

vanke

# 2023 INTERIM RESULTS ANNOUNCEMENT

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CHINA VANKE CO.,LTD.

CHINA VANKE CO.,LTD. (000002.SZ, 2202.HK)

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# I. Results Overview

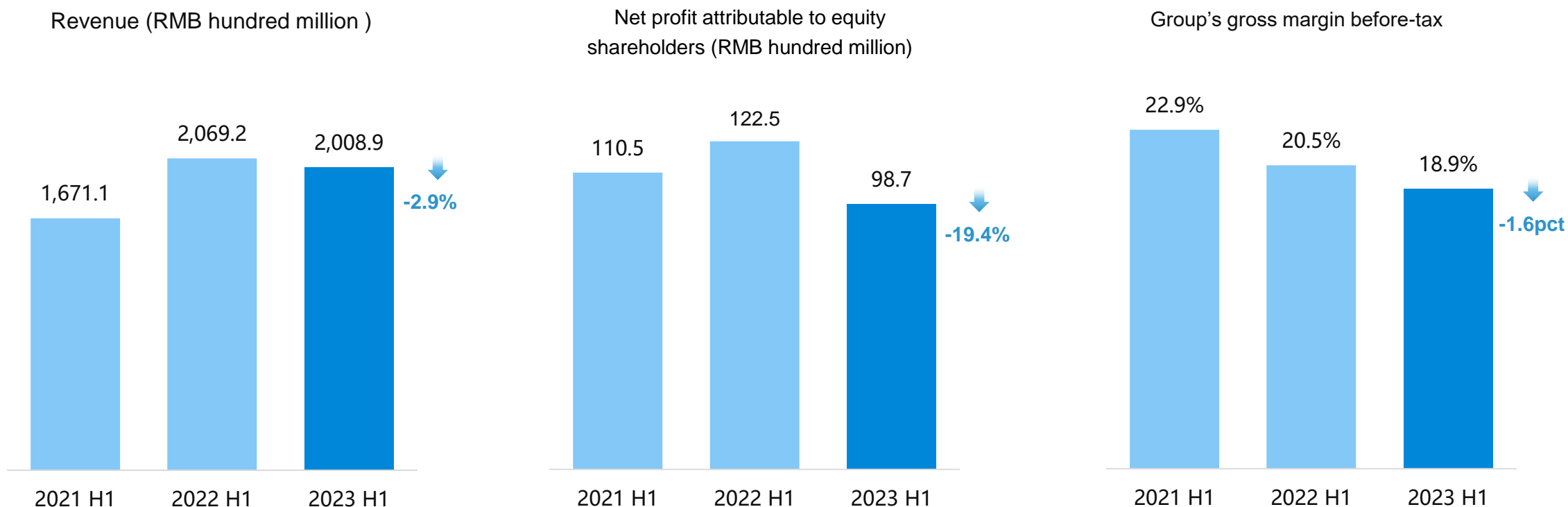
The first half of 2023 was challenging for the industry. After a brief uptick, the market declined sharply following a tumultuous market environment. In response, Vanke remained committed to its strategy of “putting equal emphasis on development, operation, and service”, which enabled the Company’s operation and service segments to maintain growth momentum, even as the development business saw some impacts from market influences. Moreover, the Company continued to optimize its asset/liability structure, ensuring a robust financial and capital position.

# Revenue and net profit attributable to the parent company decreased

Total revenue was **RMB 200.89 billion**, down by **2.9%** YoY.

Net profit attributable to equity shareholders stood at **RMB 9.87 billion**, down by **19.4%** YoY, mainly due to the decline in the settlement scale of the real estate development businesses and the settlement margin.

The Group's gross margin before-tax reached **18.9%**, down by **1.6pct** YoY. The Group applied the cost method for measuring the operational assets. After adjusting for depreciation and amortization, the gross profit margin was **20.2%**, down by **1.5pct**.



## Operating cash flow

Net cash inflow for **14** years in a row

## Structure of interest-bearing liabilities

Short-term liabilities account for

**14.2%**

Lowest on record

## Financing method

Unsecured & unpledged financing accounts for

**93.9%**

## Development business

Sales RMB **203.94** billion  
Top 3 in 32 cities

## Operation & Service business

Total revenue RMB **26.73** billion  
YoY increase 11.9%

## Property service

The number of Onewo Towns increased to **601**  
Gross margin of post-transformation Onewo Town projects increased by 4pct

## Long-term rental apartments

Occupancy rate **95.9%**  
83k units included in the affordable rental housing scheme

## Logistics & warehousing

Utilization rate of cold chain reached **79%** in the stable period, up by 4pct compared with the beginning of 2023.

## Commercial property

Occupancy rate of SCPG reached **94.7%**, up by 1.5pct compared to the beginning of 2023.  
SCPG produced **88** entrusted management projects in total.

## Profit & Loss

	Jan-Jun 2023	Jan-Jun 2022	Var
<b>Revenue</b>	200.89 billion	206.92 billion	-2.9%
<b>Gross margin (before-tax)</b>	18.9%	20.5%	-1.6pct
<b>Gross margin (after-tax)</b>	14.6%	16.4%	-1.8pct
<b>Net profit</b>	15.17 billion	18.13 billion	-16.3%
<b>Net profit attributable to equity shareholders of the Company</b>	9.87 billion	12.25 billion	-19.4%
<b>EPS</b>	RMB 0.84 /share	RMB 1.05/share	-20.0%

## Assets & Liabilities

	June 30, 2023	Dec 31, 2022	Var
<b>Cash on hand</b>	122.18 billion	137.21 billion	-11.0%
<b>Total assets</b>	1,684.20 billion	1,757.80 billion	-4.2%
<b>Interest-bearing liabilities</b>	321.36 billion	314.11 billion	2.3%
<b>Interest-bearing liabilities due within one year</b>	45.70 billion	64.52 billion	-29.2%
<b>Total equity</b>	402.64 billion	405.64 billion	-0.7%
<b>Equity attributable to equity shareholders of the Company</b>	249.33 billion	243.33 billion	2.5%
<b>Net assets per share</b>	RMB 21.03/share	RMB 21.05/share	-0.1%

## II. Highlights of 2023 H1

- *Upholding the bottom line of financial security*
- *Committed to improving business capabilities*



# Maintaining an industry-leading credit rating with low financing costs

Moody's **Baa1** stable

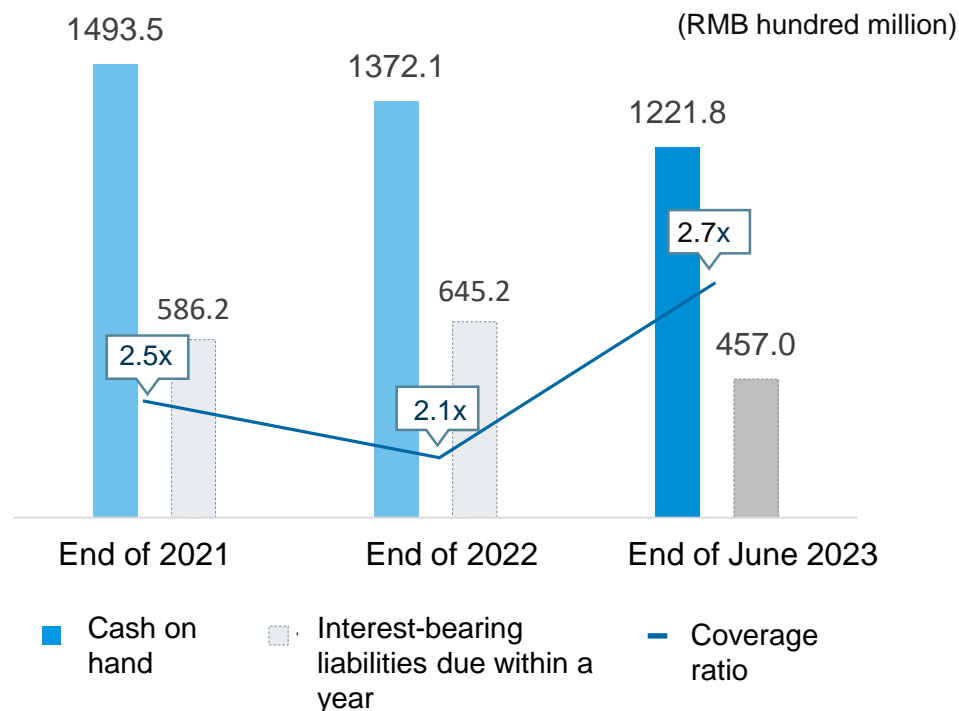
S&P **BBB+** stable

Fitch **BBB+** stable

CCXI **AAA** stable

14 years of continuous net operating cash inflow, reaching RMB 1.86 billion in 2023 H1

Cash on hand/short-term debt coverage ratio has increased significantly



Cost of credit bond remains low

Issued RMB10 billion in onshore credit bonds between Jan and July, of which the comprehensive financing cost stands at 3.09%.

