus issue and conversion of capital reserve into share capital during the period from the pricing benchmark date of the Issuance of A Shares to Specific Subscribers to the issue date, the issue price shall be adjusted accordingly.

On the basis of the above minimum issue price, the final issue price of the Issuance to the Specific Subscribers will be determined by the Board of the Company and/or its authorized persons within the scope of the authorization of the General Meeting with the consultation with the sponsor (the lead underwriter) in accordance with the provisions of laws and regulations and the requirements of the regulatory authorities, and based on the quotation of the target subscriber after the Issuance has been considered and approved by the SZSE and registered with the consent of the CSRC.

The principles and basis of the pricing of the Issuance are in compliance with the relevant provisions of the Registration and Administrative Measures for the Issuance and other laws and regulations, and the principles and bases of the Issuance are reasonable.

(II) Methods and Procedures of the Pricing of the Issuance

The proposal of the Issuance of A Shares to Specific Subscribers was prepared based on the “Resolution for Proposing the General Meeting to the General Mandate for the Issuance of Shares of the Company to the Board” considered and approved at the 2022 first extraordinary general meeting. It was considered and approved at the twenty-fifth meeting of the nineteenth session of the Board of the Company on 10 February 2023, and the independent directors of the Company expressed their independent opinion in favour thereof. Relevant announcement has been disclosed on the website of the stock exchanges and the designated information disclosure media of the CSRC.

In accordance with the provisions of relevant laws and regulations, the proposal of the Issuance to Specific Subscribers is subject to the consideration and approval of the General Meeting, the consideration and approval of the SZSE and the registration with consent of the CSRC. After obtaining the consent of the CSRC for registration, the Company will apply to the SZSE and the CSDC Shenzhen Branch for the issuance, registration and listing of shares in accordance with the laws.

The methods and procedures of the pricing of the Issuance are in compliance with relevant provisions of the Registration and Administrative Measures for the Issuance and other laws and regulations and the methods and procedures of the pricing of the Issuance are reasonable.

V. FEASIBILITY OF THE METHOD OF THE ISSUANCE**(I) The Legality and Compliance of the Method of the Issuance****1. *The Issuance complies with the issuance conditions as stipulated in the Securities Laws:***

- (1) The Issuance complies with relevant provisions of Article 9 of the Securities Laws: non-public issuance of securities shall not be conducted through advertisement, public inducement or other disguised public manner.
- (2) The Issuance complies with relevant provisions of Article 12 of the Securities Laws: The issuance of new shares by a listed company shall meet the conditions prescribed by the securities regulatory authority under the State Council as approved by the State Council. The specific administrative measures shall be formulated by the securities regulatory authority under the State Council.

2. *The Company does not violate the following circumstances under Article 11 of the Registration and Administrative Measures for the Issuance:*

- (1) unauthorized changes in the use of proceeds raised previously without rectification or without the approval of the General Meeting;
- (2) The preparation and disclosure of the financial statements for the most recent year do not comply in a material aspect with the requirements of the accounting standards for business enterprises or relevant information disclosure rules; an audit report on the financial accounting report for the most recent year was issued with an adverse opinion or an unexpressed opinion; an audit report on the financial accounting report for the most recent year was issued with a qualified opinion and the material adverse effect of the matters involved by the qualified opinion on the listed company has not been eliminated. Except where the Issuance involves a major asset reorganization;
- (3) the current directors, supervisors and senior management have been subject to administrative penalties by the CSRC in the last three years or public reprimand by the Stock Exchange in the last year;
- (4) listed companies and their current directors, supervisors and senior management are being investigated by the judicial authorities for suspected crimes or are being investigated by the CSRC for suspected violations of laws and regulations;

- (5) the controlling shareholders or de facto controllers has committed significant illegal acts in the last three years that seriously damage the interests of the listed company or the legitimate rights and interests of investors;
 - (6) in the last three years, there are significant illegal acts that seriously damage the legitimate rights and interests of investors or the public interest.
3. *The funds raised by the Company are in compliance with relevant provisions of Article 12 of the Registration and Administrative Measures for the Issuance:*
- (1) Compliance with the national industrial policy and relevant environmental protection, land management and other laws and administrative regulations;
 - (2) Except for financial enterprises, the proceeds will not be used to hold financial investments and will not be invested directly or indirectly in companies whose main business is the trading of marketable securities.
 - (3) After the implementation of the fund-raising project, there will be no new peer competition or unfair connected transactions with the controlling shareholder, the de facto controller and other enterprises under their control that will have a material adverse impact or seriously affect the independence of the Company's production and operation.

