

vanke

CHINA VANKE CO.,LTD.

(000002.SZ, 2202.HK)

**2022 INTERIM RESULTS
ANNOUNCEMENT**

August 2022

www.vanke.com

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1. Results Overview



Net profit attributable to equity shareholders increased by 10.6% YoY

- Revenue reached RMB **206.92 billion**, a YoY growth of **23.8%**.
- Net profit attributable to equity shareholders of the Company amounted to RMB **12.22 billion**, a YoY increase of **10.6%**.

Financial and cash flow positions remain robust

- The “three red lines” indicator met the “green level” requirement. The net gearing ratio was **35.5%**.
- Leading credit position in the industry with both S&P and Fitch maintaining a “BBB+” rating and Moody a “Baa1” .
- Cash on hand amounted to RMB **141.07 billion**, covering **2.3 times** of the interest-bearing liabilities due within one year which were RMB **62.64 billion**.
- Net cash inflow from operations were RMB **8.29 billion**.
- The structure of interest-bearing liabilities was optimized, where the short-term borrowings accounted for **22.4%**, a YoY decrease of **9 percentage points**.
- The comprehensive average financing cost of existing financing was **4.08%**, and the average financing cost of increment financing was **3.59% in 2022H1**.

The operation and service business grew rapidly

- **Property development business:** sales amount reached RMB **215.29 billion**, ranked top 3 in **41** city markets.
- **Operation and service business:** revenue reached RMB **24.11 billion**, a YOY increase of **30.6%**.
- **Rental housing:** revenue increased by **12.3%** YoY and nearly **170,000** units opened. It had the most rooms unveiled in centralized apartment business in China
- **Property services:** revenue of Onewo from property services reached RMB **14.35 billion**, a YoY increase of **38.2%**. The spin-off and overseas listing application has been approved by the China Securities Regulatory Commission.
- **Logistics & warehousing:** revenue increased by **39.1%** compared with last year. The revenue of cold storage grew by **94.7%**. The GFA of cold storage leasable area reached **1.62 million** square meters, making it the largest in China.
- **Retail property:** revenue increased by **10.4%** YoY, and the total number of SCPG asset-light management provision projects has reached **35**, among which third-party projects represented **63.5%**.

2. Financial Overview



Profit and Loss	Account Unit	2022 H1	2021 H1	Change
Revenue	RMB hundred million	2,069.2	1,671.1	23.8%
Gross profit margin (before tax)	%	20.5	22.9	-2.5pct
Operating profit margin (after tax)	%	16.4	18.2	-1.8pct
Net profit	RMB hundred million	181.0	161.7	11.9%
Net profit attributable to equity shareholders	RMB hundred million	122.2	110.5	10.6%
EPS	RMB/share	1.05	0.95	10.6%

Assets and Liabilities	Account Unit	June 30, 2022	December 31, 2021	Change
Cash on hand	RMB hundred million	1,410.7	1,493.5	-5.5%
Total assets	RMB hundred million	18,792.0	19,386.4	-3.1%
Interest bearing liabilities	RMB hundred million	2,802.3	2,659.6	5.4%
Interest bearing liabilities due within one year	RMB hundred million	626.4	586.2	6.9%
Total equity	RMB hundred million	3,917.1	3,927.7	-0.3%
Equity attributable to equity shareholders	RMB hundred million	2,342.3	2,359.5	-0.7%
Net assets per share	RMB/share	20.28	20.30	-0.1%



The Group Maintained An Industry-leading Credit Rating With A Net Operating Cash Inflow

- ◆ **The Group maintained an industry-leading credit rating.** The “three red lines” indicators were still in the “green category”. The Group has maintained industry-leading credit ratings.
- ◆ **The Group maintained a net operating cash inflow.** The net cash inflow from operations reached RMB **8.29 billion**.
- ◆ **The cash remained abundant.** As of the end of the Reporting Period, the cash on hand held by the Group amounted to RMB **141.07 billion**, covering **2.3 times** of interest-bearing liabilities due within one year and **6.1 times** of interest-bearing liabilities due in 2022H2.
- ◆ **The net gearing ratio remained low for a long period.** As of the end of the reporting period, the net gearing ratio was **35.5%**, which has remained below than **40%** for **21** consecutive years.

“Three Red Lines” indicators

Item	Vanke	Green-level Requirement
Asset-liability ratio excluding receipts of prepayments	68.4%	< 70%
Cash to short-term debt ratio*	1.5	> 1.0
Net gearing ratio	35.5%	< 100%

* Note: The Group's restricted cash and regulated pre-sales proceeds of properties of RMB 48.2 billion have been excluded from the cash.

Credit rating overview

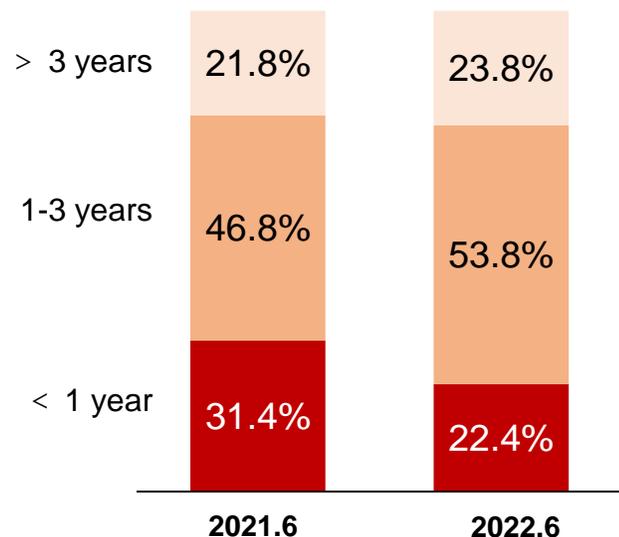
Rating Agency	Rating	Outlook
S&P	BBB+	Stable
Fitch	BBB+	Stable
Moody	Baa1	Stable
CCXR	AAA	Stable



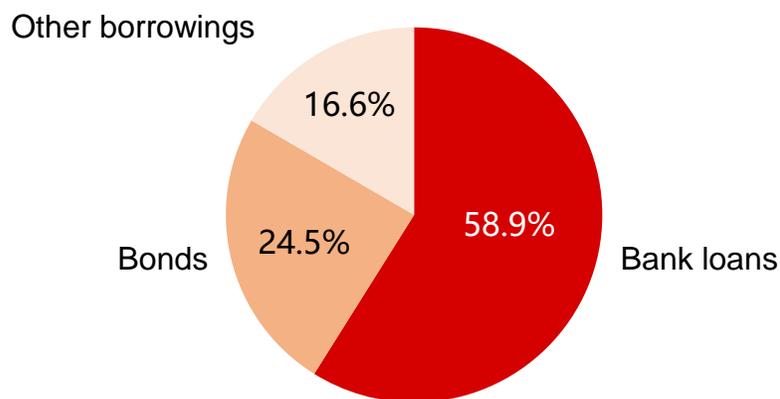
Interest-bearing Liabilities Increased Slightly And Financing Structure Improved

- ◆ **The scale of interest-bearing liabilities increased slightly.** The interest-bearing liabilities amounted to **RMB 280.23 billion** in total, up by **5.4%** from the end of 2021.
- ◆ **The structure of interest-bearing liabilities was further optimized:**
 - Interest-bearing liabilities due within one year accounted for **22.4%**, down by **9** percentage points year-on-year.
 - Bank loans accounted for **58.9%**; bonds accounted for **24.5%** and other borrowings accounted for **16.6%**.
 - Domestic liabilities accounted for **76.8%** and overseas liabilities accounted for **23.2%**.