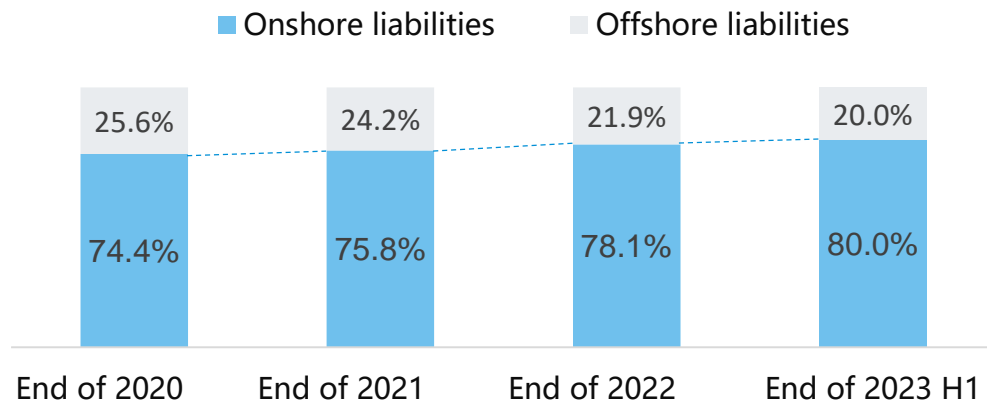
Issue date	Type	Term of years	Coupon rate	Issue size (RMB hundred million)
Apr 2023	Medium-term notes	3	3.11%	20
May 2023	Medium-term notes	3	3.10%	20
June 2023	Medium-term notes	3	3.07%	20
July 2023	Medium-term notes	3	3.07%	20
July 2023	Corporate bonds	3	3.10%	20



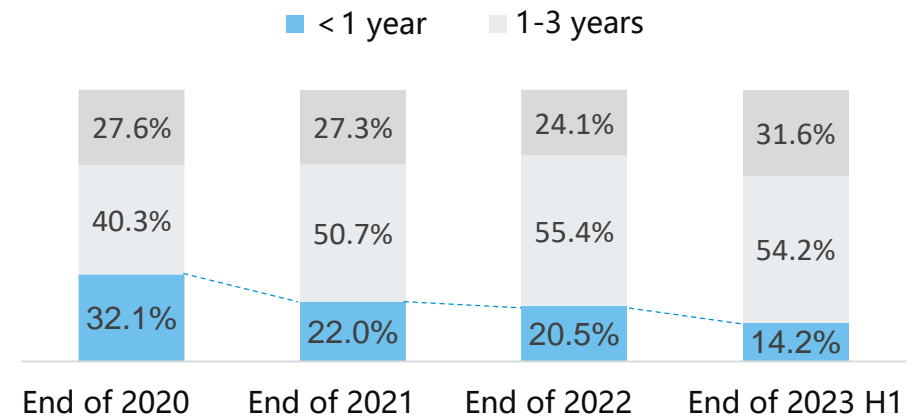
## The structure of interest-bearing liabilities continues to improve, bolstering security resilience

The Company's interest-bearing liabilities amount to **RMB 321.36 billion (+2.3%)**, with unsecured and unpledged debt representing **93.9%**, closely aligning the structure with pure credit financing. **No offshore interest-bearing liabilities will be due in 2023 H2.**

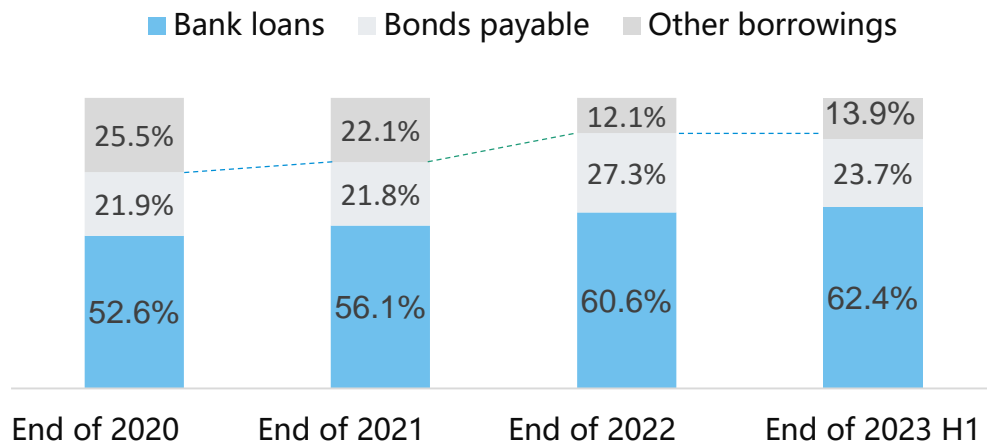
Optimize onshore/offshore liabilities mix amid U.S. interest rate hikes



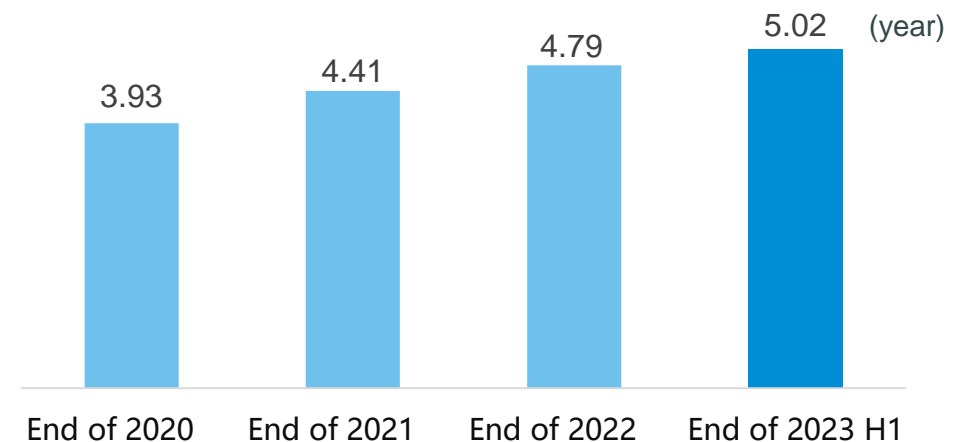
Record-low share of short-term liabilities



Smooth financing channels



Longer average debt maturity



## II. Highlights of 2023 H1

- *Upholding the bottom line of financial security*
- *Committed to improving business capabilities*

# Development Business: maintaining industry-leading scale with successful delivery of 92,000 high-quality residential units

## Sales

Sales  
amount

**203.94** billion (-5.3%)

Receivable turnover  
/Sales amount

Nearly **100%**

## Settlement

Settlement revenue

**170.84** billion (-4.5%)

Settlement GM

**20.3%** (-1.6pct)

Top 3 in **32** cities



NO.1

15



NO.2

12



NO.3

5

Smoothly delivered

**92k** units

To be delivered in  
2023H2

**179k** units



Nanjing Langshi Phase II

Contract Amount of Projects Sold  
but Not Yet Booked

**488.44** billion



Changsha Puyuwewan

## Development Business: investment quality significantly improved, with 32 new projects secured in Jan-Aug

Cherry picking the best projects with stable regional markets and high profitability