In summary, the Company complies with the relevant regulations such as the Registration and Administrative Measures and there are no circumstances under which shares may not be issued, the method of the issuance complies with the requirements of relevant laws and regulations, and is legal, compliant and feasible.

(II) The Legality and Compliance of the Method of the Issuance

The proposal of the Issuance of A Shares to Specific Subscribers was prepared based on the "Resolution for Proposing the General Meeting to the General Mandate for the Issuance of Shares of the Company to the Board" considered and approved at the 2022 first extraordinary general meeting. It was considered and approved at the twenty-fifth meeting of the nineteenth session of the Board of the Company on 10 February 2023, and the independent directors of the Company expressed their independent opinion in favour thereof. Relevant announcement has been disclosed on the website of the Company, the stock exchanges and the designated information disclosure media of the CSRC to fulfill necessary deliberation procedures and information disclosure procedures.

In accordance with the provisions of relevant laws and regulations, the proposal of the Issuance to Specific Subscribers is subject to the consideration and approval of the General Meeting, the consideration and approval of the SZSE and the registration with consent of the CSRC.

In summary, the procedures for consideration and approval of the issue of shares to specific parties were lawful and compliant and the method of the issuance was feasible.

VI. FAIRNESS AND REASONABLENESS OF THE ISSUANCE

The proposal of the Issuance was prepared based on the “Resolution for Proposing the General Meeting to the General Mandate for the Issuance of Shares of the Company to the Board” considered and approved at the 2022 first extraordinary general meeting. It was considered and approved at the twenty-fifth meeting of the nineteenth session of the Board of the Company on 10 February 2023. The implementation of the Issuance will meet the capital needs for the business development of the Company, optimize the capital structure and further enhance the core competitiveness of the Company, which is in the interest of all shareholders.

The proposal of the Issuance and related documents have been disclosed on the website of the Company, the stock exchanges and the designated information disclosure media of the CSRC to ensure the right to information of all shareholders.

The Company will convene a general meeting to consider the proposal of the Issuance and all shareholders will be able to vote fairly on the Company’s issue proposal on a pari passu basis. A resolution at a general meeting in relation to the issue of shares to a specific target must be passed by at least two-thirds of the votes held by the shareholders present at the meeting, and separate votes shall be counted for small and medium-sized investors. At the same time, shareholders of the Company can exercise their rights by way of on-site or online voting.

In summary, the proposal of the Issuance has been considered and approved by the Board of Directors of the Company and is considered to be in the interests of all shareholders. The proposal of the Issuance and related documents have complied with the relevant disclosure procedures to protect the shareholders’ right to information. At the same time, the proposal of the Issuance to specific targets will be subject to a fair vote by the participating shareholders at the general meeting, which is fair and reasonable.

VII. DILUTION OF IMMEDIATE RETURN RESULTING FROM THE ISSUANCE AND THE REMEDIAL MEASURES

According to certain provisions set out in the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Medium and Small Investors in Capital Markets (Guo Ban Fa [2013] No. 110), the Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital

Market (Guo Fa [2014] No. 17) and Guiding Opinions on Matters relating to the Dilution of Immediate Return Resulting from Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) and other laws, regulations and regulatory documents, in order to protect the interests of small and medium-sized investors, the Company has conducted a serious analysis of the impact of the issuance of A shares to specific parties on the dilution of immediate return and has proposed remedial measures for the dilution of immediate return in the light of the actual situation. At the same time, all directors and senior management of the Company have given undertakings that the remedial measures for the dilution of immediate returns by issuing to specific parties can be practically fulfilled, details are as follows:

(I) The effect of the issuance of diluted current returns to specific targets on the Company's key financial indicators