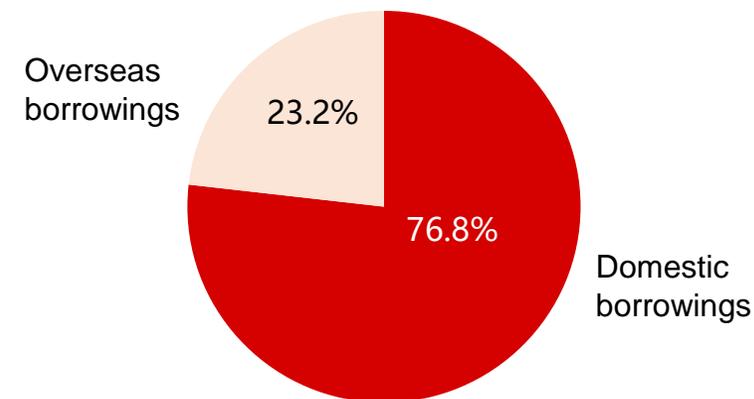
Interest-bearing liabilities structure (term)



Interest-bearing liabilities structure (financing channel)



Interest-bearing liabilities structure (domestic/overseas)





Maintaining A Diversified Financing Channel And Low-level Financing Cost In The Industry

- ◆ **Rational utility of debt financing tools.** The Group continued to optimize its debt structure and replaced the existing financing through financing instruments including corporate bonds and medium-term notes.
- ◆ **The financing cost further decreased.** By the end of the reporting period, the comprehensive average financing cost of existing financing was **4.08%** and the average financing cost of increments was **3.59%** in the first half of the year.
- ◆ **Leading credit level.** The financing without security or pledge accounted for **96.2%** in existing interest-bearing liabilities.

Financing channels and costs range

Financing channel	Balance (RMB hundred million)	Range of financing costs
Bank loans	1,650.7	Based on contracted Libor rate float up to 5.88%
Bonds	685.4	1.90%-5.35%
Other borrowings	466.2	2.99%-6.16%
Total interest-bearing liabilities	280.23 billion	

(As of June 30, 2022)

Bonds issued in 2022

Issued RMB**19.4 billion** domestic credit bond from Jan to Aug, among which the comprehensive cost of 3-year bond (including 3+2-year) is only **3.02%**.

Issue date	Type	Term of years	Coupon rate (%)	Issue size (RMB hundred million)
Jan 2022	Medium-term notes	3	2.95%	30
Feb 2022	Medium-term notes	3	2.98%	30
Feb 2022	Medium-term notes	3	3.00%	20
Mar 2022	Corporate bonds	3/5	3.14%/3.64%	19.9
June 2022	Corporate bonds	5/7	2.90%/3.53%	10
July 2022	Corporate bonds	5/7	3.21%/3.70%	34
July 2022	Green medium-term notes	3	3.00%	30
Aug 2022	Green medium-term notes	3	2.90%	20

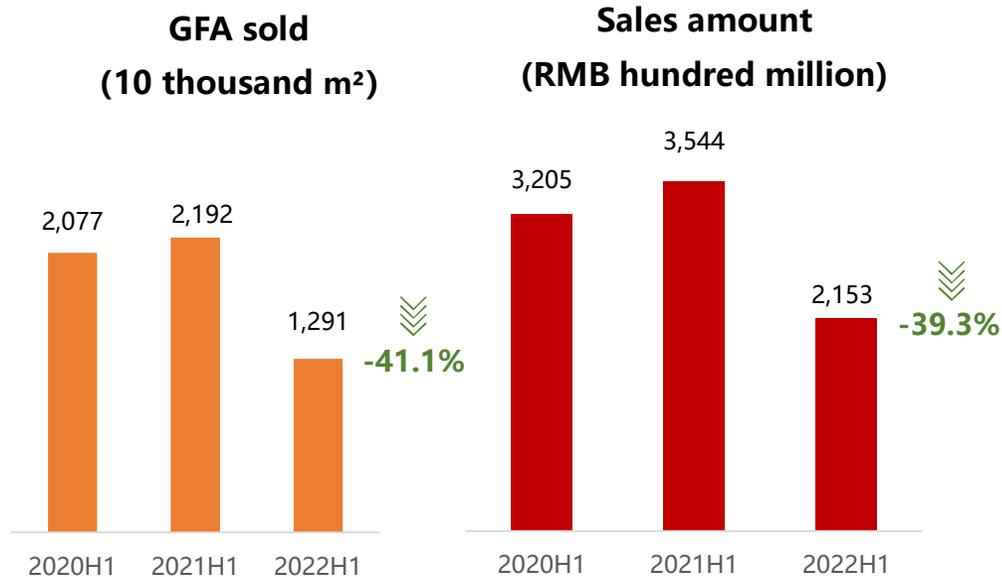
Worke

3. Business Overview

Property Development Business: Sales Amount Reached **RMB 215.29 Billion**

- ◆ In 2022 H1, the Group reached a sales amount of **RMB 215.29 billion**, a YoY decrease of **39.3%**.
- ◆ The GFA of newly started projects was approximately **10.688 million** square meters, a YoY decrease of **38.9%**, completing **55.7%** of the target
- ◆ The completed GFA was approximately **14.437 million** square meters, a year-on-year increase of **17.8%**, completing **37.0%** of the target
- ◆ Projects under construction were delivered stably by the Group despite the adverse impact of the pandemic on construction. Nearly **115,000** residential units were delivered smoothly, with **35%** of the property were delivered at the same time with the property ownership certificate.

GFA sold & sales amount



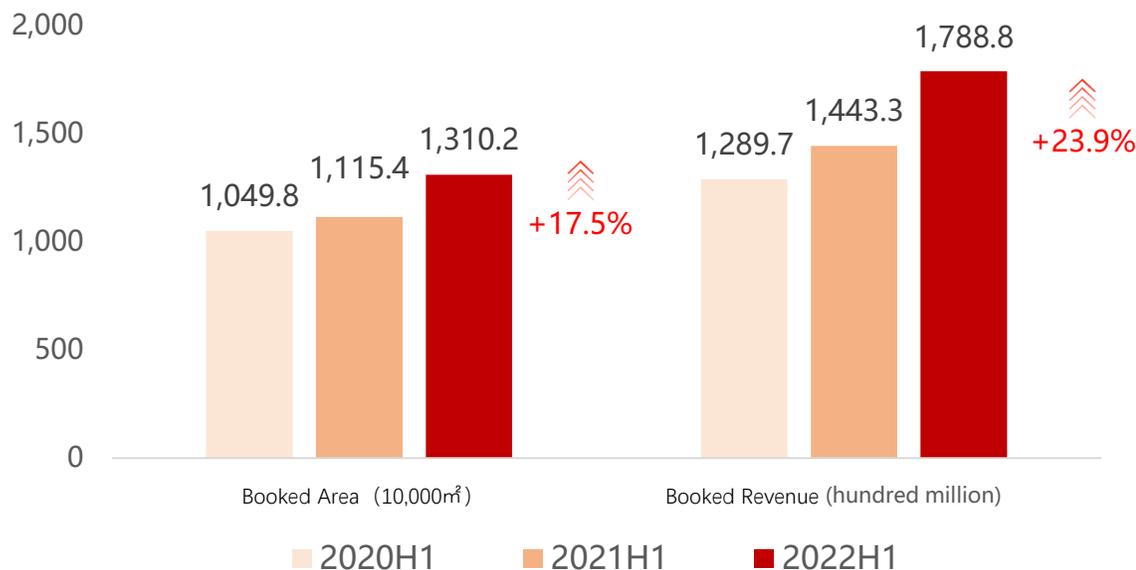
Sales ranking Top 3 in 41 city markets

NO.1	Chengdu, Dongguan, Xi'an, Changsha, Fuzhou, Urumqi, Jiaxing, Shijiazhuang, Xuzhou, Yantai, Changchun, Lanzhou, Tangshan, Harbin, Yangzhou, Baotou	16
NO.2	Suzhou, Wuhan, Jinan, Tianjin, Zhengzhou, Chongqing, Zhongshan, Shenyang, Zhuhai, Yinchuan, Nanchang, Kunming, Taiyuan, Sanya, Nantong, Wenzhou, Wuhu	17
NO.3	Hangzhou, Guangzhou, Ningbo, Wuxi, Nanning, Changzhou, Guiyang, Yancheng	8

