

**VANKE'S 2020 H1 REVENUE AND NET PROFIT ACHIEVED STEADY GROWTH
CASH ON HAND AMOUNTED TO RMB194.29 BILLION**

27 August 2020, Hong Kong - China Vanke Co., Ltd. ("Vanke" or the "Company", together with its subsidiaries "the Group", stock code: 2202) announced that the Group achieved a revenue of RMB146.35 billion and a profit attributable to equity shareholders of the Company of RMB12.51 billion for the six months ended 30 June 2020 (the "Reporting Period"), representing year-on-year increases of 5.1% and 5.6% respectively. Basic earnings per share amounted to RMB1.11, representing a year-on-year increase of 4%, while fully diluted return on equity was 6.39%. There will be no distribution of dividend, bonus share or capitalisation of equity reserve for the interim period of 2020.

During the Reporting Period, the Group realised a contract sales area and sales amount of 20.77 million sq m and RMB320.48 billion respectively. On the list of "2020 Global 500" released by "Fortune" magazine, Vanke's ranking rose to 208th. As at the end of the Reporting Period, the cash and cash equivalents held by the Group amounted to approximately RMB200 billion, while the net gearing ratio lowered to 27.0%, which remained at an industry low level.

Vanke has always adhered to stable operations and improved capital efficiency. In the first half of the year, the Company continued to maintain a positive operating cash flow. As at the end of June, the cash and cash equivalents held by the Group amounted to RMB194.29 billion, which was much higher than the total current liabilities due within one year of RMB96.82 billion. The net gearing ratio was only 27.0%, representing a decrease of 6.85 percentage points when compared with that at the end of last year. Moreover, the interest-bearing liabilities were mainly medium and long-term liabilities. Among them, interest-bearing liabilities of more than one year amounted to over 60 per cent of the total.

The healthy financial position has enabled Vanke to maintain an industry-leading credit rating, and the overall financing cost continued to be at a low level, maintaining a strong risk resistance capacity. During the Reporting Period, international credit rating agencies S&P, Moody's and Fitch maintained "BBB+", "Baa1" and "BBB+" long-term corporate credit ratings for the Company respectively, with a "stable" outlook rating. In the first half of 2020, the Company issued three tranches of corporate bonds, with the total issuance amount of RMB7 billion, the lowest coupon rate being 2.56% and the average cost was 3.28%.

Property development business gradually stepped out of the shadows of the pandemic, realised a contract sales amount of RMB320.48 billion in the first half of the year

Affected by the pandemic, sales and investment for development in the real estate industry in China dropped in the first half of the year. According to the National Bureau of Statistics, the sales area and sales amount of commodity housing in the first six months of the year stood at 694 million sq m and RMB6.69 trillion, down by 8.4% and 5.4% year-on-year respectively.

Against this backdrop, Vanke made every effort to safeguard its customers and to resume work and production on the premise of ensuring employees' safety. Its property development business experienced steady development.

For property development business, Vanke insisted on active sales and strove to mitigate the impact of the epidemic on sales. Sales gradually resumed during the first half of the year. The Group realised a contract sales amount of RMB320.48 billion during the Reporting Period, representing a year-on-year decline of 4.0%, but narrowing by 3.7 percentage points as compared to that of the first quarter. The booked revenue amounted to RMB128.97 billion. The amount of area sold but not booked of the Company continued to increase. As at the end of June, the Group's area sold but not booked amounted to 47.43 million sq m in its consolidated statements, with total contract amount of approximately RMB695.33 billion, representing increases of 10.6% and 14.2% respectively, as compared to those at the end of the previous year.

For future project reserves, Vanke insisted on rational and prudent investments. Striking a balance between safe operation and development and the matching of risks and returns, the Group explored various potential investment opportunities. From January to June, the Group acquired 55 new projects with a planned gross floor area ("GFA") of 9.80 million sq m and planned GFA attributable to the Company's equity holding of 5.05 million sq m. The total land premium of the above projects attributable to the Company's equity holding amounted to approximately RMB32.13 billion. The Company's project resources remained at a reasonable level. As at the end of June, the Group's projects under construction and planning had an aggregate GFA of approximately 157.20 million sq m. In addition, the Group also participated in certain redevelopment projects. According to current planning, the aggregate GFA of such projects attributable to Vanke's equity holding was approximately 5.83 million sq m.

Orderly development of property services and operations, further intensifying delicacy management

Adhering to the strategic positioning of "city and town developer and service provider", Vanke continued to intensify its delicacy management, thus improving the efficiency and results of various businesses. During the Reporting Period, the scale and revenue of the

Company's property services, rental housing, logistics and warehousing, commercial operations and other businesses rose steadily.