1. Assumptions for the measurement of diluted current returns

- (1) Assuming there are no significant adverse changes in the macroeconomic environment, market environment, industrial policies, production and operation of the Company and its subsidiaries.
- (2) Assuming that the issuance to specific parties is expected to be completed in June 2023, such completion time is a hypothetical estimate and is only used for the purpose of calculating the impact of the diluted immediate return of the issue to specific parties on key financial indicators and does not constitute a commitment as to the actual completion time, which is ultimately based on the actual completion time of the issuance after the consent of the CSRC for registration.
- (3) In projecting the total share capital of the Company, the total share capital of the Company of 11,630,709,471 shares (including treasury shares) as at the date of this Report was taken as the basis, and only the effect of the issue of shares to specific parties was considered, without taking into account other factors (such as bonus shares and capitalisation of capital reserves) that would result in changes in share capital.
- (4) Assuming that the number of shares to be issued to the specific parties is 1,100,000,000 shares; and assuming that the total amount of funds to be raised by the issue to the specific parties is RMB15,000 million, without taking into account the effect of deducting the issue expenses.
- (5) From January to September 2022, the Company's net profit attributable to shareholders of the listed company was RMB17,050 million and the net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss was RMB16,500 million.

Assuming that the net profit attributable to shareholders of the listed company and the net profit attributable to shareholders of the listed company after extraordinary gain or loss for the full year 2022 are both annualised information of the net profit attributable to shareholders of the listed company and the net profit attributable to shareholders of the listed company after extraordinary gain or loss for January-September 2022 (i.e. 4/3 times the data for January-September 2022). Net profit attributable to shareholders of the listed company and net profit attributable to shareholders of the listed company after extraordinary gain or loss for 2023 are measured on the basis of three scenarios: flat, up 10% and down 10% from 2022. The hypothetical analysis was made in accordance with the requirements of the relevant laws and regulations of the CSRC and does not constitute a profit forecast for the Company for the year 2022 or 2023, and does not represent the Company's judgment on the future operating conditions and trends, and investors should not make investment decisions based on it, and the Company shall not be liable for any losses incurred by investors as a result of making investment decisions based on it.

- (6) With reference to the arithmetic average of the Company's cash distribution ratio for each of the past three years, it is assumed that the Company's cash distribution ratio for 2023 will be the same as that ratio and the cash distribution will be implemented in August 2023.
- (7) Assuming equity attributable to owners of the listed company as at 31 December 2023 = equity attributable to owners of the listed company at the beginning of the period in 2023 + net profit attributable to shareholders of the listed company for the year 2023 + total proceeds from the issuance to specific parties – cash dividends to be implemented in 2023.
- (8) No consideration will be given to the issuance expenses; the number of shares to be issued to specific parties and the time of completion of the issue are estimates only and will ultimately be subject to the number of shares registered for issue and the actual time of completion of the issue as agreed by the CSRC; no consideration will be given to the impact on the production and operation and financial position (such as financial expenses and investment income) of the Company after the funds raised from the issue to specific parties have been received.

APPENDIX

REPORT ON THE DEMONSTRATION AND ANALYSIS OF THE PROPOSAL TO ISSUE A SHARES TO SPECIFIC SUBSCRIBERS IN 2023

2. Impact on the Company's key indicators

Subject to the above assumptions, the impact of the issue to specific parties on the Company's key financial indicators has been measured as follows:

Items	30 September 2022/ January-September 2022	31 December 2022/ FY2022 (forecast)	31 December 2023 / FY2023 (forecast)	
			Prior to the Issuance to the specific parties	After the Issuance to the specific parties
Scenario 1: Net profit before and after deduction for FY2023 remained flat as for FY2022				
Total share capital (million shares)	1,163,070.95	1,163,070.95	1,163,070.95	1,273,070.95
Net profit attributable to shareholders of listed companies (RMB0'000)	1,705,042.18	2,273,389.57	2,273,389.57	2,273,389.57
Net profit after non-recurring profit or loss attributable to shareholders of the listed company (RMB0'000)	1,650,033.22	2,200,044.29	2,200,044.29	2,200,044.29
Equity attributable to owners of listed companies (RMB0'000)	24,110,695.37	24,679,042.76	26,077,859.37	27,577,859.37
Basic earnings per share (RMB/share)	1.47	1.96	1.95	1.87
Basic earnings per share (net of non-recurring profit or loss) (RMB/share)	1.42	1.90	1.89	1.81
Weighted average return on net assets (%)	7.12	9.36	8.91	8.65
Weighted average return on net assets (net of non-recurring profit or loss) (%)	6.89	9.06	8.62	8.37
Scenario 2: 10% increase in net profit before and after deduction in FY2023 compared to FY2022				
Total share capital (million shares)	1,163,070.95	1,163,070.95	1,163,070.95	1,273,070.95
Net profit attributable to shareholders of listed companies (RMB0'000)	1,705,042.18	2,273,389.57	2,500,728.53	2,500,728.53