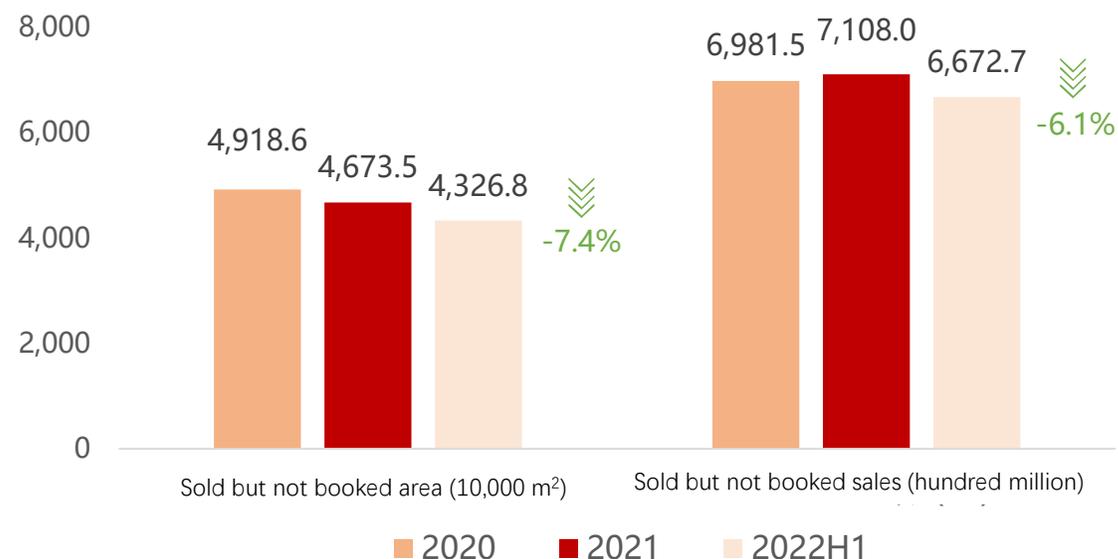


- ◆ The Group realized a booked area from property development business of **13.102 million** square meters (+17.5% YoY), and a booked revenue of **RMB 178.88 billion** (+23.9% YoY).
- ◆ The average settlement price of the property development business is **RMB 13,652.8/m²**. The booked gross profit margin of property development was **21.9%** (17.3% after taxes and surcharges).
- ◆ Within the consolidated statements of the Group, there were **43.268 million** square meters of Sold but not booked area (-7.4% YoY). The total contracted amount sold yet not booked was approximately **RMB 667.27 billion** (-6.1% YoY).

Booked area and booked revenue



GFA and contract sales of projects sold but not booked within the consolidated statements



Property Development Business: Adopt Strict Investment Standards To Guarantee Quality

- Carefully selecting the best projects which have stable regional markets and high profitability

Total land premium

38.68 billion

Plot ratio-based GFA

3.078 million m²

Land premium attributable to the company's equity holding

24.83 billion

Plot ratio-based GFA attributable to the Company's equity holding

2.131 million m²

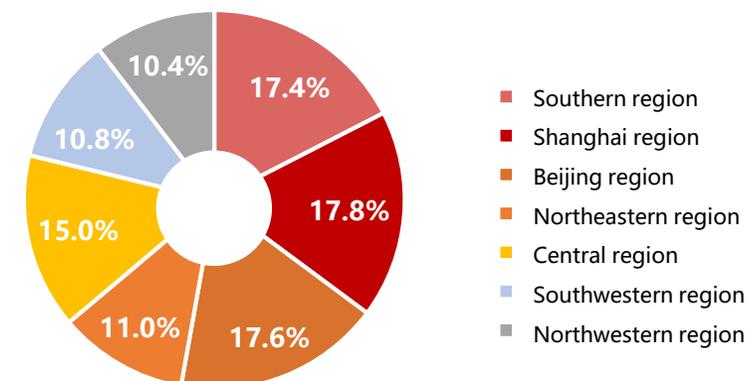
- Project resources kept at a reasonable level

The total plot ratio-based GFA of projects under construction and planned reached approximately **137.228 million** square meters, among which the total plot ratio-based GFA under construction was approximately **100.074 million** square meters and that of the planned projects was approximately **37.154 million** square meters.

Top 10 cities in the scope of newly added land reserve in 2022H1

City	Planned estimated GFA(10 thousand m ²)	Land acquisition cost(RMB hundred million)
Shenzhen	36.4	118.4
Hangzhou	32.7	58.2
Fuzhou	31.9	48.1
Changzhou	16.9	28.2
Lanzhou	50.5	25.5
Nanjing	7.4	20.8
Hefei	25.0	19.2
Zhuhai	13.1	15.5
Zhongshan	27.8	15.2
Ningbo	7.7	15.0

Proportion of GFA under construction and planning by region



Property Development Business: Strengthen Projects Management By Classification And Categorization And Stabilize Project Output

◆ Improve product line building and align product standards

- An array of representative projects in key cities have been included in research on residential product iteration. Product optimization was carried out in 2022H1 for **56** key projects, and **15** seed projects were selected for product line alignment.

◆ Strengthen the management of important and complex projects by classification and categorization

- According to the *Management Measures of Product Strategy, Planning and Design*, classification management has been applied in **93** key and complex projects through collective efforts such as special reviews which draw on internal and external expertise gathered by the Product Capability Center and categorize the projects based on investment amount, influence, technical difficulty, team-organization fitness and urgency, to maintain project milestones and keep the products on track.



Hangzhou Vanke Riyao City

- ◆ Located at the No.2 plot of the Athletes Village of the 19th Asian Games Hangzhou. During the event, the project served as the rehab centre, canteen for the athletes, and became residential, commercial and office buildings after the Games.
- ◆ All units were sold out when it was first launched with sales amount of RMB **5.45 billion**, and delivered after the Asian Games.



Hefei Guanshan Yinxiu

- ◆ Inspired by the architectural style of Huizhou merchants' residence, the project is of great appeal to clients.
- ◆ The total value of the project was RMB **21.5 billion**. On 29 April, the initial sales amounted to RMB **940 million**, and the initial sell-through rate was **83%**. Accumulated sales by the end of August amounted to RMB **17.8 billion**, and is expected to be sold out by the end of the third quarter



Property Development Business: First To Create Synchronous Delivery of Property And Handling of Property Ownership Certificate, Deliver Full-cycle Services, And Build Beautiful Communities Together

- ◆ Continued “Site Opening” events. Property owners were invited to participate in construction quality inspection on a regular basis and organize face-to-face exchange meetings. Customer satisfaction with delivery quality increased by **3 percentage points** compared with 2021. In the first half of the year, **115,000** residential units were delivered, over **70%** prospective property owners visited the site at least once before formal delivery.
- ◆ A total of **94** projects from the Group’ s **30** regional branches achieved synchronous delivery of property and issuance of property ownership certificate, accounting for **35%** of the projects delivered, an increase of **10 percentage points** compared with 2021.
- ◆ During the pandemic, online contract signing has been fully applied to improve the accessibility of service, and a total of nearly **27,000** residential housing units were signed online in 2022H1.
- ◆ Continuous effort has been put into the customer care program “Build Beautiful Communities with Customers” . In the first half of the year, **92** old projects in **18** cities were jointly constructed which is built on the model of "self-governance" by property owners with government support.



