

VANKE'S 2020 REVENUE AND NET PROFIT ACHIEVED STEADY YOY GROWTH EMPHASIZING QUALITY GROWTH IN AN ERA "HIGHLIGHTING MANAGEMENT STRENGTH"

31 March 2021 - China Vanke Co., Ltd. ("Vanke" or the "Company", together with its subsidiaries "the Group", stock code: 2202) announced that its revenue for the year ended 31 December 2020 (the "Year") amounted to RMB419.11 billion, with profit for the year attributable to equity shareholders of the Company reaching RMB41.52 billion, representing year-on-year increases of 13.9% and 6.8% respectively. Basic earnings per share amounted to RMB3.62, representing a year-on-year increase of 4.5%. Weighted average return on equity was 20.1%. The figure remained above 19% for 10 consecutive years.

The total amount of cash dividends Vanke proposed for distribution for 2020 amounted to approximately RMB14.52 billion (inclusive of tax). Based on the total number of shares of the Company as at the end of 2020, a cash dividend of RMB12.5 (inclusive of tax) will be distributed for every 10 shares. As of 2020, Vanke had been distributing cash dividends for 29 years, with an average annual dividend distribution of more than RMB10 billion in the past three years.

The Group emphasized the concept of "continuous creation of true value with emphasis on liquidity" and continued to improve the planning and precision of fund management. The Group realized a net cash inflow from operations of RMB53.19 billion during the Year, achieving net cash inflow from operating activities for 12 consecutive years. As at the end of 2020, the Group's cash and cash equivalents (including pledged and restricted deposits) amounted to RMB195.23 billion, and the amount was 2.4 times of interest-bearing liabilities due within one year. As at the end of 2020, Vanke's net gearing ratio (interest-bearing liabilities less cash and cash equivalents divided by net assets) was 18.1%, which was lower than 40% for 20 consecutive years.

Healthy financial status and cash position enable Vanke to continue to maintain industry-leading credit rating. S&P and Fitch maintained "BBB+" credit rating for the Group, while Moody's maintained a "Baa1" credit rating for the Group, with a "stable" rating outlook from each of the aforesaid credit rating agencies. China Chengxin International Credit Rating Co., Ltd., a domestic rating agency, maintained the Group's credit rating as AAA, with a stable rating outlook.

The revenue derived from the property development and related assets operation businesses amounted to RMB400.45 billion, accounting for 95.5% of the Group's

revenue; revenue from property services reached RMB15.43 billion, accounting for 3.7% of the Group's revenue.

Equal emphasis on development and operation; urban renewal and TOD constitute the Group's new competitive advantages

In real estate development, Vanke has shifted from development-oriented to having equal emphasis on development and operation, and from the development of pure residential products to a full-category and full-cycle perspective, focusing on improving the development and operation capabilities of integrated residential areas.

In 2020, sales of Vanke's property development business continued to increase. In 2020, the Group realized a sales area and sales amount of 46.68 million sq m and RMB704.15 billion respectively, representing year-on-year increases of 13.5% and 11.6% respectively.

Commodity housing is the main product of the Group's property development business. Among the products sold by the Group in 2020, residential properties accounted for 88.2%, commercial and office properties 7.9%, and other ancillary facilities 3.9%. In 2020, the Group's share in the nation's commodity housing market was approximately 4.03%. In terms of sales amount, the Group ranked first in 23 cities and ranked second in 14 cities.

There were increases in the Group's settled revenue and sold-but-not-settled resources. The Group realized settlement area of 28.89 million sq m and revenue settled from property development business of RMB377.42 billion, representing year-on-year increases of 17.4% and 13.0% respectively. As at the end of the Year, the resources sold but not completed and settled amounted to 49.19 million sq m in the Group's consolidated financial statements, with a total contract amount of approximately RMB698.15 billion, representing increases of 14.7% and 14.6% respectively, as compared to those at the end of the previous year.

In 2020, the floor area of new construction projects developed by the Group amounted to approximately 39.60 million sq m, representing a year-on-year decrease of 6.6% and representing 135.6% of that planned at the beginning of the year. The completed floor area of development projects amounted to approximately 33.82 million sq m, representing an increase of 12.4% year-on-year and representing 101.9% of the that planned at the beginning of the year.

The Group insisted on a prudent approach in investment. In 2020, the Group

acquired 168 new projects with a planned gross floor area (“GFA”) of 33.67 million sq m and planned GFA attributable to the Company’s equity holding of 20.59 million sq m. The total land premium attributable to the Group’s equity holding amounted to approximately RMB138.15 billion, with an average land premium of RMB6,710 per sq m for new projects.

As at the end of 2020, the total GFA of the Group’s projects under construction was approximately 107.88 million sq m, of which the GFA attributable to Vanke’s equity holding was 63.81 million sq m; the total GFA of projects under planning was approximately 50.51 million sq m, of which the GFA attributable to Vanke’s equity holding was approximately 31.27 million sq m. In addition, the Group also participated in certain urban renewal projects, of which the aggregate GFA attributable to equity holding of the Company was approximately 3.63 million sq m according to current planning.

In 2021, new construction area of the existing projects of the Group is expected to be 31.48 million sq m. It is estimated that the area to be completed in 2021 will be 35.88 million sq m.