Total land price  
**71.86** billion

Average land price of new projects  
**16,003** yuan/ m<sup>2</sup>

Share of investment amount in 1st and 2nd tier cities

**100%**

Project resources are well structured

Land reserve  
**82%** in 1st & 2nd tier cities

Smooth progress in new construction and completion

GFA of new/resumed projects

**11.96** million m<sup>2</sup>

fulfilled the yearly plan's

**71.5%**

GFA of completed projects

**12.905** million m<sup>2</sup>

achieved **40.0%** of the initial yearly plan

Top cities by the scope of land reserve

Beijing 2.74 billion

Taiyuan 1.19 billion

Zhengzhou 2.39 billion

Xian 2.60 billion

Chengdu 3.79 billion

**YRD**

**GBA**

Total land price about **41.48** billion

Shanghai 20.16 billion, Hangzhou 7.17 billion, Nanjing 4.34 billion, Hefei 3.94 billion, Ningbo 3.53 billion, Suzhou 2.34 billion

Total land price about **17.67** billion

Dongguan 11.96 billion, Guangzhou 3.73 billion, Zhongshan 1.98 billion





## Development Business: product line efforts bear fruit, ensuring stable delivery of high-quality projects at scale

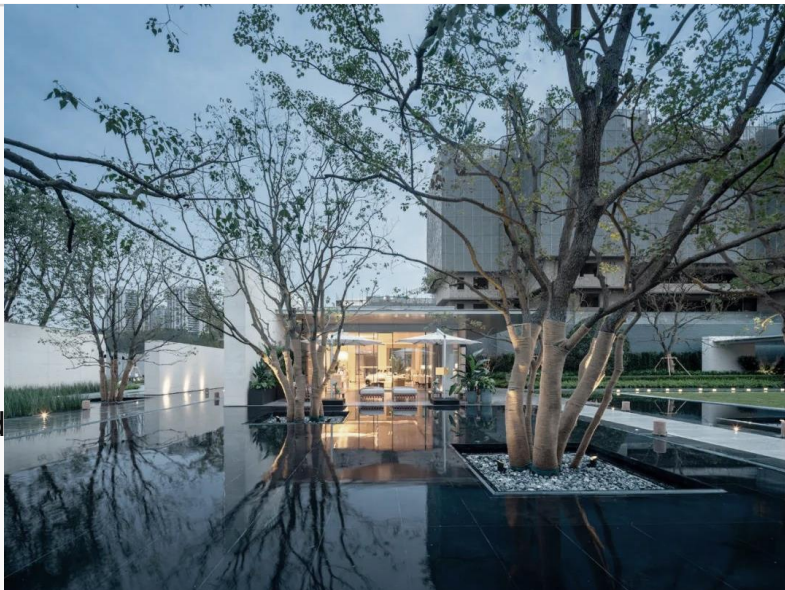
“Level-up” residential product lines “Langshi” has launched 14 projects across 7 cities.

### Nanjing Langshi

In October 2022, the initial launch of 120 units achieved a 96% subscription rate and a net profit margin of 16.8%.

### Nanjing Langshi Phase II

In June 2023, the initial release of 180 units achieved a 95% subscription rate, and a pre-tax gross profit margin of 17.2% at first launch.



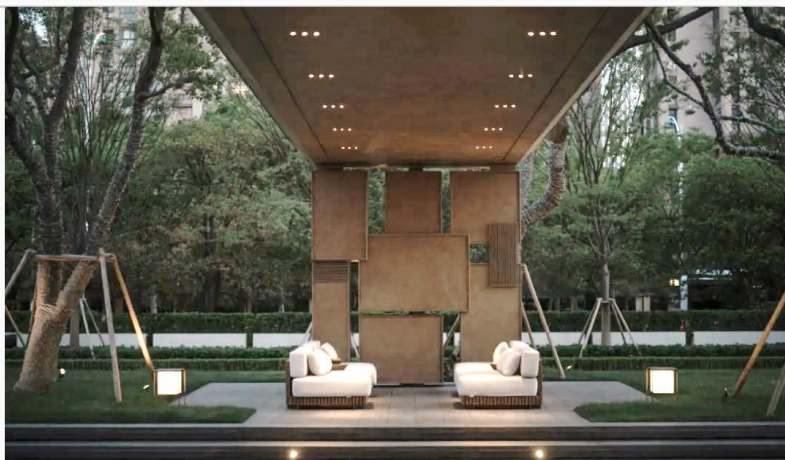
### Hefei Langshi

In January 2023, the initial launch of 166 units achieved a 100% subscription rate and pre-tax gross profit margin of 22.2% at first launch.



### Suzhou Langshi

In December 2022, the initial launch of 235 units achieved a 100% subscription rate, and a pre-tax gross profit margin of 19.2% at first launch.



### Shanghai Langshi Huayu

To be unveiled in September 2023, acquiring customers at this moment.





## Development Business: product line efforts bear fruit, ensuring stable delivery of high-quality projects at scale

“Zhen”, another high-end “level-up” residential product line has launched 6 projects across 3 cities after upgrade and iteration.

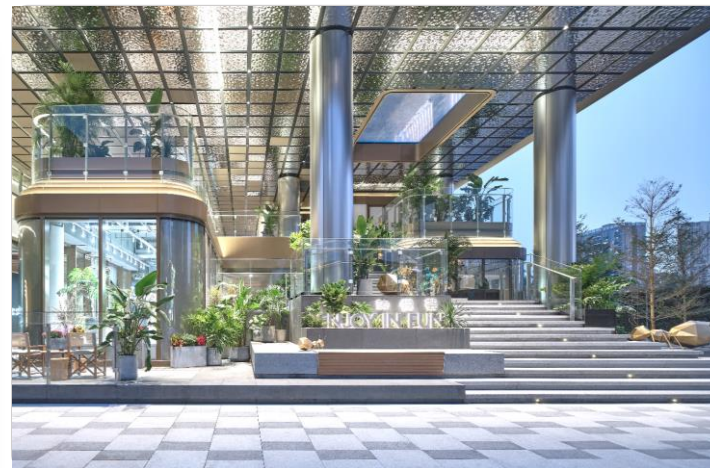


### Dongguan Mansion

Sales of the initial launch in May 2023 totaled 1.32 billion, with a 79% subscription rate and pre-tax gross profit margin of 22.6% at first launch.

### Dongguan Zhenwanhui

In March 2023, the first launch achieved a 100% subscription rate with 1.31 billion yuan, marking it Dongguan's first lottery-drawing project of the year, overseen by notary officials. Pre-tax gross profit was 21.8% at first launch and sales totaled 4.5 billion yuan by the end of July 2023.



### Shenzhen Zhenwanyue

Since its initial unveiling in November 2022, a total of 651 units have been released, achieving a 79% subscription rate and gross profit margin before tax of 32.9%.



### Guangzhou Zhenyuefu

To be unveiled in November 2023.



## Development Business: building benchmark projects for comprehensive district development, leveraging multi-format and omni-scenario advantages

Our comprehensive development projects, such as Liangzhu Culture Village in Hangzhou and Centennial Waterfront in Nanchang, have set the standard for [town core development](#) and [community operations](#). This model has been applied to other comprehensive development projects in key districts like Guangzhou Huadi Bay, Guangzhou Huangpu New Town, and Zhongshan Wanzhong New Town.

Jinan Quanyue, Jinan Zhonglufu Phase I, Shenyang Feicui Binjiang, Shenyang Hongmei Cultural and Creative Park, and Dalian Yulandao were all awarded the "10th Guangsha Award".

### Hangzhou Liangzhu Yuniaoji



Yuniaoji represents the culmination of Vanke's 23 years of dedication in Liangzhu Cultural Village, connecting the entire Liangzhu region's tourism and cultural sectors. It stands as [a novel emblem of Hangzhou's cultural, artistic, and commercial realms](#).

With a GFA of [21,000 square meters](#), an occupancy rate of [95.5%](#), and a [90%](#) opening rate, the establishment houses [19](#) domestic-level debut stores in China and [8](#) at the Hangzhou level. The daily footfall is [16,000](#), generating monthly sales of [RMB 19 million](#).

### Nanchang Centennial Waterfront



[This mega project, blending cultural tourism and ecological livability](#), sits within Nanchang's second ring road. Developed jointly by Jiangxi Vanke and OCT Group, it serves as a benchmark for urban influence.