Rental Housing: Nearly **210,000** Long-term Rental Apartments Under Management, The Best Choice In The Era Of Renting And Purchasing

◆ Industry-leading performance

- Revenue of rental housing reached RMB **1.48 billion**, with **12.3%** YoY growth. **210,000** rental housing units under management, of which nearly **170,000** units unveiled.
- The average occupancy rate of unveiled projects was **94%**, and the occupancy rate in strategic important cities like Shenzhen, Beijing, Tianjin, Chengdu, Wuhan, Xian and Hefei surpassed **95%**, of which **37.7%** was attributable to projects operated and managed in Shenzhen, with an occupancy rate of over **96%**.
- Acquired **10** new projects in 7 cities including Shenzhen, Guangzhou and etc. with **9,674** units.

◆ Leading customer acquisition and operational efficiency

- The customer acquisition of self-owned channels increased to **79%**.
- **2.34 million** people have registered in the online platform, up **17%** from the end of 2021.
- Marketing expense ratio was **1.0%**, down **0.4 percentage point** YoY.

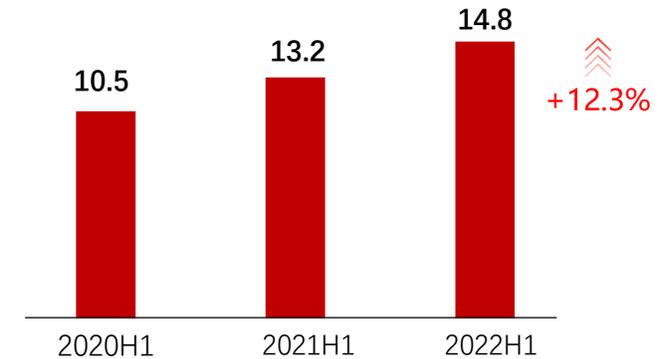
◆ Thoughtful service and quality home

- Serve more than **600,000** customers and more than **95%** customers were satisfied with our service, and renewal rate was **56%**.

Units under management and units unveiled (10 thousand units)



Rental housing operating revenue (RMB 100 million)



Rental Housing: Serve Hard-working Residents With Heart And Continue To Deepen The Connection With Corporate Customers

- ◆ Strengthened the sales and service capabilities for B-end customers and implemented the account manager system for corporate customers.
- ◆ Acquired **160** new corporate customers. Customized rental services have been provided to more than **1,900** companies' employees, which contribute **16.6%** rent.

Corporate customers (partial)

Tencent 腾讯

招商银行
CHINA MERCHANTS BANK

HUAWEI

深圳地铁
SHENZHEN METRO

SMIC

dji 大疆创新

oppo

TCL

HONOR

兴业银行
INDUSTRIAL BANK CO., LTD.

ZTE中兴

中国建筑
CHINA STATE CONSTRUCTION

中国移动
China Mobile

浦发银行
SPD BANK

科大讯飞
IFLYTEK

Cases of corporate customers-Tencent, DJI, SPDB, Huawei, etc.

- **Tencent:** **1,206** rooms on lease in cities like Shenzhen, Guangzhou, Tianjin, Xian;
- **DJI:** rented **967** rooms in cities like Shenzhen, Shanghai and Xian, of which **610** were rented by the company;
- **SPDB:** rented **604** rooms in cities like Shenzhen, Guangzhou and Changchun, of which **507** were rented by the company;
- **Huawei:** a total of **905** Huawei employees in Shenzhen, Xi'an, Dongguan and other cities are enrolled as corporate customers, **100** of whom have moved in;
- **ZTE:** **530** certified corporate customers who are now living in **281** rooms in Shenzhen, Xian, Nanjing and Changsha;
- **PCL:** In 2022, employees with a doctoral degree moved in. Shenzhen Port Apartment Yuncheng Branch provides customized exclusive services. The number of residents totaled **314**.



Rental Housing: Follow National Policies And Actively Join Subsidized Housing Programs

- ◆ In response to the national policy on subsidized rental housing, the Company played an active role in the construction and operation of local subsidized rental housing programs by joining hands with government departments, enterprises and institutions across China.
- ◆ As of the end of the reporting period, **48** projects and **41,000** units in cities such as Shenzhen, Xiamen and Wuhan were included in the local subsidized rental housing programs.

Xiamen Subsidized Rental Housing Program-Port Apartment-Xiangan Industrial Park Branch



The project is located in the Digital Economy Industrial Park in Xiangan District, Xiamen, with LOFT and single room as the main layout. In May 2022, **150** units were included in Xiamen's subsidized rental housing system. By the end of June, the occupancy rate reached **100%**.

Tianjin Subsidized Rental Housing Program-Port Apartment-Xingduhui Branch



The project is located in Nankai District, Tianjin, adjacent to Anshan West Road Railway Station of Line 6. A total of **564** units are enrolled in Tianjin's subsidized housing. It is also the first project in Tianjin which has obtained a certificate of subsidized rental housing. It is expected to open in the third quarter.

Onewo: Revenue Reached RMB 14.35 Billion

◆ Solid revenue growth

- Onewo achieved RMB **14.35 billion** in revenue, representing a YoY increase of **38.2%**, of which RMB **8.08 billion** was generated from community space living consumption services, representing a YOY increase of **34.8%**; revenue from commercial and urban space integrated services was **RMB 5.11 billion**, representing a YOY increase of **39.7%**; revenue from AIoT and BPaaS solution services was RMB **1.16 billion**, representing a YoY increase of **59.0%**.

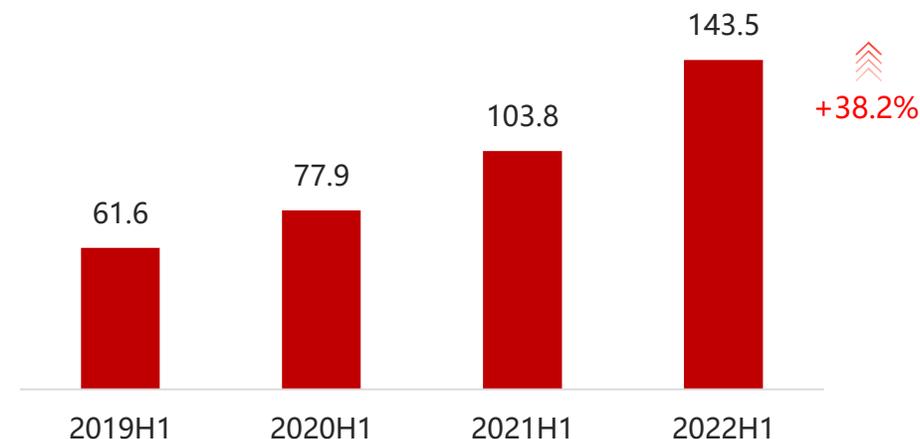
◆ High-quality business expansion

- **Vanke Property Service** covers over **120** big and middle-sized cities in China (including Hong Kong), serving **4,096** projects;
- **Cushman and Wakefiled Vanke Service** focused on internet, high-end manufacturing, finance and strategic emerging industries, serving **1,929** projects;
- **City Up** served **25** cities, managing **59** projects.

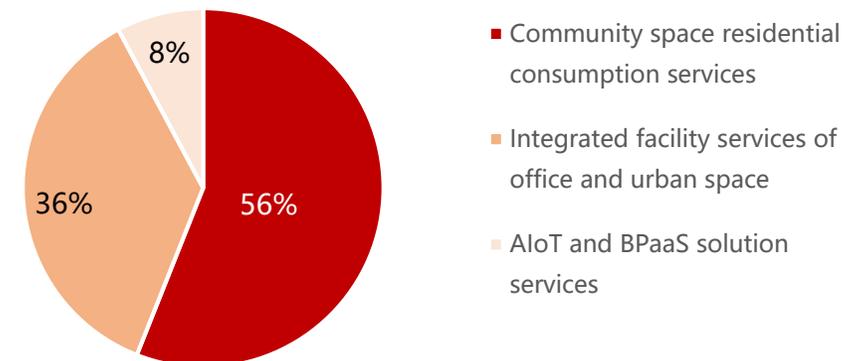
◆ The overseas listing application approved by CSRC

- On July 18, 2022, overseas listing application of Onewo was approved by the China Securities Regulatory Commission.

