

vanke

2023 INTERIM RESULTS ANNOUNCEMENT

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CHINA VANKE CO., LTD.

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I. Results Overview

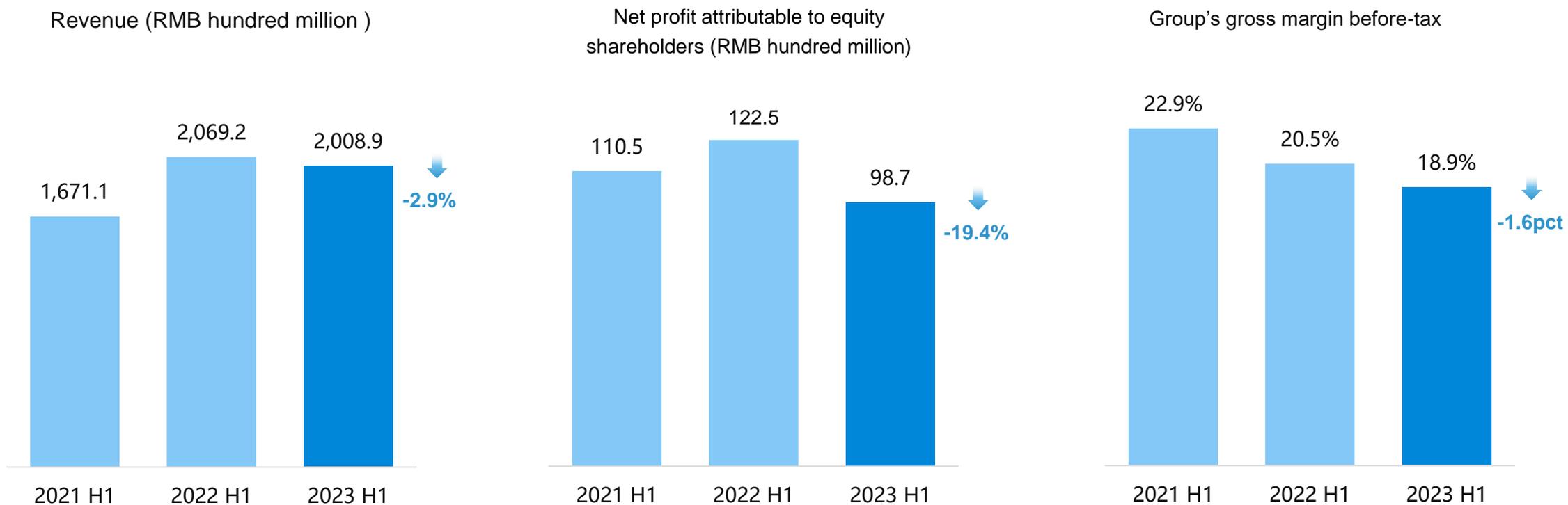
In the first half of 2023, the market prosperity rebound for a short term but later plunged again, indicating a critical situation. In response, Vanke adhered to its strategy of “concurrently focusing on both development and operation & service businesses”, which enabled the Group’s operation & service segments to maintain a growth trend despite a decrease in scale of the property development business due to market influences. Moreover, the Group continued to optimize its asset/liability structure, ensuring a prudent financial and capital position.

Revenue and net profit attributable to the parent company decreased

Total revenue was **RMB 200.89 billion**, representing a YoY decrease of **2.9%**.

Net profit attributable to equity shareholders stood at **RMB 9.87 billion**, representing a YoY decrease of **19.4%**, mainly due to the decline in the settlement scale of the property development business and the settlement margin.

The Group's gross margin before-tax reached **18.9%**, decreased 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%**, decreased by **1.5pct**.



Operating cash flow

Net cash inflow for **14** consecutive years

Structure of interest-bearing liabilities

Short-term liabilities accounted for

14.2%

Lowest on record

Financing method

Unsecured & unpledged financing accounted for

93.9%

Property Development business

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

Operation & Service business

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

Property service

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

Rental housing

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 **4 pct** compared with that at the beginning of 2023.