Covering [100.05](#) hectares and boasting a GFA of 1,459,600 square meters, the project carries a value of [RMB 27.85 billion](#). As of May 15, it has secured contracts for [7,667](#) units, totaling [RMB 19.87 billion](#) in sales, all of which have been collected. The project has also held [the top position](#) in Jiangxi Province over three consecutive years (2019-2021).



## Development business: integrate diverse natural and ecological urban contexts to foster future-ready product R&D capabilities

The **Future City** project makes its Shanghai debut, seamlessly blending urban public spaces with cutting-edge technologies and showcasing industry-city integration, low-carbon emissions, and smart solutions.



**Ideal Future City community in Jiading, Shanghai**

Community planning and land allocation follow industry-city integration principles. Facilities are strategically planned based on population density and activity coverage. This **Ideal Future City community** is an integration of development and operation that combines low-carbon emissions and smart technologies. The entire community is transitioning to a low-carbon footprint (**31% carbon reduction**), with the eastern section achieving near zero-carbon emissions (**40% carbon reduction**). This achievement is equivalent to the carbon sequestration of **250,000 trees**.

The first launch of **780** units in June 2023 achieved a **100%** subscription rate, generating sales of **4.5 billion** and a gross profit margin of **29.6% at first launch**.



## Development business: elevating customer experience and service competitiveness through a full cycle

### Sales stage

**61.3K** groups of customers signed contracts online

### Construction stage

**58.4K** customers joined site quality inspection  
(involves **364** under-construction projects in **53** cities)



万科·国宾道  
Eligette One  
Construction site opening day in Shanghai region



Images of the Hangzhou Gucui Yinxiu Project on Delivery Day

### Delivery stage

**83** Delivered property projects and Property Ownership Certificates at the same time.

The “Joyful Living” Campaign offers an array of educational, commercial, food market, and transportation amenities.

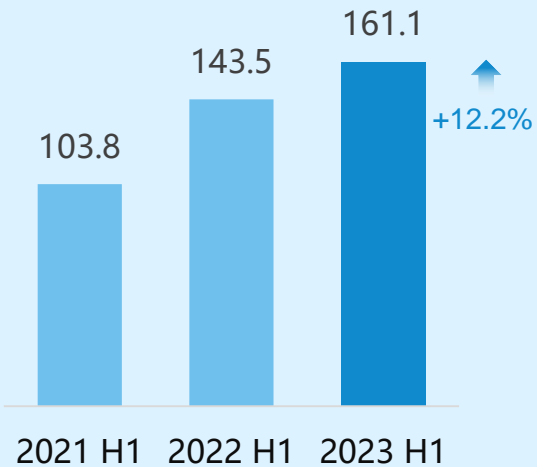
### Living stage

Elevating the quality and outcome of greenspace through the “Greening” initiative.

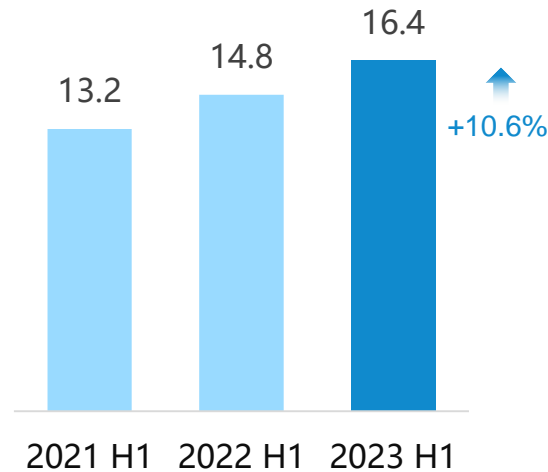
(**77** cities, **2,641** existing communities)

# Operation and Service Business: total revenue reaches 26.73 billion, up by 11.9% YoY

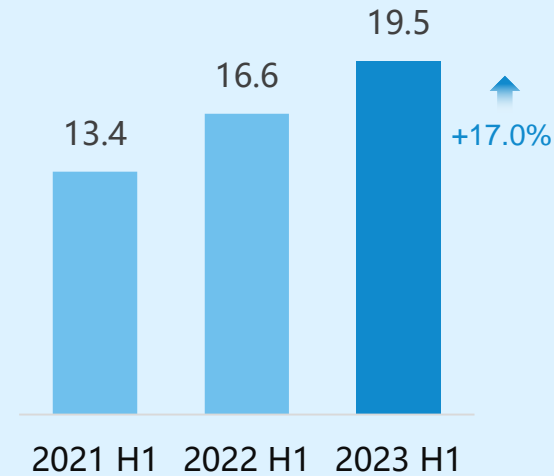
Property services  
Total revenue (hundred  
million yuan)



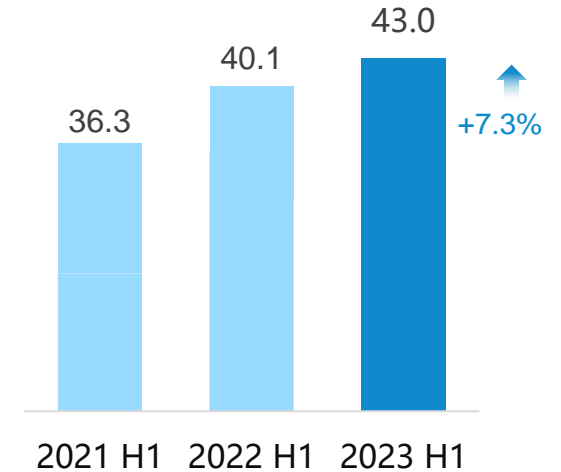
Rental housing  
Revenue (hundred  
million yuan)



Logistics &  
Warehousing  
Total revenue (hundred  
million yuan)



Commercial business  
Total revenue (hundred  
million yuan)



Note 1: The revenue from rental housing, logistics & warehousing, commercial business consist of non-consolidated projects. Property management service revenue of RMB 16.11 billion includes revenue from services offered to Vanke Group, and the variance of revenue from Onowo's disclosure is mainly due to variance between the PRC and the IFRS standards.

# Onewo: implement the Onewo Town Strategy for robust core business growth

Onewo<sup>1</sup> revenue RMB **16.11** billion **+12.2%**

Residential consumption services for community spaces

Revenue as a share **56.5%** **+12.6%** Growth rate

Integrated commercial, enterprise and urban space services

Revenue as a share **35.3%** **+11.2%** Growth rate

Artificial Intelligence of Things (AIoT) and business processes as a service (BPaaS) solutions

Revenue as a share **8.2%** **+14.0%** Growth rate

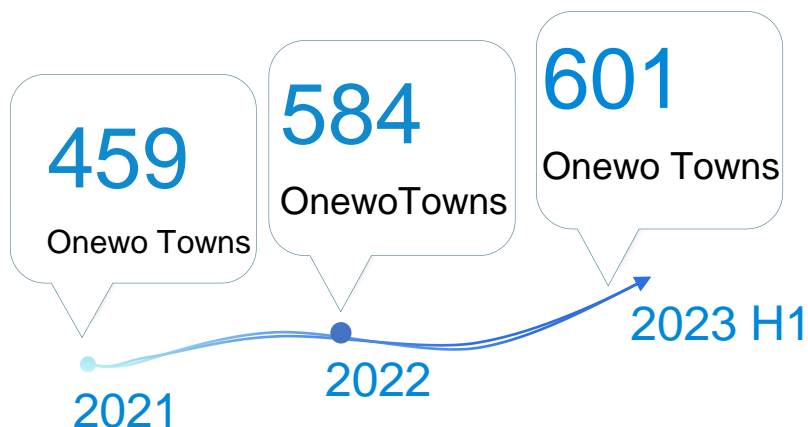
Residential property services

**3,586**

Contractual projects

**4,478**

## Steady growth of Onewo Towns<sup>2</sup>



## Onewo cities are highly replicable and offer good investment return

Cumulative investment (since 2022)

RMB **300** million

Increasing current-period gross profit for the business line by

Over RMB **100** million

**102** Onewo Towns have completed renovation and passed certification

Improvement of basic residential gross margin after renovation

Over **4pct**

## Housing refurbishment business

Provides standardized housing refurbishment service

Implemented for **40** Onewo Towns

Newly executed contracts reach RMB

**156 million (+65.5%)**

Customer satisfaction exceeds **98%**

Note 1: Property management service revenue of RMB 16.11 billion includes revenue from services offered to Vanke Group, and the variance of revenue from Onewo's disclosure is due to variance between the PRC and the IFRS standards.