Revenue (RMB 100 million)



Revenue structure



Onewo: Cultivates Deeply The Existing Market, Consolidates Residential Consumption Basis And Launches “Butterfly City” Strategy

◆ “Butterfly City” is the core strategy of Onewo for the next decade



Residential Property Management	Property Brokerage and Leasing	In-house Home Decoration	Business enterprises, urban and technology
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- ✓ Restructure the service chain by adopting production line management
- ✓ Use machine for Personalised Housekeeper Service and Quadruple insurance business work orization
- ✓ Machine+people work to regenerate regional capacity

Note: 1.As confirmed by indicators of comprehensive development (including GDP, compound growth rate of GDP in the past 10 years, number of 985 colleges and universities, etc.), demographic indicators (including population size, growth rate, average salary, etc.) and indicators of asset development (including GFA of residential properties, prices of new/second-hand houses, number of listed companies/headquarter of China Top 500 and Fortune 500 companies, etc.) 2. Classified 100 streets based on value scores and the comprehensive strength, which took three dimensions into consideration, namely, scale, quality, and development. These three dimensions were divided into 21 indicators such as GFA of residential properties, street GDP, property fee, nighttime lighting and corresponding change rate.

◆ Core and pilot cases of “Butterfly City”

Butterfly City: building up new service cycle with **20-30 minutes** walking distance as the radius of service for projects under management on street level, breaking down the barriers among community, business enterprises and urban space service, providing comprehensive solution to all spaces in one subdistrict through team-sharing and fast response.

By strategically selecting streets in the community and integrating the property management service, facilities, residential projects, business enterprises and urban space for **synergetic operation** and **economy of scale**. Taking **new opportunities** to establish **long-term cooperation** between service provider and customer.

Case: Shenzhen Bantian Subdistrict

- Onewo manages **11** residential projects and **7** property and facility management projects, serving **22,727** households, accounted for **36.1%** of total households of Bantian Subdistrict.
- With the integration of supply chain resources of Bantian Streets, the gross profit margin registered a YoY growth of **9.6 percentage points** in 2022 H1.
- Onewo continues to explore home decoration and home improvement service, newly contracted sales per month grew from RMB 1.1 million in 2022 Q1 to RMB 3.1 million in 2022Q2 at Bantian Streets, achieved a **180%** growth.

Onewo: Building Influential Brand By Serving More High-potential Industries And Diversified Customers

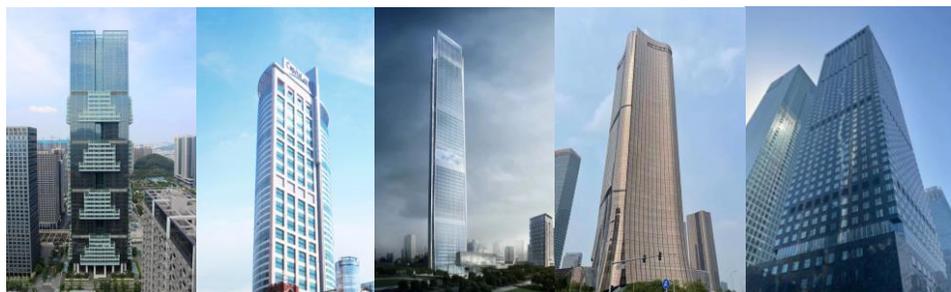
◆ In 2022H1, despite the complicated and challenging external environment, Cushman & Wakefield Vanke Service continued the business expansion against the trend with **200+** new projects. The clients came from high-end manufacturing, TMT, finance, new infrastructure, retail consumption, etc.

◆ **6 new Fortune 500 clients, 5 new Unicorn clients**



◆ **Wider industrial coverage for diversified clients**

◆ **70%** of successful bidding rate for new ultra-high rise projects in 2022H1



Shenzhen Nanshan Cloud Technology Building Shanghai Raffles City Guangzhou GF Securities Building Beijing Zhongwang Building Beijing Zhongxiu Building

Internet	Finance	New consumption and high-end manufacturing	Foreign-funded enterprises
Served 8 out of Top 10	Served 7 out of Top 10	Focusing on high-potential industries	Expanding customer base
Alibaba 腾讯 美团 今日头条	兴业银行 standard chartered 广发证券 国信证券	mi 元气森林 小鹏 理想	HERMÈS PARIS CHANEL Blackstone L'ORÉAL PARIS

Note: the Companies with * are newly added clients in 2022H1

◆ All-encompassing intelligent operation: stable quality and enhanced efficiency

- Integrates multiple systems, such as Baichuan, RM, command and schedule into a unified working dashboard;
- Covers the whole procedural scenarios, including schedule making, operation monitoring, quality evaluation and supplier and reports analysis;
- Realizes remote dispatch of project sites in various regions and ensures service quality with the intelligent operation dashboard.

◆ Explore long-term efficient operation practice on neighborhood management for old communities

- 3 sources of funds from residents, society and government fiscal budget to provide stable capital support to the effective operation of old communities;
- For example, the ranking of Wuhan Tangjiadun Streets improved from 90 to 50 after employing the service of Onewo.



Intelligent operation dashboard of urban assets company



City Up took innovative measures to explore long-term management model of old communities in Jiangnan district of Wuhan

Logistics & Warehousing: Rapid Growth Of Cold Chain Business, And Won Customers Praises Through Operation Service

◆ Industry-leading in scale and operational efficiency

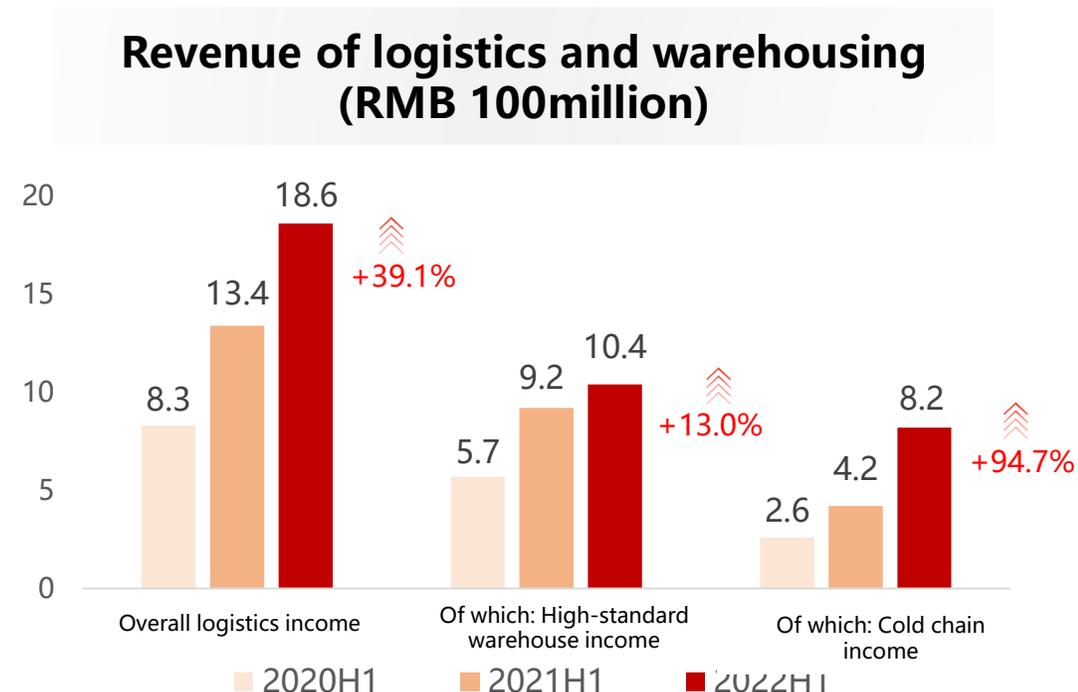
- Revenue reached RMB**1.86 billion** with **39.1%** YoY growth. The revenue of cold chain business totaled RMB **820 million**, a YoY increase of **94.7%**.
- Managed and operated **157** projects in **47** cities, with a leasable floor area of **11.64** million square meters. Among them, high-standard warehouses covered a leasable floor area of **10.02** million square meters and cold chain logistic park **1.62** million square meters, making it the largest in the industry.
- Actively responded to turnover of customers. The occupancy rate of high-standard warehouses in the stable stage was **91%**, with a cold chain utilization rate of **78%**.