New business transformation has achieved brilliant results, with a leading position in multiple sectors

The new development pattern of changing impetus of economic development and the dual circulation introduced new momentum into many domestic industries. The Group, as "a city and town developer and service provider", defines its strategic positioning along the two main lines of "synchronize development with the city and the customers". After years of exploration, the business ecological layout has been gradually improved. The Group’s new business transformation has achieved brilliant results, and its niches in multiple new business sectors are becoming obvious.

During the Year, the name of Vanke Service Development Co., Ltd. was officially changed to Onewo Space-Tech Service Co., Ltd. (“Onewo”). Onewo launched the Cushman & Wakefield Vanke Service brand in office property services, which is the only domestic property company in China that has strategically allied with the five major international real estate consulting companies, serving more than 1,700 projects. During the Year, Onewo realised in-group and external revenue of RMB18.20 billion, representing an increase of 27.36% year-on-year.

With respect to rental housing, the Group’s centralized long-term rental apartment brand, the “Port Apartment”, has become the largest centralized long-term apartment service provider in China with the highest occupancy rate. As at the end

of 2020, the Group had an aggregate of 142,400 units of long-term rental apartments in operation. During the Year, 33,000 long-term rental apartment units commenced operation in 9 major cities, namely, Shenzhen, Tianjin, Beijing, Zhuhai, Jinan, Xi'an, Chengdu, Xiamen, and Guangzhou. In 2020, the Group's revenue from long-term rental apartment business reached RMB2.54 billion, a year-on-year increase of 72.33%. As at the end of the Year, the overall occupancy rate of projects in operation exceeded 95%.

On the aspect of retail property development and operation, as of the end of 2020, the aggregate area of retail properties in operation of the Group (including SCPG) amounted to 9.9 million sq m. During the Year, the Group realised a revenue (including non-consolidated projects) from retail property business of RMB6.32 billion, a year-on-year increase of 4.33%. As at the end of the Year, the overall occupancy rate of the Group's projects in operation was 87.4%, and that of retail property projects in the stable development stage (in operation for more than 3 years) was 92.0%.

In terms of logistics and warehousing services, "VX Logistic Properties" is the Group's logistics and warehousing service platform, focusing on the development of two core businesses, namely high-standard warehouse and cold storage. After five years of development, it has developed into the largest integrated cold chain logistics service provider in China. In 2020, VX Logistic Properties continued to improve the distribution of key sectors and acquired 10 new management projects, with a total GFA of 750,000 sq m of leaseable properties. As at the end of the Year, VX Logistic Properties had managed a total of 148 projects in 44 cities, with a GFA of 11.48 million sq m of leaseable properties. During the Year, the revenue generated from VX Logistic Properties' project management (including non-consolidated projects) amounted to RMB1.87 billion, a year-on-year increase of 37%.

In addition, Vanke continues to actively explore in the fields of hotel and vacation, elderly care, education, and food with an aim of providing good products and services that customers are willing to pay for.

Business development supported by technology, utilizes “Dragon Head-raising” to explore new competitiveness

In addition, Vanke has also stepped up its deployment in the field of science and technology. The Group launched the “Dragon Head-raising” to continuously enhance the role of technology in supporting the development of the Group’s businesses in an effort to improve service capabilities and management standards, and explore new competitive advantages. For example, in terms of design, it established an AI drawing inspection platform and put it into use across Vanke, using artificial intelligence technology to inspect drawings to improve the efficiency and accuracy. Driven by technological advancement, Onewo has created the "Stardust" system, combining with Vanke Service’s operation experience to provide dimension technology operation process services (BPaaS). In addition, Onewo, as the first batch of companies to carry out the digital RMB pilot, took the lead in completing the docking with the four major state-owned banks, namely BOC, ABC, ICBC and CCB. Users can use the digital currency to pay property fees online through the community app “Live Here” (住這兒). As at the end of 2020, Vanyi Tech, Vanrui Technology, and Shenzhen Onewo Technology Co., Ltd. under the Group have been recognized by the state as high-tech companies.

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China Vanke Co., Ltd.
Audited Consolidated Statement of Profit or Loss
for the year ended 31 December 2020
(Prepared in accordance with International Financial Reporting Standards)

	For the year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	419,111,678	367,893,878
Cost of revenue	<u>(298,531,477)</u>	<u>(235,697,218)</u>
Gross profit	120,580,201	132,196,660
Other net income	8,842,204	5,686,668
Selling and marketing expenses	(10,636,900)	(9,044,497)
Administrative expenses	(14,505,204)	(15,740,155)
Other operating expenses	<u>(1,506,848)</u>	<u>(1,517,512)</u>
Profit from operations	102,773,453	111,581,164
Finance costs	(8,757,580)	(9,255,269)
Share of profits less losses of associates and joint ventures	<u>9,739,656</u>	<u>3,790,598</u>
Profit before taxation	103,755,529	106,116,493
Income tax	<u>(44,457,413)</u>	<u>(50,984,878)</u>
Profit for the year	<u>59,298,116</u>	<u>55,131,615</u>
Attributable to:		
Equity shareholders of the Company	41,515,545	38,872,087
Non-controlling interests	<u>17,782,571</u>	<u>16,259,528</u>
Profit for the year	<u>59,298,116</u>	<u>55,131,615</u>
Earnings per share (RMB)		
Basic and diluted	<u>3.62</u>	<u>3.47</u>