Note 2: Onewo Towns: each project serves as the center of a neighborhood circle with a radius of 20 to 30 minutes walk to provide integrated community, commercial, enterprise and urban space services with shared property management service personnel and swift response in Onewo Towns, providing all spaces within the neighborhood with integrated services.

# Onewo: commercial and enterprise services broaden customer boundary and increase service concentration

New service projects  
**129**

New contract projects  
**223**

Cumulative service projects  
**1,964**

Cumulative contract projects  
**2,329**

Contribution of existing customers to the saturated revenue of new contracts

**32%**

New Fortune 500 and unicorn customers

Nearly **20**

New super-high-rise projects

**7**

Leading Chinese internet tech firms and unicorns

**69**

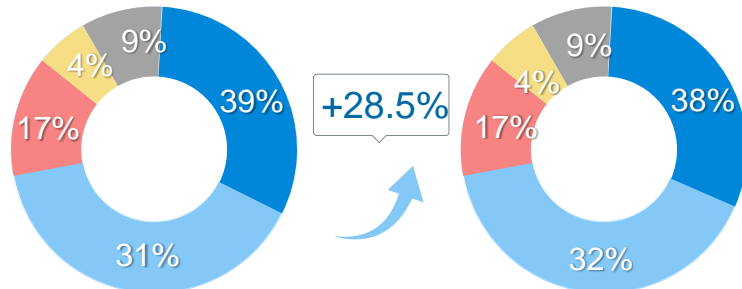
Firms worth above RMB 10 billion

**47**

## Steady development on five tracks

Revenue in 2022 H1:  
RMB **2.06 billion**

Revenue in 2023 H1:  
RMB **2.64 billion**



Internet High-end manufacturing Finance Biomedicine Multinational firms

## Cushman & Wakefield Vanke Service deepened its hold on premium customers

Customer	Industry	Total contractual volume (in RMB 10,000)	Share
A Company	ICT service provider	170,000	26%
B Company	TMT	100,000	33%
C Company	Smart IoT	6,662	65%
D Company	Short video	16,425	61%



# Onewo: the "Three-Horse Carriage" synergistic development aims to deliver stable, reliable, and high-quality services



## Residential services

Carried out multiple campaigns with a high level of satisfaction:

**White gloves:** Carried out equipment room open day activities for **1,387** projects, inviting owners to observe service quality of concealed works;

**Red Jackets:** **100%** participation of management personnel, who personally replanted damaged lawn and cleared away garbage;

**Lighting:** Implemented the Solar Clock Pilot Program to precisely turn on and turn off lights to reduce lighting energy consumption;

**Elevator safety:** Implemented operational maintenance and semi-annual fine-tuning to further reduce the number of persons trapped in elevators by **65%**.



## Commerical / enterprise services

Received **19** RICS China awards, establishing industry-leading position;

Awarded the "Leading Enterprise for Office Building Property Management in China" title for three consecutive years by the CRIC Property Management and China Property Management Research Institution;

Received "2023 Outstanding Facility Service Provider" Title at the Sixth Business Executive Summit;

Cushman & Wakefield Vanke Service launched the Bee Program<sup>1</sup>, which offers a package of services, including derived services for business executive logistics and access to internal and external business ecosystem resources. This program has currently covered **892** projects.



小蜜蜂计划案例集

【有求BEE应】



【乘风指南】



【势在BEE行】



## Smart city services

Already implemented technology services in **42** "Serviced City" projects;

E.g.: Response speed increased by **80%** after the implementation of smart city management systems for the Gulangyu Smart City Project;

Order response rate increased from **11.3%** to **99.99%**, and citizen satisfaction rate exceeded **90%** after the implementation of the Chengdu High-tech Zone Smart City Project.



Note 1: The Bee Program: The purpose is to create a frontline service team with diverse capabilities to meet derived customer service requirements and create more customer value.

# Rental Housing: managing 225,000 Long-Term-Lease Apartment units with increasing scale and efficiency

## New apartment units

# 174,000

Vanke remains China's largest centralized long-term-lease apartment provider, ranking **top 3** in **27** cities including Beijing, Shenzhen, Guangzhou, Chengdu, and Wuhan.

The occupancy rate was **95.9%**, increased by **0.3pct** compared to the beginning of the year

## Affordable housing projects

# 106

**83,000 units** in **19** cities, including Beijing, Tianjin, Shenzhen, and Xiamen

## Steadily increasing operational efficiency

	2023H1	2022	Var
Customer acquisition from proprietary channels	82.3%	80.9%	+1.4pct
Marketing expense ratio	0.43%	0.77%	-0.34pct
Front-stage gross operating profit (GOP) ratio	89.4%	87.5%	+1.9pct



# Rental Housing: Providing comprehensive rental housing solutions across multiple property types. Delivering high-quality rental services with a human touch

Customer satisfaction

94.8%

Customer lease renewal rate

58%

Registered users over the online platform

3.36 million  
(+24.4%)

Large rental community compounds represented by “Yuaner” project

Rental community solutions integrating leasing, retail, and property management services have been provided to 4 “Yuaner” projects in Beijing and Xiamen with over 11,000 units delivered.

Boyu | Yuaner · Caoqiao Community Compound: As the third largest rental community in Beijing, this project has 3,406 rooms with a total construction area of 138,000 m<sup>2</sup> and a current occupancy rate of 97.9%. Thus far, it has cumulatively served over 5,000 customers, 100 enterprises, and 12 commercial tenants.

Carried out 50 community activities in the first half of the year



Boyou Concert: “Everyone’s Singer Dream”



Boyou Lawn Concert



Boyou Flying Disc Activity on Chinese Valentine’s Day



“Sister Leadership Program” Workshop

**Rental Housing:** In the residential rental housing business, the Company is making efforts to expand its enterprise client base—which aims to provide "headquarter-to-headquarter" rental services, specifically tailored for top-tier companies

Share of corporate tenants

21.5%

New corporate customers

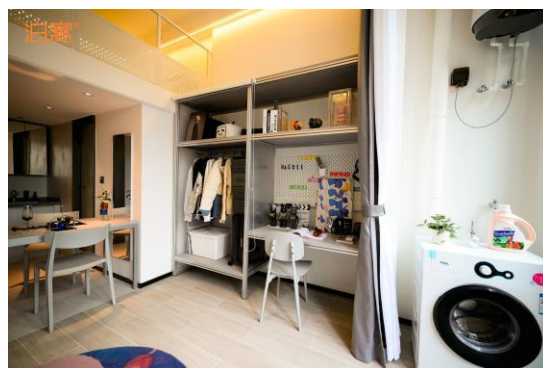
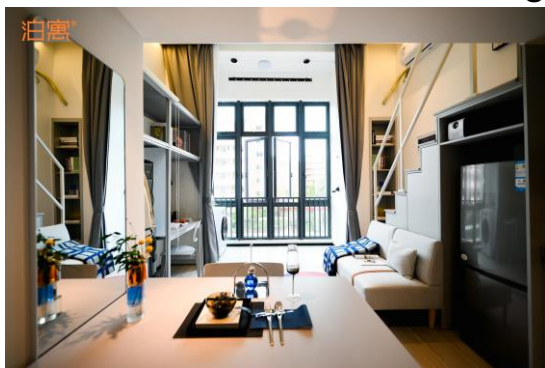
1,524

Cumulatively served businesses

4,460



## Centralized Rental Housing Services for the Boyu Pingshan Yanziling Residences



BYD has rented 405 units at the Boyu Pingshan Yanziling Residences for its employees with Masters and PhD degrees at the research institute. Boyu has applied for a government housing subsidy for eligible BYD employees with annual total subsidies above RMB 3.6 million.

## Nationwide corporate tenants

BYD  
比亚迪汽车

Currently leased  
1,633 units

HUAWEI

Currently leased  
1,458 units

Tencent  
腾讯

Currently leased  
1,332 units

dji  
大疆创新

Currently leased  
1,127 units

- Primarily in cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Dongguan, and Foshan;

**Corporate customized talent apartments**

- Changxin Memory Technologies:** Customized talent housing for 618 residents;
- Peng Cheng Laboratory:** Customized service solutions for 353 PhD employees.