◆ Gain a competitive advantage with operation and service as the core

- Continued to improve the quality and efficiency of operation and service, gain competitive advantage with operation and service as the core, and build reputation through professional service standards.
- Revenue from operation inside the warehouse and delivery service increased **138%** YoY and cooperation was established with Walmart, Tyson (the longest meat supplier in the world), Yum and many other leading companies across industrial parks.

◆ The operation and service capability is recognized by the cooperation partners

- Established strategic cooperation with China RongTong Asset Management Group, Heilongjiang Jiaotong Group, Shenzhen International Group and Ningbo Commerce & Trade Group, to keep improving the network of warehousing and distribution and expand the customer base.



Logistics And Warehousing: Win Over Customers And Increase Cooperation Share With Quality Service

◆ Ensure quality and safety, build reputation with service

- **Yum China** - VX is recognized for its quality and safety control and professional operation ability. VX tops Yum' s supplier system in terms of KPI and service, with Ningbo campus **ranking No.1 for two consecutive years** for its excellent performance.
- **Walmart** - wins over customers with good service. VX Logistics is deeply involved in Walmart's improvement of supply chain efficiency and has rolled out 6 service modes, namely, fresh warehousing and distribution, room temperature warehousing and distribution, large warehouse for imported beef, fruit picking in place of origin, perishables e-commerce distribution, and cloud warehouse processing. The cooperation share increased by **121%** year-on-year.



Ranked No. 1 nationwide for 2 years in a row in Yum' s parks.



In-depth cooperation through 6 service models. Cooperation share **increased by 121% YoY**.

◆ Solve customer problems and ensure the resilience of supply chain

- **Zespri- with high responsiveness to customer needs, VX Logistics helped customers solve problems and ensure the resilience of supply chain**

Facing the lockdown in Shanghai in April 2022, the Zespri project team decided to move operation from Shanghai campus to Ningbo warehouse for the time being. Thanks to its professional operation ability, VX Logistics responded quickly and set up a special team immediately. Over the next 2 months, VX shipped **78,887** boards and packed **227,597** boxes. This has helped Zespri seize the market opportunity.

The cooperation share with Zespri increased **71% YoY**.



VX Ningbo Cold Chain Park Zespri Special Operation Team

Retail Property Development And Operations: Focused On Value Enhancement And Strengthened Competitive Advantages In The Yangtze River Delta Region

◆ Robust growth of business

- Revenue of the retail property segment was RMB **4.01 billion**, a YoY increase of **10.4%**. The occupancy rate of the projects which have been in operation for over 1 year was **91.6%**.
- Among which, revenue of commercial projects managed by SCPG totaled RMB **2.75 billion** in 2022H1, a YoY increase of **12.2%**.

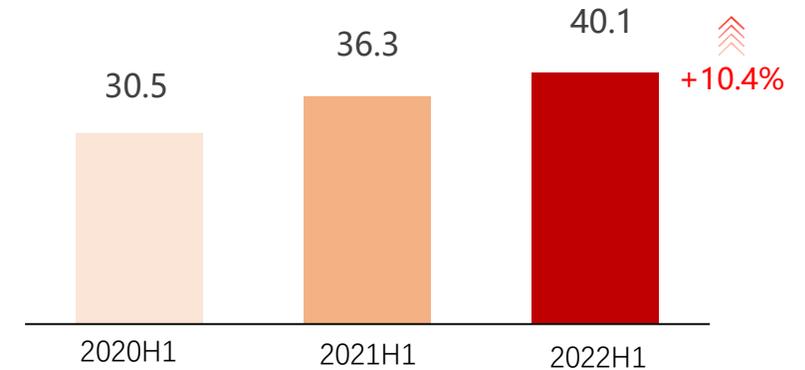
◆ New projects brought handsome returns

- The first-year NOI of Shanghai Nanxiang Incity MEGA, which was opened in 2020, Wenzhou Incity MEGA and Hangzhou Olympic Incity, which were opened in 2021, all exceeded **6%**.

◆ Competitive edge strengthened in the YRD region

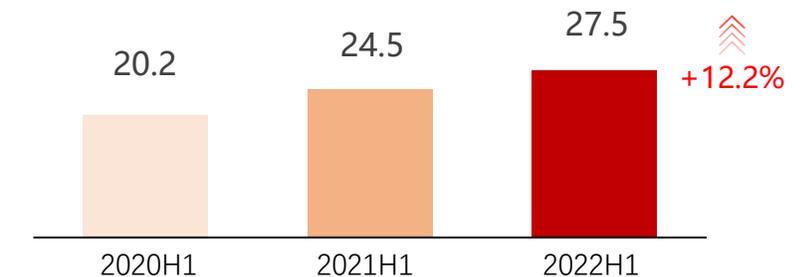
- The Yangtze River Delta (YRD) has contributed **45%** of revenue, with an annual revenue growth rate of **15.2%** on average in the past three years. With **5.15 million** square meters under management, Vanke has captured a dominant market share in this region.
- Sales in this region recovered rapidly after the lockdown was lifted. In Shanghai, sales of the non-major merchants recovered to **85%** in June, and rose further to **98%** in mid-August.

The Group' s revenue from retail property business (RMB 100 million)



Note: The Group' s revenue from retail property development business included non-consolidated items, and the revenue of SCPG was not consolidated.

SCPG' s revenue (RMB 100 million)



Case: Differentiated Products And Services, Tap Into Local Culture And Consumer Characteristics

Shanghai Caohejing Incity

GFA: **56,000** m², a young and trendy hub with a small size but a big buzz
Unveiled on May 28, 2021



- Catering to the customised needs of property owners, only **252** days from signing to opening
- The opening rate is **92%**. Ranked **TOP 1** in the list of CBDs on Dianping App on the opening day and currently ranking **Top2**.
- In 2021, the sales exceeded the owner's budget by 41%. As of the end of July, the sales increased by **10%** year-on-year
- A benchmark of regional trend and youth, introduced IP such as Kow Yokoyama, tokidoki, etc. to keep abreast of the current needs of Generation Z, and cooperated with Himalaya to hold the Pocket Life Festival, MOJITOWN redefined the immersive and scene-sensitive food street zone
- Provides in-depth services for companies and **300,000** office workers in the park. Launched customized activities (monthly dating parties, talk shows, in-company shopping, etc.). Supported new product launches and public welfare activities (Tencent 99 Public Welfare Day, etc.)

