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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)

**CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE AND
INTENTION TO PROVIDE SHAREHOLDERS' CONTRIBUTIONS**

FORMATION OF JOINT VENTURE AND INTENTION TO PROVIDE SHAREHOLDERS' CONTRIBUTIONS

On 15 May 2020, Foshan Vanke, a wholly-owned subsidiary of the Company, and Shenzhen Metro Property proposed to jointly invest in the formation of a project company to carry out project development and operation as the entity of the Project. Subsequently, Foshan Vanke and Shenzhen Metro Property will own 51% and 49% equity interests of the Project Company, respectively. The Project Company would be a subsidiary of the Company. The total capital intend to be provided by both parties in respect of the Project will not exceed RMB6 billion. The registered capital of the Project Company is initially set at RMB1.656 billion. Foshan Vanke and Shenzhen Metro Property will make capital contributions of RMB845 million and RMB811 million, respectively. Foshan Vanke and Shenzhen Metro Property intend to provide approximately not exceeding RMB2.215 billion and RMB2.129 billion of Shareholders' Contributions to the Project Company, respectively.

LISTING RULES IMPLICATIONS

As of the date of this announcement, SZMC holds 28.69% interests in the Company, which is the largest Shareholder of the Company. Shenzhen Metro Property is a wholly-owned subsidiary of SZMC, which is a connected person of the Company under the Listing Rules and constitutes a connected transaction. The subsequent Shareholders' Contributions by both parties to the Project Company constitute a connected transaction.

In accordance with the Chapter 14A of the Listing Rules, as the total applicable percentage (as defined in the Listing Rules) in respect of the connected transactions in aggregate amounted to more than 0.1% but less than 5%, the connected transactions are subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules, but are exempted from the circular and approval from the independent Shareholders requirements.

OVERVIEW

Foshan Vanke together with Shenzhen Metro Property, a wholly-owned subsidiary of SZMC, successfully bid for the land parcels located on the west side of Tai Shan Road, Guicheng Street, Nanhai District, Foshan, Guangdong Province, the PRC (中國廣東省佛山市南海區桂城街道泰山路西側), the east side of Guangzhou-Zhuhai Western Expressway (廣珠西線東側), the south of Guiyang-Guangzhou High-speed Railway (貴廣高鐵以南) and the north side of Huandao South Road (環島南路北側) (the “**Project**”) with an amount of RMB5.18 billion in an open land auction.

On 15 May 2020, the Board hereby announces that, Foshan Vanke, a wholly-owned subsidiary of the Company, and Shenzhen Metro Property intend to jointly invest in the formation of a project company (the “**Project Company**”) to carry out project development and operation as the entity of the Project.

FORMATION OF JOINT VENTURE AND INTENTION TO PROVIDE SHAREHOLDERS’ CONTRIBUTIONS

Foshan Vanke, a wholly-owned subsidiary of the Company, intends to jointly establish a Project Company with Shenzhen Metro Property for the development of the Project. Subsequently, Foshan Vanke and Shenzhen Metro Property will own 51% and 49% equity interests of the Project Company, respectively. The Project Company will be a subsidiary of the Company.

The total capital intend to be provided by both parties in respect of the Project will not exceed RMB6 billion. Detailed arrangements are as follows:

1. The registered capital of the Project Company is initially set at RMB1.656 billion. Foshan Vanke and Shenzhen Metro Property will make capital contributions of RMB845 million and RMB811 million, respectively, which are determined with reference to their respective shareholding percentages in the Project Company.
2. In addition to the above capital contributions of RMB1.656 billion to the registered capital in proportion to their respective shareholding percentages, after taking into account the consideration of RMB5.18 billion of the land parcels and the estimated operating expenses and working capital required for the construction of the project land parcel and the development of the Project, Foshan Vanke and Shenzhen Metro Property intend to provide approximately not exceeding RMB2.215 billion and RMB2.129 billion of shareholders’ contributions (“**Shareholders’ Contributions**”) to the Project Company, respectively, according to their shareholding percentages in the Project Company, for the payment of consideration and construction of the project land parcel, and the development of the Project. The capital to be invested by both shareholders are non-interest bearing.

The total capital intend to be provided for the above Project Company was achieved after arm's length negotiations between both parties, in accordance with a comprehensive and practicable study on the development and operation of the project land parcel, and with reference to the capital requirements for the acquisition of the project land parcel and the estimated construction costs and operating expenses of the construction and development of the project land parcel. The total contributions of registered capital by Foshan Vanke amounts to RMB845 million, and the total Shareholders' Contributions intend to be provided will not exceed RMB2.215 billion, all of which will be funded by the Group's internal resources.