Retail property development and operations

Occupancy rate of SCPG reached **94.7%**, up by **1.5pct** compared with that at the beginning of 2023.
SCPG provided management services for **88** projects in total.

Profit & Loss

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

Assets & Liabilities

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

Moody's **Baa1** stable

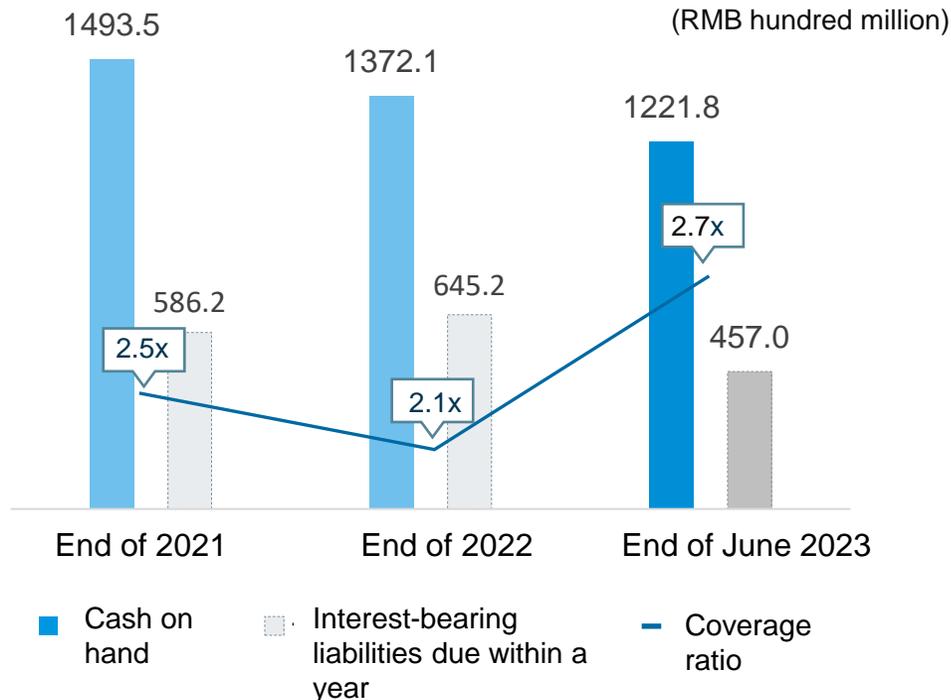
S&P **BBB+** stable

Fitch **BBB+** stable

CCXI **AAA** stable

Net operating cash inflow for 14 consecutive years, amounted to RMB1.86 billion in the first half of 2023

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



Cost of credit bond remains low

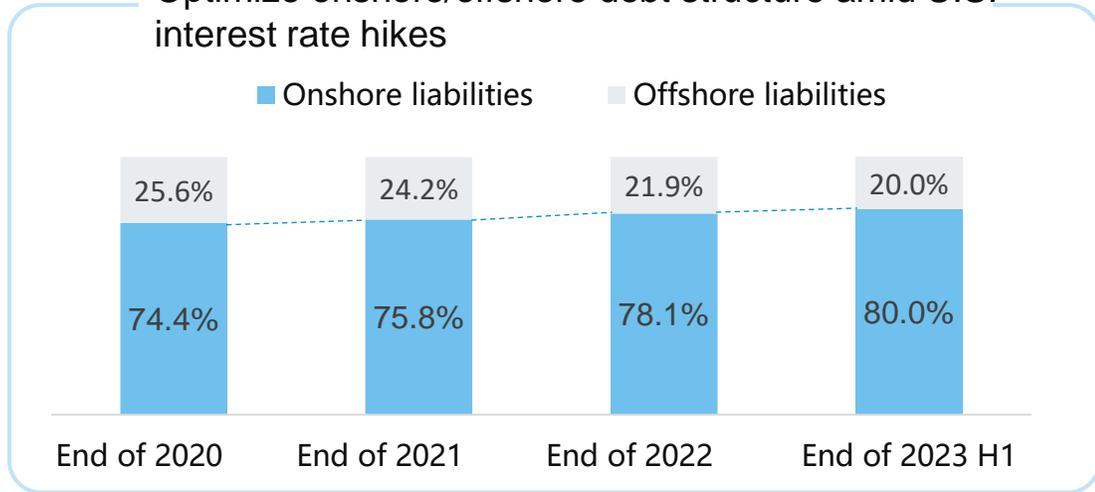
Issued RMB10 billion onshore credit bonds between Jan and July, of which the comprehensive financing cost stood at 3.09%.