# Rental Housing: exploring asset securitization, market-based transfer and other commercial closed-loop paths

Jianwan Rental Housing Fund Project: Boyu Xizhimen Residences Beijing



Located at Xizhimen, 2nd Ring Northwest in Beijing, this project has an investment of RMB 440 million with a construction area of 12,000 m<sup>2</sup>. It opened for business in 2019, providing 328 rooms. Current occupancy rate is 98.8%.

## Jianxin Rental Housing Fund

Sub-fund worth  
RMB 10 billion



Invested projects

6

Committed to acquiring existing rental housing projects in major cities with a net population inflow and strong rental housing demand

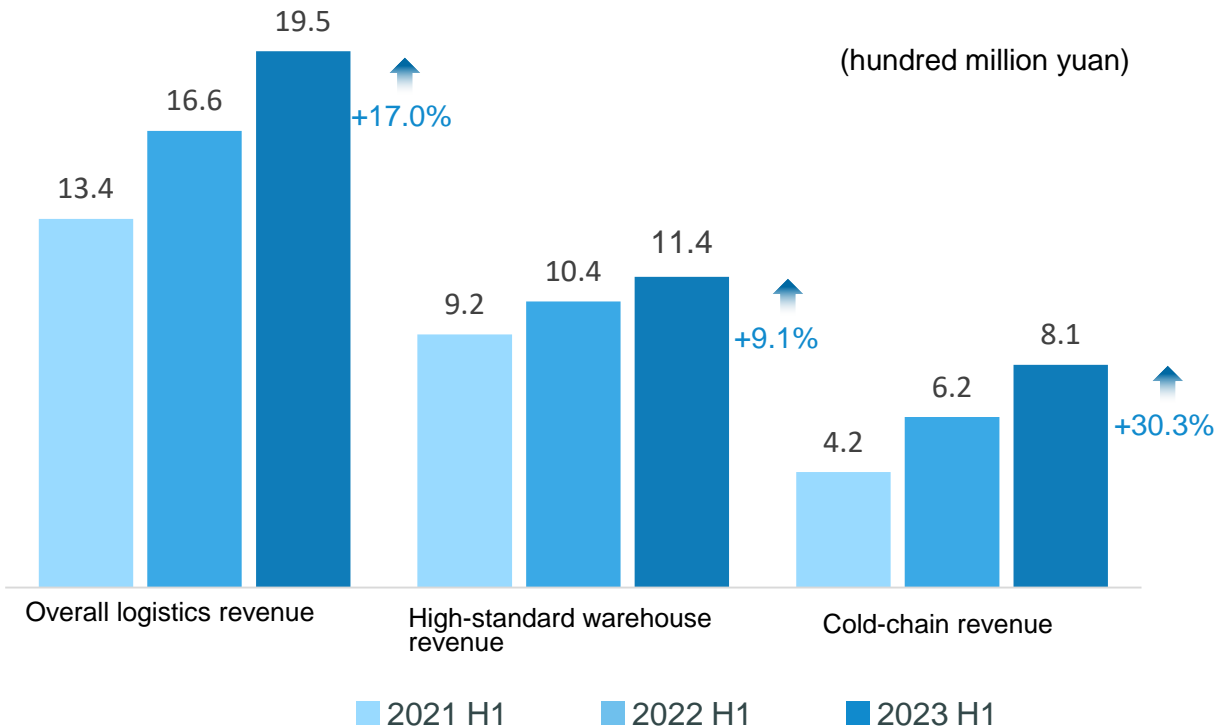
Jianwan Rental Housing Fund Project: Boyu Future Center Residences Wuhan



Located in Hanyang District, Wuhan, this project has an investment of RMB 100 million with a construction area of 17,000 m<sup>2</sup>. It opened for business in June 2023, offering 326 rooms. Current occupancy rate is 98.7%.

# Logistics & Warehousing: cold chain business continues to lead with sustained growth in overall revenue

## Steady revenue growth



## Growth in business openings

Available construction area of newly opened projects for rent

**9.852 million m<sup>2</sup>**

## Stable occupancy rate

Occupancy rate of high-standard warehouses during the stable period: **85%**

Cold chain utilization rate during the stable period: **79%**

## Largest scale under management cold chain business continues to lead

Deployed in **24** major node cities

**49** cold chain parks under construction and operational management

Available construction area for rent **1.415 million m<sup>2</sup>**

### Warehouse network layout with nationwide coverage

National warehouse network: Warehouses in **47** cities with an area of **over 12 million+ m<sup>2</sup>**

### Adhering to service standards above industry requirements

**Establishing VX's own food quality safety system;**

**Temperature and humidity monitoring system:** The industry's first automated temperature and humidity monitoring system with **24-hour** monitoring, **±0.5°** precise temperature control, and a temperature alarm mechanism.

**Quality safety risk management platform:** For risk screening and mitigation, the platform provides quarterly/monthly/weekly circular screening in front-line logistics parks. Technology empowerment ensures quality and safety.

### Operational services as a core competency

**Digital solutions:** Traceable, visualized, digital, and intelligent logistics park management;

**Vertical and in-depth service advantage:** Providing customers in Varerent sectors with integrated supply chain solutions, and taking an in-depth part in customer supply chain management;

**Lean operations:** Establishing systematic operational, warehousing and distribution evaluation indicators and operational systems for cold chain warehouses;

**Capability training system:** Thus far, certified over **900** operators and carried out operational standard and skills training programs with **100%** coverage of the grassroots level.



# Logistics & Warehousing: creating the first bonded refrigerated warehouse and gaining customer recognition for operational services

## VX Shenzhen Yantian Cold Chain Park

Park positioning: Multi-temperature-zone, including smart cold chain logistics complex with integrated bonded refrigerated warehouses

Park status: Construction area of about 100,000 m<sup>2</sup>; storage of 16,322 pallets; temperature zone : -25°C~18°C

Product form: Eight-story spiral ramp warehouse, 16-story packaging center, and office building



Integrated services of import and export customs clearance, cold chain warehousing, management, and distribution, as well as Hong Kong supply business. After a trial operation on April 26, the cold chain park currently receives 5,200 boxes and sends out 4,250 boxes on a daily basis.

Signed a strategic agreement with Malaysia's Ministry of Agriculture and Food Security to provide integrated supply chain services, including import and export customs declaration, warehousing, processing, and distribution for Malaysia's Musang King durian.



VX Shanghai Port Cold Chain Park and the Cold Chain Park of Langfang Economic Development Zone have passed BRCGS S&D third-party certification and obtained **AA certification** (the highest level)



Nanning Park: Starbucks Nationwide **Best Quality Award**  
Ningbo Park: **No.1** for Yum China Quality Safety Inspection  
Shanghai Seaport Park: Ferrero **Highest Honour Award** for Global Suppliers

## Commercial Business: improving the quality of operation with the overall increase in **vanke** 28 revenue and occupancy rate

### Increasing revenue and occupancy ratio

Overall revenue (including non-consolidated projects) RMB **4.3 billion** (+7.3%), including SCPG's revenue of RMB **2.74 billion**

SCPG's occupancy ratio: **94.7%** (+1.5pct compared to the end of 2022)

### Opened 203 projects

Construction area of **11.183 million m<sup>2</sup>** (excluding assets-light management projects)

### Continuous output management services

SCPG undertook **88** management projects with a management area of **4.81 million m<sup>2</sup>**

Opened **64** projects with a business area of **3.52 million m<sup>2</sup>**

## Internal business resources coordination

**Xi'an Qujiang Creativity Valley:**  
Phenomenal cultural and creativity complex



Introduced **4** first stores in Xi'an/region with average rent up **22%** YoY and sales volume up **29%**

**Urumchi Tianshan Vanke Plaza:**  
Multi-functional shopping center



Completed adjustments of **42** brands with occupancy ratio up **5pct** compared with the beginning of year and annual average rent up **9%**

**34** projects under management on behalf of the Group  
YoY growth in sales volume in 1H 2023: **29%** ↑  
YoY growth in daily average customer traffic: **54%** ↑  
YoY NOI growth: **17.9%** ↑



# Commercial Business: improving the construction of consumer infrastructure and operational service competitiveness



## Focused on commercial property

20 years of focus on consumer infrastructure with comprehensive competitiveness;  
Committed to serving mainstream household/mass consumers.