APPENDIX
**REPORT ON THE DEMONSTRATION AND
ANALYSIS OF THE PROPOSAL TO ISSUE A
SHARES TO SPECIFIC SUBSCRIBERS IN 2023**

Items	30 September 2022/ January-September 2022	31 December 2022/ FY2022 (forecast)	31 December 2023 / FY2023 (forecast)	
			Prior to the Issuance to the specific parties	After the Issuance to the specific parties
Net profit after non-recurring profit or loss attributable to shareholders of the listed company (<i>RMB0'000</i>)	1,650,033.22	2,200,044.29	2,420,048.72	2,420,048.72
Equity attributable to owners of listed companies (<i>RMB0'000</i>)	24,110,695.37	24,679,042.76	26,305,198.33	27,805,198.33
Basic earnings per share (<i>RMB/share</i>)	1.47	1.96	2.15	2.05
Basic earnings per share (net of non-recurring profit or loss) (<i>RMB/share</i>)	1.42	1.90	2.08	1.99
Weighted average return on net assets (%)	7.12	9.36	9.75	9.48
Weighted average return on net assets (net of non-recurring profit or loss) (%)	6.89	9.06	9.44	9.17
Scenario 3: 10% reduction in net profit before and after deduction in FY2023 compared to FY2022				
Total share capital (<i>million shares</i>)	1,163,070.95	1,163,070.95	1,163,070.95	1,273,070.95
Net profit attributable to shareholders of listed companies (<i>RMB0'000</i>)	1,705,042.18	2,273,389.57	2,046,050.62	2,046,050.62
Net profit after non-recurring profit or loss attributable to shareholders of the listed company (<i>RMB0'000</i>)	1,650,033.22	2,200,044.29	1,980,039.86	1,980,039.86
Equity attributable to owners of listed companies (<i>RMB0'000</i>)	24,110,695.37	24,679,042.76	25,850,520.41	27,350,520.41
Basic earnings per share (<i>RMB/share</i>)	1.47	1.96	1.76	1.68
Basic earnings per share (net of non-recurring profit or loss) (<i>RMB/share</i>)	1.42	1.90	1.70	1.63

Items	30 September 2022/ January-September 2022	31 December 2022/ FY2022 (forecast)	31 December 2023 / FY2023 (forecast)	
			Prior to the Issuance to the specific parties	After the Issuance to the specific parties
Weighted average return on net assets (%)	7.12	9.36	8.05	7.82
Weighted average return on net assets (net of non-recurring profit or loss) (%)	6.89	9.06	7.79	7.57

Note 1: Basic earnings per share and weighted average return on net assets are calculated in accordance with the provisions of the “Rules Governing the Preparation of Information Disclosures by Companies Issuing Public Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share”.

Note 2: The calculation of basic earnings per share and weighted average return on net assets for 2022 takes into account the impact of share repurchases in 2022 and does not take into account other factors that may have an impact on weighted average net assets.

(II) Specific measures to be taken to fill the diluted current return in this issue to specific parties

In order to protect the interests of the general public and reduce the impact of the possible dilution of immediate return from the Issuance to specific parties, the Company intends to take various measures to prevent the risk of dilution of immediate return and to achieve sustainable development of the Company’s business so as to enhance future earnings. The specific measures that the Company intends to take are as follows:

1. Strengthen operational management and internal control to enhance operational efficiency and profitability

The Company will insist on its mission and vision of being a “city construction service provider”, actively explore new businesses in terms of business value positioning, customer reputation and goodwill, business operations and financial returns, etc., uphold the original intention of providing “good products and good services” to the people, continue to improve the business development model, enhance the efficiency and effectiveness of business operations and customer satisfaction, build and consolidate competitive advantages and improve operating results.