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

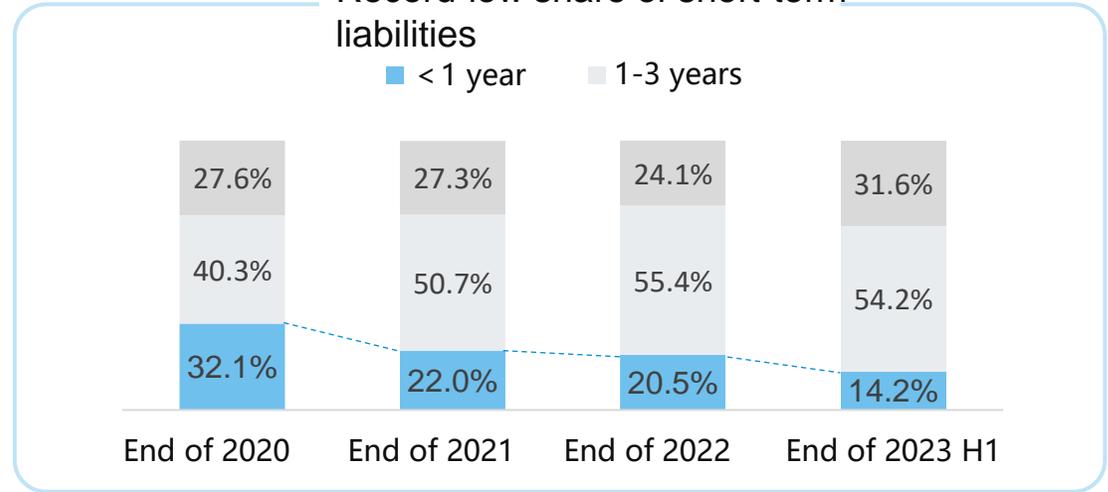
The structure of interest-bearing liabilities continues to improve, bolstering security resilience

The Company's interest-bearing liabilities amounted to RMB 321.36 billion (+2.3%), with unsecured and unpledged debt representing 93.9%. **No offshore interest-bearing liabilities will be due in 2023 H2.**

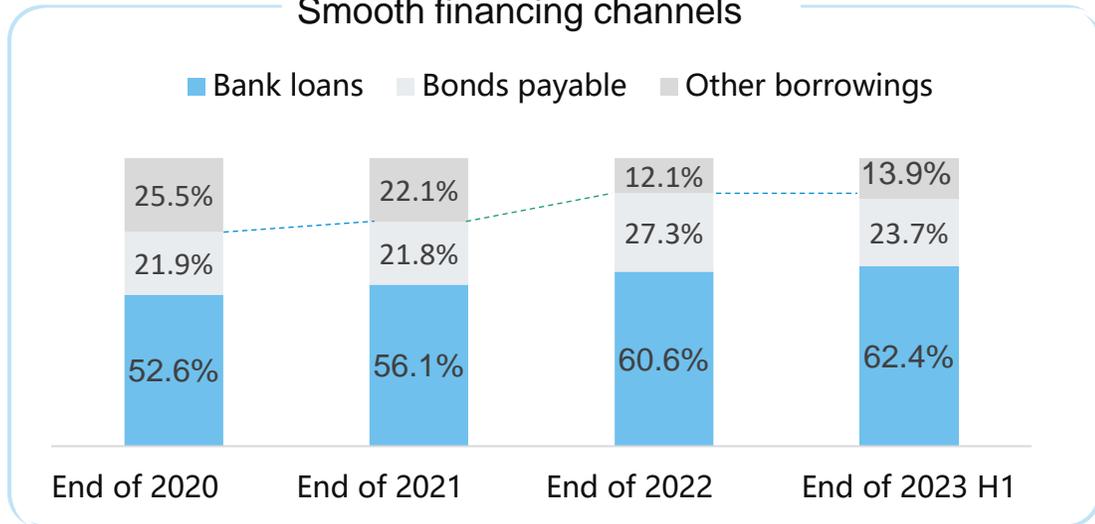
Optimize onshore/offshore debt structure amid U.S. interest rate hikes