160 projects

50+ cities

Developing network effects

800 million consumers

Over 10,000 merchants

24.85 million members

YoY growth of monthly active users 36.4%



## Complete chains

Possess complete "investment, financing, construction, refurbishment, management, and exit" capabilities;  
Extensive professional cooperation experiences;  
Management capabilities for diverse products.

## Innovation, flexibility, and "one project, one strategy"

"One project, one strategy" customization;  
Expressing the local culture of the city/region, and designing a consumption journey;  
Endowing front-on operators with an innovative space and broad stage.

### Changsha Center InCity



Created an immersive neighborhood of "Tanzhou Fair" to showcase the commercial sphere of Changsha City in Song Dynasty.

## Digitalization empowers refined operations

Empowering all business scenarios and digital infrastructures;  
Operational monitoring includes pass-by traffic, capture rate, stay time, and conversion rate;  
Operational efficiency can be effectively increased after a data-based analysis of operational problems.



# Commercial Business: continuously strengthening new project preparation and activation of existing projects' capabilities

## New projects

Shenzhen Bay Rail In: Super Headquarters of Shenzhen Bay Commercial Core of the largest TOD complex SIC.  
Since the business' opening on April 30, the Rail In has recorded a daily average customer traffic of 40,000 with a sales turnover of RMB 15 million.



Wuhan Gedi Lake InCity: First cooperation project between Wuhan Metro Group and SCPG for a delicate community slow lifestyle. Opened on June 21, the project has an occupancy rate of 97%.



Xi'an Chanba InCity: Integrating pluralistic, exciting, caring and fun elements into neighborhood life, providing a comfortable social networking experience.

Since business opening on June 22, Xi'an Chanba InCity has reported an occupancy rate of 97% and a business opening rate of 95%.

## Activation of existing projects

Wuhan Qingshan InCity: After a comprehensive renovation upon its fifth anniversary, the occupancy rate has increased to 93% (+4pct), sales volume is up 30% and customer flow is up 29%, hitting new records. Adjustment exceeds 18,000 m<sup>2</sup>, introduced 20 first stores, and attracted 10 new brands including Apple, BYD, and Tims.



Tianjin Heping InCity: Commercial complex integrating various consumption experience scenarios after the renovation of an old property that opened business 20 years ago.

Display of Tianjin's cosmopolitan architectural culture and local youth trendy culture through the building facade and brand content. The project opened business on May 28 with a sales volume of RMB 10 million on the same day and an occupancy ratio of 90%.



# Technology empowers business performance, cost reduction, and efficiency improvement

Enhancing data management for global, dynamic, and refined business management.

The Company has acquired property development process data with certificate, drawing, and drone image identification technologies.

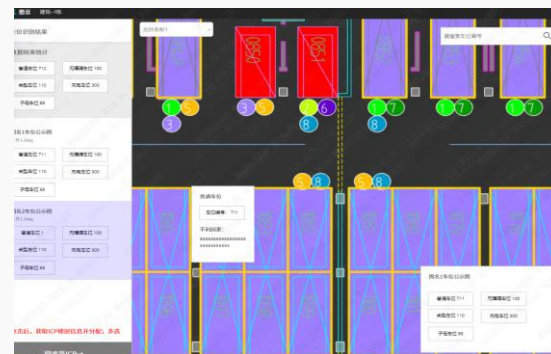
Leverage automatic reconciliation, AI algorithms and digital employee interaction capabilities to increase the efficiency and accuracy of assets, funds and operational management.

Improving the customer property purchase service experience through digital marketing

Unifying the official customer interface, and developing an AI assistant for quick response to customer inquiries. Also providing customers with interactive property purchase services through live streaming; and promoting efficient and reliable digital online contract execution.

Investing in real estate R&D and technology research

Developing proprietary BIM design software; enhancing the R&D of applications based on CAD drawings; and completing R&D and pilot operations of Tuyun platform, a collaborative design platform.



Identification of assets through drawings



Drone image identification progress



Internal digital online contract execution



# **III. ESG Performance**

# Implementing green & low-carbon concepts, assisting national carbon peak/neutrality goals



VX Tianjin Dongjiang Port  
Cold Chain Park



LEED Platinum Certificate



Hongqiao Qianwan InCity MEGA



LEED Gold Certificate

## Advancing industrial construction

Completed a cumulative industrial construction area of above **200 million m<sup>2</sup>** in 85 major cities of seven regions.

In the first half of 2023, over **90%** of newly launched mainstream projects have adopted industrial applications.

## Developing green buildings

New projects have met green building standards for **10** consecutive years. By the end of June 2023, Vanke's green buildings reached **316 million m<sup>2</sup>**, including **32** new projects (residential, public, and logistics and warehousing) awarded 3-Star green building certificates, **1** project with LEED Platinum certificate, and **4** projects with LEED Gold certificate.

## Implementing green operations

Made remarkable progress in energy efficiency management by implementing the Energy Efficiency Management Standard and adopting environmental technologies such as smart energy systems and recycled water and rainwater utilization.

**37.5%** of new green building projects have adopted renewable energy designs.

Logistics: Newly built refrigerated warehouses with **100%** PV coverage.

## Shanghai Vanke Ideal Place

The project has created a holistic low-carbon community (carbon reduction by 31%) and regional near-zero-emissions community (carbon reduction by 40%) with **an annual carbon reduction of 5,052t, which is equivalent to 250,000 grown trees; distributed PV area of 19,304 m<sup>2</sup>, which may roughly cover the power consumption of 603 three-person households**; the project includes three near-zero-power buildings, and 33 ultra-low-energy buildings, adding saleable area of **7,951 m<sup>2</sup>**; 100% local treatment of commercial wet waste. Demonstrative implementation of the first commercial PEDF (photovoltaics, energy storage, direct current, flexibility) system, assembled steel-wood structure, recycled aggregate concrete, carbon asset management platform, among other advanced technologies.



Near-zero-carbon community + Near-zero/Ultra-low-energy buildings + Local treatment of wet waste + Biodiversity protection

## Project



National Key R&D Program for the "14th Five-Year Plan": Zero-carbon buildings and direct current equipment



Near-zero energy consumption + PEDF + Steel-wood structure + Full-lifecycle carbon footprint + Carbon asset management platform



Sino-Swiss Zero Emission Buildings Project  
MOHURD and Swiss Agency for  
Development and Cooperation (SDC)

## VX Fengxian Lingang Logistics Park

With an area of 98,600 m<sup>2</sup>, the Logistics Park is a hybrid park of high-standard dry warehouses and high-standard refrigerated warehouses. It is VX's major integrated fruit operation center with a LEED Platinum certificate; customers in the industry park such as Zespri Kiwifruit, attach importance to the concept of ESG-sustainable development and focus on climate change, carbon neutrality and other issues.

Rooftop PV system provides clean energy for the Logistics Park. Awarded the **first net-zero-emission building design certificate in China** by TÜV Greater China and the Royal Institute of British Architects (RIBA).

In the first half of 2023, VX Cold Chain Logistics Park reached a total installed capacity of 11.99 MW grid-connected PV operations, **providing clean energy that accounts for 30.60% of total energy consumption by the Logistics Park and cumulatively reducing carbon emissions by 2,964 tons.**



Net-zero-carbon  
building design certificate



Rooftop distributed PV at VX Fengxian Lingang Logistics Park

## ESG ranking high in the industry, with increasing sustainability

CNI ESG

**AA**

Included in the Shenzhen 100  
ESG Leading Index

Hang Seng Sustainability  
Index

**A+**

Top-rated real estate developer  
with continued inclusion in the A-  
share and H-share Hang Seng  
Corporate Sustainability Index  
- Hang Seng ESG50 Index

MSCI-ESG rating

**BBB**

Sustainalytics

**Low risk**

### Vanke ESG Honors



**New Fortune**

Fifth New Fortune Best Listed Company :  
Best ESG Practice Award



《Institutional Investor》

"2023 Asia's Best Corporate Management Team" List  
No.1 "Best ESG" Real Estate Developer in Core Asia  
and Chinese Mainland



CCTV, the State Assets Supervision and  
Administration Commission (SASAC) of  
the State Council, and other departments

Included in the "Chinese Pioneer ESG  
Listed Companies 100" List



## **IV. Priorities for 2023 H2**

The real estate industry is faced with sluggish transactions and a challenging business environment. In the second half of the year, the Group will focus on the following priorities in accordance with the arrangements made at the beginning of the year:

**First, ensuring operational security, maintaining its industry-leading credit rating,** maintaining financing resilience, and continuously optimizing its debt structure.