Hangzhou Olympic Sports Center Impression City

GRA over **240,000** m², a shopping mall with the strongest holiday vibe
Unveiled on September 30, 2021



- Created five never-seen-before commercial spaces in Hangzhou to upgrade the product strength, namely, "Indoor Rainforest", "Sky Runway", "8m ultra-high underground commercial space", "Sky Mirror", "Internet-famous Staircase".
- **97%** of the shops are in operation. The first month sales reached RMB**353 million**. **Top 1** by popularity on Dianping App.
- The sales efficiency of the whole site exceeds **RMB2,600/m²/month**, and achieved rapid recovery after the lockdown was lifted. The month-on-month growth rate was over **13%** from May.
- The first-year NOI is expected to exceed **6%**.

◆ Onewo

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Shenzhen: rallied 800 warriors to join the anti-pandemic fight in Shatou

- From February 15, 2022, Onewo's CITY UP, as the provider of urban operation service for Shenzhen Shatou Street, gave full play to the role of "**horizontal collaboration and vertical connection**" mechanism and managed the manpower in a reasonable, efficient and scientific way. **Of the 800+strong team, 700 people were assigned on shift based on their positions** to provide flexible operation for emergency and overcome fatigue.

Shanghai: 45 volunteers took over the paralysed old communities

- On April 10, 2022, Hudongxincun Street in Pudong New Area faced a severe situation. Eight old residential communities and two-thirds of the doorways had positive cases, and the employees of the property management company were infected and quarantined one after the other, facing the crisis of losing management control. Onewo Shanghai quickly responded to the needs of the government, and urgently formed 45 volunteer teams to fight against the epidemic to help Hudong New Village. In a period of 52 days, volunteers provided disinfection services covering 351 houses for more than 20,00 residents from 8,500 households and distributed supplies needed, contributing to the fight against the pandemic in Shanghai.

Guangzhou: over 400 volunteers formed a brave "anti-pandemic brigade"

- On April 12, 2022, some areas in Baiyun District of Guangzhou were escalated to medium-risk area. Onewo Guangzhou Representative Office quickly responded to the government's call and assembled the first batch of 300 local volunteers to support the anti-epidemic work in Renhe Town, Yuncheng Street, Dagang Vilalge in Baiyun Lake Street and other lockdown communities in Baiyun District. **The logistic support group sent 5 batches of supplies to each support point, totaling about 15,000 items, to support the work of volunteers in the control zone.** To the day when the pandemic slowed down in Baiyun District, Onewo sent a total of 403 people to support the district.

Fulfil Social Responsibility During The Pandemic (2/2)

- VX logistics:** mobilized a broad variety of resources to support the pandemic prevention effort. The flexible supply chain solution steers away from disruptions to the logistics network. Over **700** employees stationed in the park to ensure supply despite the health risks.



Rally the forces



- Rental housing:** meticulously implement the prevention and control measures, proactively assist the community to prevent transmission, and provide warm services to customers. In Xiamen and Foshan, the international health stations operated by Port Apartment have provided quarantine services for over **10,000** inbound travelers in 2022H1.



Xiamen International Health Station (operated by Port Apartment)



Shunde International Health Station (operated by Port Apartment)



Shanghai Port Apartment assisted the community to prevent the pandemic

ESG: Industrial-leading Green Building Practice, Pursuing Sustainable Development

- ◆ As of June 30, 2022, the accumulated GFA of Vanke's properties that meet the green building standards exceeded **297 million** square meters.
- ◆ Logistics and warehousing: **6** projects awarded with LEED Platinum certification, **2** projects awarded with LEED Gold certification, and **21** projects awarded with the three-star green warehouse certification.
 - In 2022H1, **16** projects are awarded the three-star green was awarded three-star green warehouse certification. Obtained **2** new LEED Platinum certifications, among which VX Cold Chain Park in Qiantang New District, Hangzhou is the first project that was certified by LEED Logistics and Distribution Center System with a Platinum status in China. **Its score was the highest in the world** in this system.
 - In May 2022, VX Shanghai Fengxian Lingang Industrial Park obtained BRE certificate of Zero-Carbon. It is the first logistics park that is certified with the Zero-Carbon program in China.
- ◆ SCPG: **1** project with LEED Platinum certification, **2** projects with LEED Gold certification, **9** projects with the one-star/two-star certification.



VX Logistics Hangzhou Qiantang New District Cold Logistics Chain Industrial Park

LEED Platinum Certification



VX Logistics Shanghai Fengxian Lingang Industrial Park

Zero-Carbon Building Certification

◆ Keep improving ESG Management

- **Took the initiative and set up multi-dimensional sustainability goals.** The Company has put forward about 50 sustainable development goals, covering emission reduction, waste reduction, energy use, climate change, customers, employees, suppliers and other aspects, setting goals and charting the course for sustainable development in the future.
- **Conducted climate change risk analysis.** Identified physical risks and transformation risks at the industry and company level based on the classification of Task Force on Climate-related Financial Disclosures (TCFD), formed a climate risk matrix, and integrated climate change countermeasures into the entire life cycle of product design, material procurement, project construction and operation.
- **Strongly boosted green finance.** Issued two tranches of three-year medium-term green notes with issue size of RMB 3 billion and RMB 2 billion, respectively. The coupon rates are **3.0%** and **2.9%**.

Awards received by Vanke ESG by the end of August 2022

Award	Awarded by
The 18th New Fortune Gold Board Secretary Selection-Best ESG Disclosure Award	New Fortune
"2022 Asia Best Corporate Management Team—"Best ESG" (Best ESG)—Top 3 in Mainland China	Institutional Investors
Included by the list of Forbes China 2022 China ESG50	Forbes China

Industry-leading ESG ratings

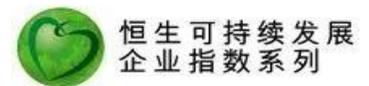


BBB in MSCI ESG rating



a Morningstar company

Low Risk in Sustainalytics ESG rating



恒生可持续发展企业指数系列

continuously included in the HSCASUS, HSMHSUS and HSCASUSB



恒生ESG50

continuously included in the Hang Seng ESG 50 Index

ESG: Consolidating And Expanding Proverty Alleviation And Rural Revitalization

◆ Social responsibility

- In Shantou City, Guangdong Province, we are organizing donations to more than **8** public kindergartens in the center of towns to solve the problem of insufficient local
- In July 2022, the Company continued to help revitalise the villages by participating in the Guangdong Province and Shenzhen City 630 Relief Day.
- In Shaoguan City of Guangdong Province, the Company continued to promote the construction of the multi-town rural revitalization demonstration belt project in Ruyuan Yao Autonomous County, Shaoguan City. At present, the Company has completed several constructions, including the construction of the **3km** greenway demonstration zone on Rugui Highway, the expansion of Guitou primary School and renovation of its sports ground, and the construction of the Yao-akka symbiosis plaza theme area. Construction work is underway for the remaining **24km** of he greenway, the expansion of Yangxi Primary School, the Eight Views of Bibei and the Big Village of Bibei, which are planned to be completed by the end of 2022.
- In Shantou City of Guangdong Province, the company donated to build **8** public town centre kindergartens to solve the problem of lack of local educational support.

Playground of Shaoguan Ruyuan Primary School



Yao-Hakka Coexistence Square in Ruyuan, Shaoguan



Donation Ceremony for Guangdong Poverty Relief Day



4. Future Prospect

Business Strategies In 2022H2

In 2022H2, the Group will continue to focus on “rebound to stable, then the enhancement” , in accordance with the plan at the beginning of the year:

- Firstly, we will maintain a healthy financial position through stable operation, continue to strengthen its cash flow management, optimise its debt structure and finance costs and maintain its industry leading credit rating.
- Secondly, for the development business, we will give full play to the coordination and management role of the headquarters of development and operation headquarter, build capability sharing, unify standards and refine management mechanism to enhance overall operation. Ensure the smooth delivery of projects and maintain good customer services.
- Thirdly, the operational efficiency and competitiveness will continue to be improved by the operation and service business .