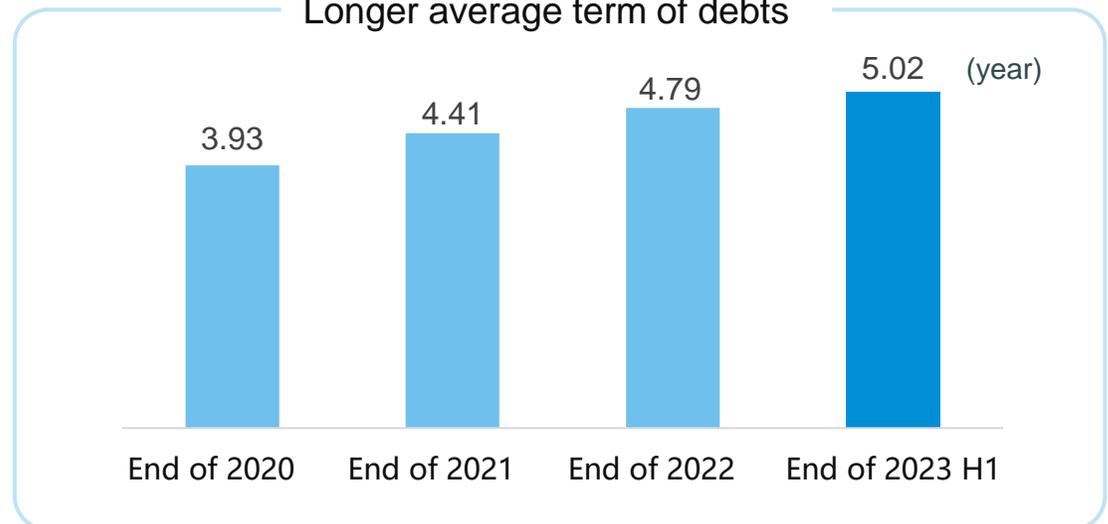
Record-low share of short-term liabilities



Smooth financing channels



Longer average term of debts



II. Highlights of 2023 H1

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

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

Sales

Settlement

Sales amount

203.94 billion (-5.3%)

Receivable turnover /Sales amount

Nearly **100%**

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 sold resources not yet been completed and settled