REASONS OF AND BENEFITS FOR THE FORMATION OF JOINT VENTURE AND THE ARRANGEMENT OF SHAREHOLDERS' CONTRIBUTIONS

The Group is principally engaged in the property development and property investment in the PRC. The Project is a project for the superstructure of rail car depot, which is jointly bid and to be developed with Shenzhen Metro Property. The Directors believe, this transaction is conducive to fully leverage on the "rail + property" advantage of both parties to establish a benchmark project in Foshan region.

The Directors (including independent non-executive Directors) confirmed that, the transactions intend to be contemplated in the formation of joint venture and the provision of Shareholders' Contributions are conducted in accordance with normal commercial terms, which is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The independent Directors of the Company have expressed their prior approval opinions on this resolution, and the related Directors, namely Mr. Lin Maode and Mr. Chen Xianjun, have abstained from voting on this resolution. Save for the above-mentioned circumstances, none of the Directors has any material interests in the transactions contemplated in the formation of joint venture and Shareholders' Contributions, and none of the Directors has to abstain from voting on the relevant Board resolutions for the approval on transactions contemplated in the formation of joint venture and Shareholders' Contributions.

INFORMATION ON THE PROJECT LAND PARCEL

The land parcels of the Project are located in the west side of Tai Shan Road, Guicheng Street, Nanhai District, Foshan, Guangdong Province, the PRC (中國廣東省佛山市南海區桂城街道泰山路西側), the east side of Guangzhou-Zhuhai Western Expressway (廣珠西線東側), the south of Guiyang-Guangzhou High-speed Railway (貴廣高鐵以南) and the north side of Huandao South Road (環島南路北側). The Project covers a gross floor area of 178,100 sq.m., a construction area of 481,000 sq.m., and a saleable construction area of 428,200 sq.m..

GENERAL INFORMATION

The Group is a joint stock limited company incorporated in the PRC on 30 May 1984, its H shares are listed on the main board of Hong Kong Stock Exchange and its A shares are listed on the Shenzhen Stock Exchange. The Company is principally engaged in the property development and property investment in the PRC.

Foshan Vanke is incorporated in Foshan on 9 June 2005. It is jointly invested and established by Shenzhen Vanke Real Estate Company Limited and Shenzhen Vanke Property Company limited. It is a wholly-owned subsidiary of the Group with registered capital of RMB20 million.

SZMC is incorporated in 31 July 1998, it is a large-scale state-owned proprietary enterprise under the direct control of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipality. Its principal activities include metro constructions, rail operations, property development, investment financings, resource operations and property management, engineering investigations and design, etc..

Shenzhen Metro Property is a limited company incorporated in the PRC on 31 January 2019. Its principal activities include businesses such as real estate development and operations, provision of management services for hotels, property leasings, operating import and export trading businesses, property management and real estate agency, etc.. Shenzhen Metro Property is a wholly-owned subsidiary of SZMC with registered capital of RMB90 million.

LISTING RULES IMPLICATIONS

As of the date of this announcement, SZMC holds 28.69% interests in the Company, which is the largest Shareholder of the Company. Shenzhen Metro Property is a wholly-owned subsidiary of SZMC, which is a connected person of the Company under the Listing Rules and constitutes a connected transaction. The subsequent Shareholders' Contributions by both parties to the Project Company constitute a connected transaction.

In accordance with the Chapter 14A of the Listing Rules, as the total applicable percentage (as defined in the Listing Rules) in respect of the connected transactions in aggregate amount to more than 0.1% but less than 5%, the connected transactions are subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules, but are exempted from the circular and approval from the independent Shareholders requirements.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock limited company incorporated in the PRC on 30 May 1984, the shares of the Company are listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Foshan Vanke”	Foshan City Vanke Property Company Limited (佛山市萬科置業有限公司), a limited company incorporated in the PRC on 9 June 2005, is a wholly-owned subsidiary of the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project”	has the meaning ascribed to it under this announcement
“Project Company”	has the meaning ascribed to it under this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares of the Company
“Shenzhen Metro Property”	Shenzhen Metro Property Group Co., Ltd. (深圳地鐵置業集團有限公司), a wholly-owned subsidiary of SZMC, an existing substantial Shareholder of the Group, and a connected person of the Company
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“SZMC”	Shenzhen Metro Group Co., Ltd. (深圳市地鐵集團有限公司), a large-scale state-owned proprietary enterprise established in the PRC on 31 July 1998, is an existing substantial Shareholder of the Group and a connected person of the Company
“%”	per cent

By order of the Board
China Vanke Co., Ltd. *
Zhu Xu
Company Secretary

Shenzhen, the PRC, 15 May 2020

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

** For identification purpose only*