**Second, attaching equal importance to real estate development,** operations and services, and increased business returns; improving construction management standards from a business perspective, developing favorable assets for transactions, and exploring innovative instruments such as REITs; as well as increasing business synergy to maximize the Group's overall interests.

**Third, increasing ESG value and sustainable development capabilities.**

### At the business levels:

**Development Business:** Proactively collect outstanding funds; explore new stage investment capabilities to ensure investment realization; upgrade procurement mechanisms to improve quality and efficiency for product lines; and ensure complete and high-quality housing delivery.

**Property Services:** Maintain a high degree of quality for basic property management services; improve efficiency and service quality through supply chain improvement for Onewo Towns; take an active part in market exploration based on the superiority of brand and service capabilities; enhance technology R&D.

**Rental Housing:** Focus on high-quality projects and accelerate project openings; maintain high levels of occupancy; adopt an innovative business model to improve customer relations and services; foster qualified assets and create multiple exit paths for rental housing.

**Logistics and Warehousing:** Focus on cold chain and core cities, while continuously improving the layout of the logistical network; enhance the development of business avenues and improve customer service; improve service capabilities for integrated supply chains and increase customer stickiness.

**Commercial Business:** Ensure the kick-off of key projects and continuous product iterations; increase project returns; enhance technology-business integration, increase managerial efficiency, and create a better consumer experience.



# Appendix

# Appendix: Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Jan – Jun 2023 RMB'000	Jan – Jun 2023 RMB'000
Revenue	200,892,590	206,916,289
Cost of revenue	(163,003,306)	(164,586,222)
<b>Gross profit</b>	<b>37,889,284</b>	<b>42,330,067</b>
Other net income	2,777,622	4,543,934
Selling and marketing expenses	(4,653,531)	(4,831,669)
Administrative expenses	(5,412,163)	(6,900,756)
Other expenses	(473,413)	(774,318)
<b>Profit from operations</b>	<b>30,127,799</b>	<b>34,367,258</b>
Interest on lease liabilities	(445,072)	(459,714)
Finance costs	(2,602,702)	(2,463,654)
Share of profits less losses of associates and joint ventures	637,489	(275,791)
<b>Profit before taxation</b>	<b>27,717,514</b>	<b>31,168,099</b>
Income tax	(12,549,300)	(13,037,188)
<b>Profit for the period</b>	<b>15,168,214</b>	<b>18,130,911</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	9,870,472	12,251,269
Non-controlling interests	5,297,742	5,879,642
<b>Profit for the period</b>	<b>15,168,214</b>	<b>18,130,911</b>
<b>Earnings per share (RMB)</b>		
Basic and diluted	0.84	1.05

# Appendix: Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Jan – Jun 2023 RMB'000	Jan – Jun 2023 RMB'000
<b>Profit for the period</b>	<b>15,168,214</b>	<b>18,130,911</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<i>Items that will not be reclassified to profit or loss :</i>		
Equity investments at fair value through other comprehensive income("FVOCI") – net movement in fair value reserve (non-recycling)	(236,373)	(469,730)
Share of other comprehensive income of associates	(58,742)	261,738
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	218,723	(95,529)
Cash flow hedge:		
Net movement in the hedging reserve	28,643	(363,925)
Share of other comprehensive income of associates	2,548,656	(121,939)
<b>Other comprehensive income for the period</b>	<b>2,500,907</b>	<b>(789,385)</b>
<b>Total comprehensive income for the period</b>	<b>17,669,121</b>	<b>17,341,526</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	11,785,012	10,985,821
Non-controlling interests	5,884,109	6,355,705
<b>Total comprehensive income for the period</b>	<b>17,669,121</b>	<b>17,341,526</b>



# Appendix: Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	30 June 2023 RMB'000	31 December 2022 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	36,120,479	35,133,670
Investment properties	127,009,102	119,407,195
Intangible assets and goodwill	9,993,815	10,309,985
Interest in associates and joint ventures	137,792,625	129,511,502
Biological assets	231,191	319,393
Other financial assets	3,232,120	5,131,808
Other non-current asset	6,512,054	6,494,070
Deferred tax assets	38,261,214	36,140,933
	<b>359,152,600</b>	<b>342,448,556</b>
<b>Current assets</b>		
Inventories and other contract costs	843,806,534	913,730,553
Contract assets	12,221,819	10,927,515
Trade and other receivables	346,846,911	353,511,585
Other current assets	14,586	18,142
Pledged and restricted deposits	2,474,980	2,782,965
Cash and cash equivalents	119,705,899	134,424,670
	<b>1,325,070,729</b>	<b>1,415,395,430</b>
<b>Current liabilities</b>		
Trade and other payables	437,734,312	473,072,657
Contract liabilities	429,514,993	465,580,958
Bank loans and borrowings from financial institutions	30,340,471	48,146,286
Bonds payable	16,758,764	17,950,541
Lease liabilities	1,945,979	1,958,553
Current taxation	65,614,564	71,092,578
	<b>981,909,083</b>	<b>1,077,801,573</b>
<b>Net current assets</b>	<b>343,161,646</b>	<b>337,593,857</b>
<b>Total assets less current liabilities</b>	<b>702,314,246</b>	<b>680,042,413</b>

# Appendix: Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	30 June 2023 RMB'000	31 December 2022 RMB'000
<b>Non-current liabilities</b>		
Bank loans and borrowings from financial institutions	215,187,493	180,773,281
Bonds payables	60,474,020	68,815,570
Lease Liabilities	21,232,105	22,065,726
Deferred tax liabilities	1,150,380	1,214,557
Provisions	445,879	412,292
Other non-current liabilities	1,179,886	1,124,157
	<b>299,669,763</b>	<b>274,405,583</b>
<b>NET ASSETS</b>	<b>402,644,483</b>	<b>405,636,830</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	11,930,709	11,630,709
Treasury shares	(1,291,800)	(1,291,800)
Reserves	238,687,760	232,986,466
<b>Total equity attributable to equity shareholders of the Company</b>	<b>249,326,669</b>	<b>243,325,375</b>
Non-controlling interests	153,317,814	162,311,455
<b>TOTAL EQUITY</b>	<b>402,644,483</b>	<b>405,636,830</b>

# Appendix: Condensed Consolidated Cash Flow Statement

For the period ended 30 June 2023

	Jan – Jun 2023 RMB'000	Jan – Jun 2023 RMB'000
<b>Operating activities</b>		
Cash generated from operations	21,716,681	31,430,141
Income Tax paid	(19,852,180)	(23,142,120)
<b>Net cash generated from operating activities</b>	<b>1,864,500</b>	<b>8,288,021</b>
<b>Investing activities</b>		
Acquisitions of property, plant and equipment and investment properties	(2,942,879)	(5,146,208)
Other cash flows generated from investing activities	2,649,460	293,705
<b>Net cash used in investing activities</b>	<b>(293,419)</b>	<b>(4,852,503)</b>
<b>Financing activities</b>		
Dividends and interest paid	(14,824,324)	(9,847,380)
Other cash flows (used in)/arising from financing activities	(1,615,959)	3,109,257
<b>Net cash (used in)/generated from financing activities</b>	<b>(16,440,283)</b>	<b>(6,738,123)</b>
<b>Effect of foreign exchange rate changes</b>	<b>150,431</b>	<b>501,868</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,718,771)</b>	<b>(2,800,737)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>134,424,670</b>	<b>140,708,459</b>
<b>Cash and cash equivalents at 30 June</b>	<b>119,705,899</b>	<b>137,907,722</b>



# THANKS!



Vanke  
Weekly



Vanke IR



E-house

## IMPORTANT NOTICE:

The content of this material is extracted from Vanke's 2023 Interim Report. If there is any discrepancy, please refer to the interim report

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