488.44 billion



Changsha Puyuwewan

Property 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

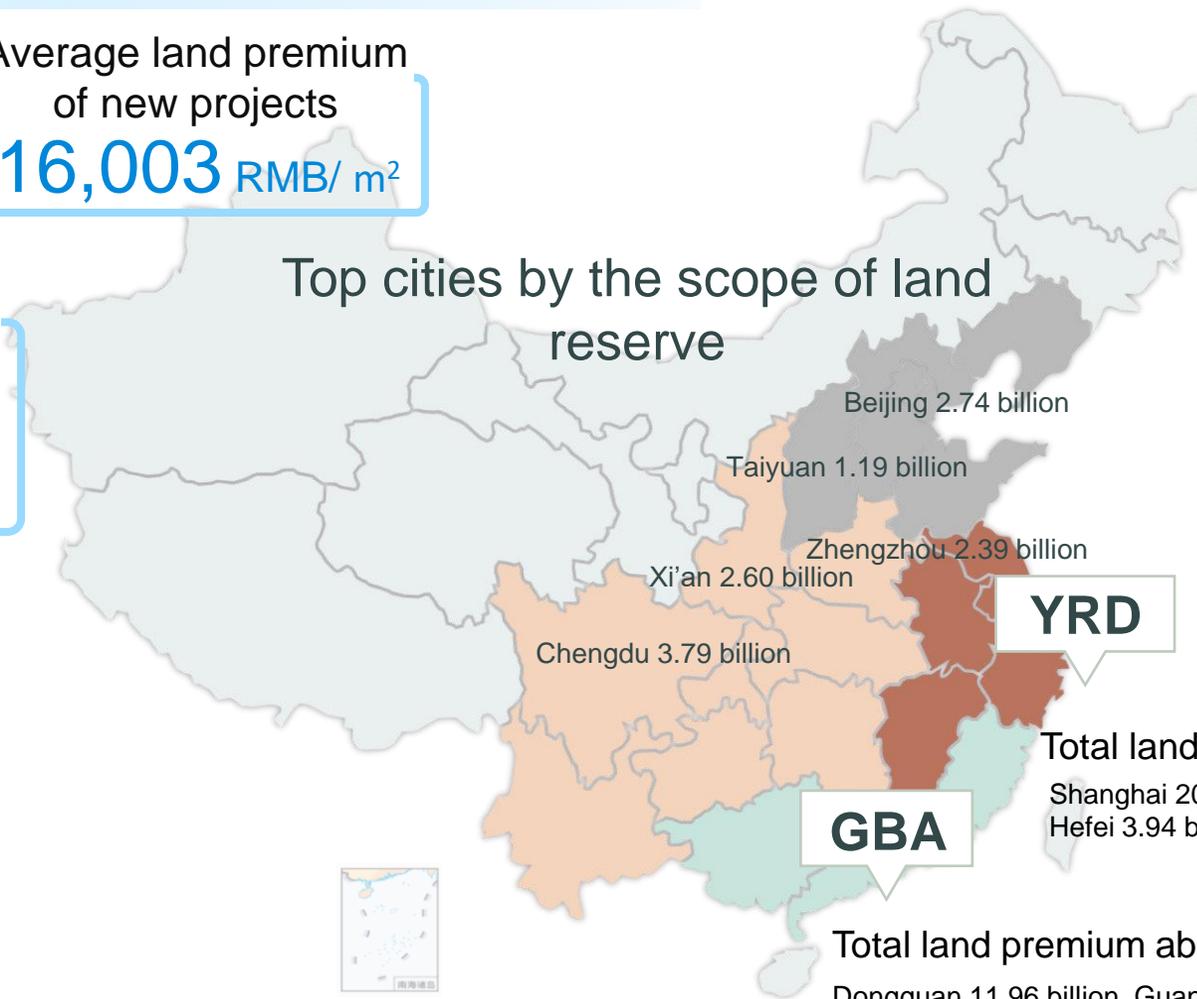
Smooth progress in new construction and completion

Total land premium
71.86 billion

Average land premium of new projects
16,003 RMB/ m²

GFA of new/resumed projects
11.96 million m²
fulfilled **71.5%**
of the annual plan

Share of investment amount in 1st and 2nd tier cities
100%



GFA of completed projects
12.905 million m²
achieved **40.0%** of the annual plan

Project resources are well structured

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



Property Development Business: product line efforts bearing 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 pre-tax gross profit margin of 16.8%.



Nanjing Langshi Phase II

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



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%.



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%.



Shanghai Langshi Huayu

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

Property Development Business: product line efforts bearing 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 amounted to **RMB 1.32 billion**, with a **79%** subscription rate and pre-tax gross profit margin of **22.6%**.

Dongguan Zhenwanhui

Sales of the initial launch in March 2023 amounted to **RMB1.31 billion**, with a **100%** subscription rate, marking it Dongguan's first lottery-drawing project of the year, overseen by notary officials. Pre-tax gross profit margin was **21.8%** at first launch and sales reached **RMB 4.5 billion** 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 pre-tax gross profit margin of **32.9%**.



Guangzhou Zhenyuefu

To be unveiled in November 2023.

Property 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 center 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 new cultural, artistic, and commercial landmark in Hangzhou](#). 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 first stores in China and [8](#) at the Hangzhou level. The average daily customer traffic 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. Jointly developed by Jiangxi Vanke and OCT Group, it serves as a benchmark project with significant influence in the city.