For property services, Vanke Service's operating income for the first half of the year amounted to RMB6.70 billion, up by 26.8% year-on-year. 55% of the income came from non-Vanke projects. As at the end of June, Vanke Service had taken over an area of 520 million sq m for management services, and its aggregate contracted GFA reached 680 million sq m. During the first half of the year, Vanke Service accelerated the development of its "urban services" business by continuing expanding the geographical coverage of its public space management business. Up to now, its "urban services" business has expanded to 7 cities.

For rental housing, the Group's youth apartment product "Port Apartment", generated a revenue of RMB1.05 billion during the first half of the year. As at the end of June, the Group had a total of 127,000 units in operation in 33 cities; amongst them, 18,900 units were launched during the first half of the year. In addition, there were 57,700 units under planning and construction. Vanke's rental housing aims at improving the occupancy rate and customer satisfaction, and the Group keeps improving the management efficiency of existing projects. Amid the epidemic, the occupancy rate rose against all odds. As at the end of June, the overall occupancy rate of projects in operation reached 88%, while the occupancy rate of projects in operation for over six months rose by 3.7 percentage points to 93.7% when compared to that at the end of last year. The Group has been actively exploring the model of long-term rental apartment development and operation on collective land. Phase one of its Port Apartment Chengshousi Community project, being the first rental housing project on collective land in Beijing, was fully rented out 7 days before inauguration.

Regarding logistics and warehousing services, during the first half of the year, the projects (including projects not covered under the consolidated statements) managed by VX Logistic Properties under the Group generated a rental and service income of RMB830 million, up by 36.9% year-on-year. Among its income, RMB570 million was generated from the rental income of high-standard warehouses, and RMB260 million from the rental and service income of cold storages. As at the end of June, the total GFA of logistics and warehousing business had an aggregate of 6.16 million sq m GFA in operation; servicing an aggregate of more than 850 customers. Through delicacy management and information technology, VX Logistic Properties continued to improve its operating capability. As at the end of June, the occupancy rate and utilization rate of high-standard warehouses and cold storages in stable operation were 89.1% and 81.51% respectively. The Company actively explored asset management capabilities. In June 2020, its quasi-REITs product "VX Logistic Properties-E Fund Asset-Logistics Warehousing Phase 1 Asset-backed Securities" became listed on the Shenzhen Stock Exchange.

With regard to retail property development and operation, Vanke leveraged SCPG as its retail property development and operation platform and continued to enhance its operation performance. During the first half of the year, the rental income of retail projects (including projects not covered under the consolidated statements) operated and managed by the Group was RMB3.05 billion, up by 0.3% year-on-year. As at the end of June, the aggregate area of the Group's retail projects in operation reached 8.36 million sq m, up by 11.07% year-on-year. Furthermore, the GFA of commercial buildings under planning and construction amounted to 5.43 million sq m. The overall occupancy rate of projects in operation was 90.6%; the occupancy rate of commercial projects in operation for more than 3 years was 91.8%. SCPG was actively exploring asset securitization. "Yinxiang No.2" CMBS was successfully issued in April 2020, with a coupon rate of 3.8%, the lowest among CMBS products of the same rating during the same period.

In addition to property services, logistics, commercial development and operation, Vanke was also actively exploring the ski resort, education and food sectors. It insisted on the strategy of "growing in tandem with cities and customers" to provide people with relevant products and services for a better quality of life.

(Attached is Vanke's unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2020)

- End -

For media enquiry:

Tony Liu
China Vanke Co., Ltd.
Mobile: (86) 138 2434 6065
Email: liusy24@vanke.com

Christine Chan
CorporateLink Limited
Mobile: (852) 6173 9039
Email: christine@corporatelink.com.hk

China Vanke Co., Ltd.
Unaudited Condensed Consolidated Statement of Profit or Loss
for the six months ended 30 June 2020
(Prepared in accordance with International Financial Reporting Standards)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	146,349,507	139,320,077
Cost of sales	(99,797,572)	(88,833,209)
Gross profit	46,551,935	50,486,868
Other net income	2,721,865	2,410,769
Selling and marketing expenses	(3,184,895)	(3,186,524)
Administrative expenses	(6,307,735)	(7,039,568)
Other operating expenses	(583,038)	(893,919)
Profit from operations	39,198,132	41,777,626
Finance costs	(4,519,524)	(4,859,882)
Share of profits less losses of associates and joint ventures	1,712,341	907,438
Profit before taxation	36,390,949	37,825,182
Income tax	(17,761,755)	(18,539,505)
Profit for the period	18,629,194	19,285,677
Attributable to:		
Equity shareholders of the Company	12,507,519	11,841,752
Non-controlling interests	6,121,675	7,443,925
Profit for the period	18,629,194	19,285,677
Earnings per share (RMB)		
Basic and diluted	1.11	1.06