Property development:

- Promote sales, pay close attention to local competition landscape and the rapid changes in the market. Adopt proactive sales strategy, allocate marketing resources in precise approach and to settle down the commission payment on time ; people in charge at all levels need to be engaged in the action to accelerate the development of key projects with corresponding solution.
- Committed to projects delivery and improve customer service.
- Apply a mechanism that features capacity sharing, unified standards and lean management in resource allocation, product planning, project operation and centralized procurement. Improve the product line and standardization of integrated residential properties.
- Improve the accuracy of investment decisions and enhance the quality of investment. Strengthen post-investment management and secure future performance from the source.

Rental housing:

- Continue to expand management scale by leveraging the strengths brought by the integration of industry policies, construction, and operation.
- Maintain a leading position in the industry in terms of operational efficiency. Make the growth rate of operating profit higher than that of revenue. Achieve profits under the cost method (i.e., after deducting depreciation and amortization) in 2023.

Business Strategies In 2022H2

Onewo:

- The residential property business will continue to improve its world-class service to uncover opportunities in the existing market and lay the foundation for long-term competitiveness by focusing on regional network and the consumption needs of residents.
- Promote the integration of Cushman & Wakefield Vanke Service and meet the diverse needs of corporate customers.
- The CITY UP model will continue to expand and is expected to launch 100 urban service projects by the end of 2022.

Logistics and warehousing:

- Keep improving the warehouse network of high standard warehouses and cold storage in cities that are crucial nodes in logistics.
- Consolidate the leading position of cold chain business and shift from warehouse operation service to comprehensive supply chain solution in the field of chain restaurants, shopping malls and supermarkets.
- Dive deep in high standard warehouse customer mix, continue to engage manufacturing customer and to provide the comprehensive warehousing and logistics supply chain solution to industrial entities.

Retail property development and operations:

- Strengthen the competitive edge of the new-generation products. Maintain the leading competitiveness of ultra-large experience centers based on Nanxiang Incity MEGA and Wenzhou Incity MEGA to remain in the top league.
- Pursue a balanced mixture of asset-heavy and asset-light projects. Keep expanding the management scale and brand influence in key cities.

5. Appendix

Appendix: Condensed Consolidated Statement Of Profit Or Loss

For the period ended 30 June 2022

	Jan – Jun 2022 RMB' 000	Jan – Jun 2021 RMB' 000
Revenue	206,916,289	167,110,935
Cost of revenue	(164,586,222)	(128,782,060)
Gross profit	42,330,067	38,328,875
Other net income	4,543,934	4,020,829
Selling and marketing expenses	(4,831,669)	(4,303,557)
Administrative expenses	(6,900,756)	(6,661,302)
Other expenses	(774,318)	(521,957)
Profit from operations	34,367,258	30,862,888
Interest on lease liabilities	(459,714)	(540,052)
Finance costs	(2,463,654)	(3,797,270)
Share of profits less losses of associates and joint ventures	(276,922)	2,211,526
Profit before taxation	31,166,968	28,737,092
Income tax	(13,064,227)	(12,563,573)
Profit for the year	18,102,741	16,173,519
Attributable to:		
Equity shareholders of the Company	12,222,659	11,046,938
Non-controlling interests	5,880,082	5,126,581
Profit for the year	18,102,741	16,173,519
Earnings per share (RMB)		
Basic and diluted	1.05	0.95

Appendix: Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the period ended 30 June 2022

	Jan – Jun 2022 RMB' 000	Jan – Jun 2021 RMB' 000
Profit for the year	18,102,741	16,173,519
Other comprehensive income for the year (after tax and reclassification adjustments)		
<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)	(469,730)	99,699
Share of other comprehensive income of associates	261,738	(98,956)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(95,529)	(98,582)
Cash flow hedge: net movement in the hedging reserve	(363,925)	(103,623)
Share of other comprehensive income of associates	(121,939)	1,324,659
Other comprehensive income for the year	(789,385)	1,123,197
Total comprehensive income for the year	17,313,356	17,296,716
Attributable to:		
Equity shareholders of the Company	10,957,211	12,023,736
Non-controlling interests	6,356,145	5,272,980
Total comprehensive income for the year	17,313,356	17,296,716

Appendix: Condensed Consolidated Statement Of Financial Position

As at 30 June 2022

	30 June 2022 RMB' 000	31 December 2021 RMB' 000
Non-current assets		
Property, plant and equipment	34,486,192	32,631,565
Investment properties	109,815,788	108,521,492
Intangible assets and goodwill	10,574,391	8,542,126
Interest in associates and joint ventures	141,578,423	144,449,332
Biological assets	228,497	-
Other financial assets	2,464,704	2,874,594
Other non-current asset	8,456,270	7,832,794
Deferred tax assets	33,881,719	33,517,920
	341,485,984	338,369,823
Current assets		
Inventories and other contract costs	1,031,206,984	1,083,598,314
Contract assets	10,950,749	10,390,002
Trade and other receivables	354,500,786	356,067,288
Other current assets	24,193	22,482
Pledged and restricted deposits	3,165,320	8,643,985
Cash and cash equivalents	137,907,722	140,708,459
Assets held for sale	-	892,423
	1,537,755,754	1,600,322,953
Current liabilities		
Trade and other payables	526,502,753	541,059,314
Contract liabilities	587,605,743	636,858,514
Bank loans and borrowings from financial institutions	44,462,463	53,842,277
Bonds payable	20,152,965	6,576,207
Lease liabilities	1,883,132	1,925,950
Current taxation	62,830,989	71,184,205
	1,243,438,045	1,311,446,467
Net current assets	294,317,709	288,876,486
Total assets less current liabilities	635,803,693	627,246,309



Appendix: Condensed Consolidated Statement Of Financial Position

As at 30 June 2022

	30 June 2022 RMB' 000	31 December 2021 RMB' 000
Non-current liabilities		
Bank loans and borrowings from financial institutions	167,602,250	154,322,279
Bonds payables	49,980,542	53,020,572
Lease Liabilities	23,772,810	24,309,642
Deferred tax liabilities	1,239,862	1,344,534
Provisions	327,878	275,163
Other non-current liabilities	1,171,789	1,201,342
	244,095,131	234,473,532
NET ASSETS	391,708,562	392,772,777
CAPITAL AND RESERVES		
Share capital	11,625,383	11,625,383
Treasury shares	(1,291,800)	-
Reserves	223,901,294	224,327,751
Total equity attributable to equity shareholders of the Company	234,234,877	235,953,134
Non-controlling interests	157,473,685	156,819,643
TOTAL EQUITY	391,708,562	392,772,777



Appendix: Condensed Consolidated Cash Flow Statement

For the period ended 30 June 2022

	Jan – Jun 2022 RMB' 000	Jan – Jun 2021 RMB' 000
Operating activities		
Cash generated from operations	31,430,141	34,283,730
Income Tax paid	(23,142,120)	(27,502,169)
Net cash generated from operating activities	8,288,021	6,781,561
Investing activities		
Acquisitions of property, plant and equipment and investment properties	(5,146,208)	(2,434,881)
Other cash flows generated from/(used in) from investing activities	293,705	(4,523,428)
Net cash used in investing activities	(4,852,503)	(6,958,309)
Financing activities		
Dividends and interest paid	(9,847,380)	(13,080,076)
Other cash flows arising from financing activities	3,109,257	14,592,927
Net cash (used in)/generated from financing activities	(6,738,123)	1,512,851
Effect of foreign exchange rate changes	501,868	(12,705)
Net (decrease)/increase in cash and cash equivalents	(2,800,737)	1,323,398
Cash and cash equivalents at 1 January	140,708,459	185,662,380
Cash and cash equivalents at 30 June	137,907,722	186,985,778

THANKS!

IMPORTANT NOTICE:

The content of this material is extracted from Vanke's 2022 Interim Report. If there is any discrepancy, please refer to the interim report



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