2. Strengthen the management and use of funds raised to prevent risks in the use of funds raised

After the closing of the Issuance to specific parties in accordance with the Company's fund raising capital management system and the resolution of the Board of Directors of the Company, the Company will establish a special account for the fund raising capital of the Issuance to specific parties and sign a tripartite supervision agreement with the Account Opening Bank and the Sponsor, whereby the Sponsor, the Account Opening Bank and the Company will jointly manage the fund raising capital and regularly inspect the deposit and use of the fund raising capital to ensure that the fund raising capital is used reasonably and in a proper manner.

3. Continuously improve corporate governance to provide institutional protection for the development of the Company

The Company will strictly follow the requirements of the Company Law, the Securities Law, the Rules Governing the Listing of Stocks and other laws, regulations and regulatory documents to continuously improve its corporate governance structure to ensure that shareholders can fully exercise their rights, that the Board of Directors can exercise its powers and make scientific, prompt and prudent decisions in accordance with the laws, regulations and the Articles of Association, that the independent directors can conscientiously perform their duties and safeguard the interests of the Company as a whole, in particular the legitimate interests of small and medium shareholders, and that the supervisory committee can independently and effectively exercise its powers of supervision and inspection over the directors, senior management and the Company's finances to provide institutional protection for the development of the Company.

The Company wishes to draw the attention of investors to the fact that the establishment of measures to make up for the return does not amount to a guarantee of future profits of the Company. The Company will continue to disclose in its subsequent periodic reports the status of completion of the measures to make up for immediate returns and the fulfilment of the undertakings of the relevant principal undertakings.

In summary, upon completion of the Issuance to specific parties, the Company will strengthen its internal management to strengthen its main business, use the proceeds in a reasonable and regulated manner, improve the efficiency of the use of funds, take various measures to continuously improve its operating results and, subject to the conditions for profit distribution, actively promote the distribution of profits to shareholders so as to enhance the Company's ability to return to investors and effectively reduce the risk of dilution of shareholders' immediate returns.

(III) Undertakings by the directors and senior management of the Company to ensure that the Company's measures to fill immediate returns in the Issuance to specific parties will be fulfilled

In order to ensure that the measures to make up for the diluted current return upon completion of the issue to specific parties will be fulfilled, the directors and senior management of the Company have made the following undertakings:

- “1. I undertake to perform my duties faithfully and diligently and to safeguard the legitimate interests of the Company and all shareholders;
2. I undertake not to transfer benefits to other entities or individuals without compensation or on unfair terms, or to use other means to the detriment of the Company's interests;
3. I undertake to exercise restraint in spending on my duties;
4. I undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of my duties;
5. I undertake, within the scope of my duties and authority, to ensure that the remuneration system established by the Board of Directors or the Remuneration Committee is linked to the implementation of the Company's measures to make up for returns;
6. If the Company intends to implement equity incentives in the future, I undertake, within the scope of my duties and permissions, to ensure that the exercise conditions of the Company's equity incentive scheme are linked to the implementation of the Company's measures to make up for the returns;
7. if, after the date of this undertaking and before the completion of the implementation of the Company's non-public offering, the CSRC makes other new regulatory requirements in relation to the filling of returns and its undertakings, and if the above undertakings cannot satisfy such requirements of the CSRC, I undertake to issue a supplementary undertaking in accordance with the latest requirements of the CSRC at that time;
8. I undertake to fulfil in good faith the relevant measures set by the Company to make up for the return and any undertakings made by me in respect of such measures, and if I breach such undertakings and cause loss to the Company or investors, I am willing to bear the corresponding legal liability in accordance with the law.”

VIII. CONCLUSION

In summary, the Company's proposed Issuance to specific parties is fair and reasonable, necessary and feasible and in compliance with the requirements of relevant laws and regulations. The implementation of the proposed Issuance to specific parties will be conducive to the further enhancement of the operating results of the listed company, which is in line with the development strategy of the Company and in the interests of the Company and all shareholders.

The Board of Directors of
China Vanke Co., Ltd.
21 February 2023