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 of [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).

Property Development business: integrating 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. Life support facilities are strategically formulated based on population density and activity coverage. This **Ideal Future City community** is a first unit that integrating development and operation through the combination of 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 RMB **4.5 billion** and a net profit margin of **29.6%**.

Property 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)



Delivery stage

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

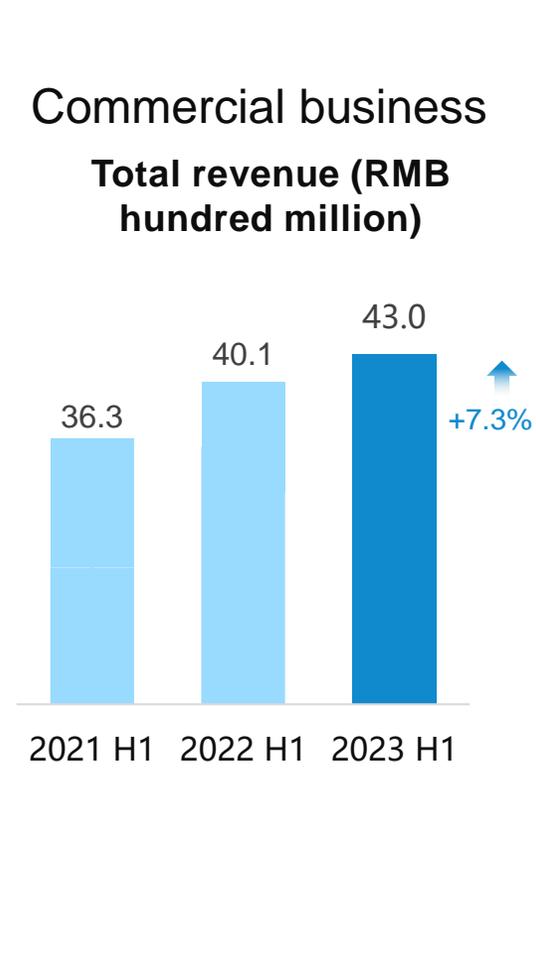
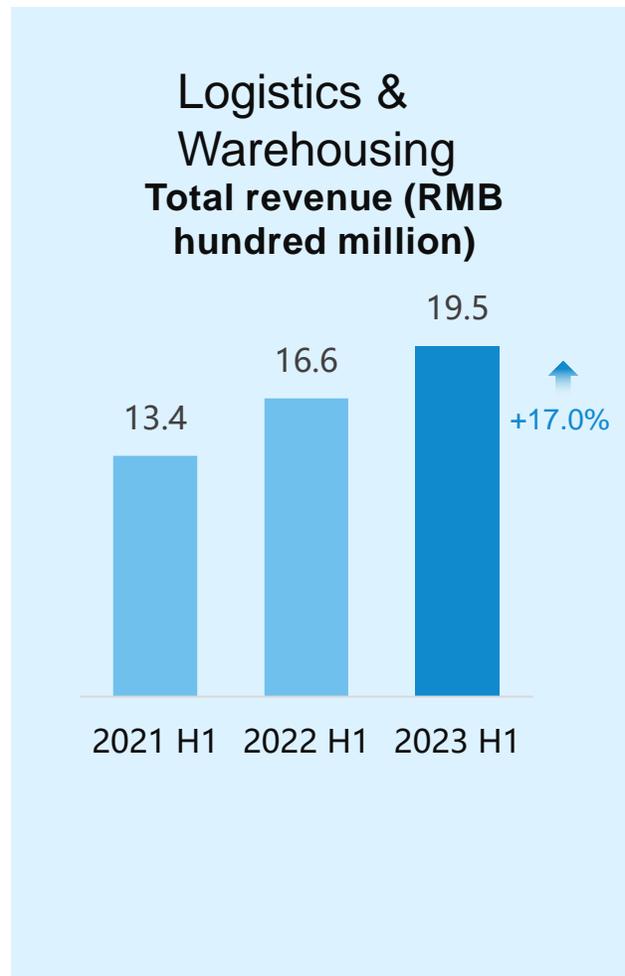
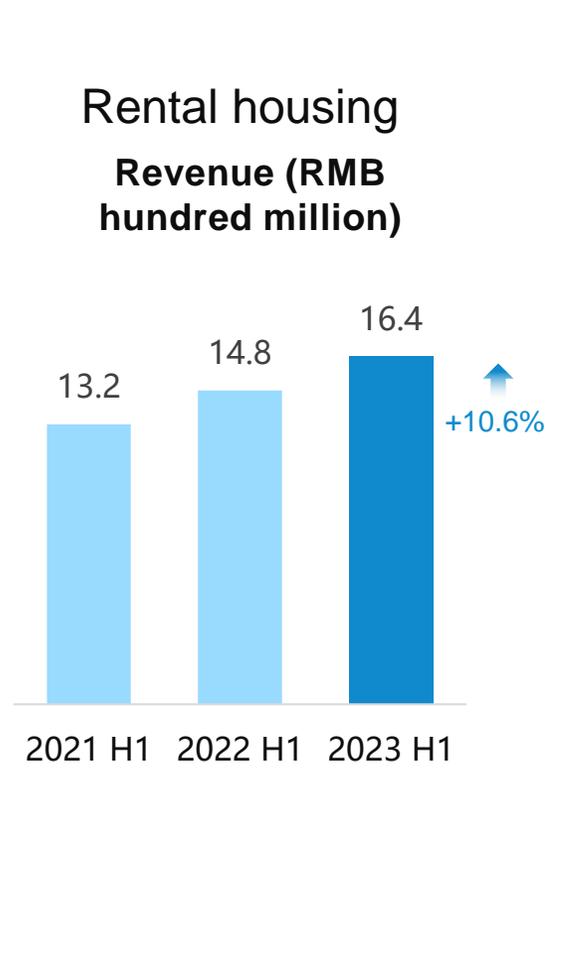
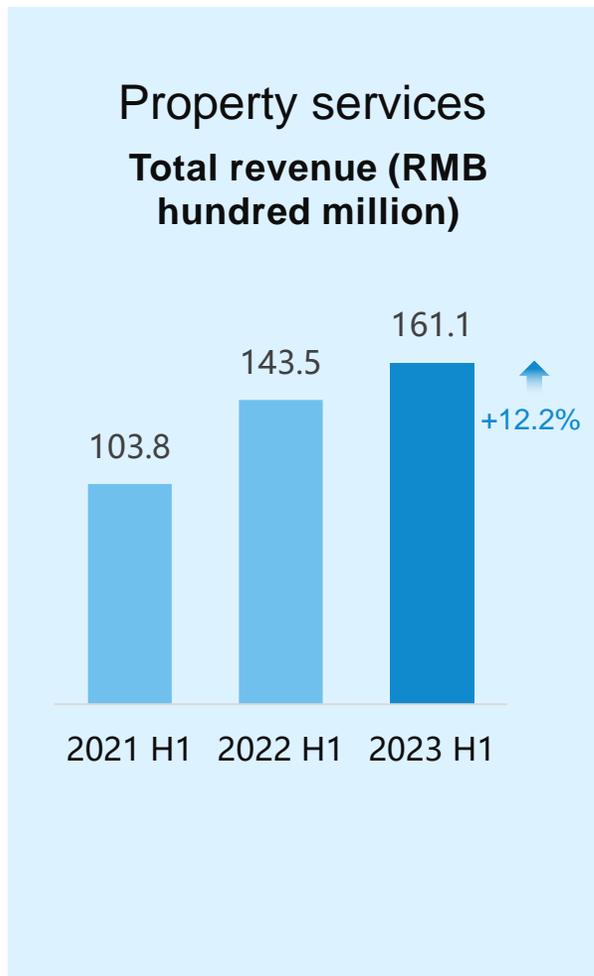
The "Joyful Living" Campaign offers an array of education, commercial, food market, and transportation amenities.

Living stage

Elevating the quality and effectiveness of greenspace through the "Greening" initiative.

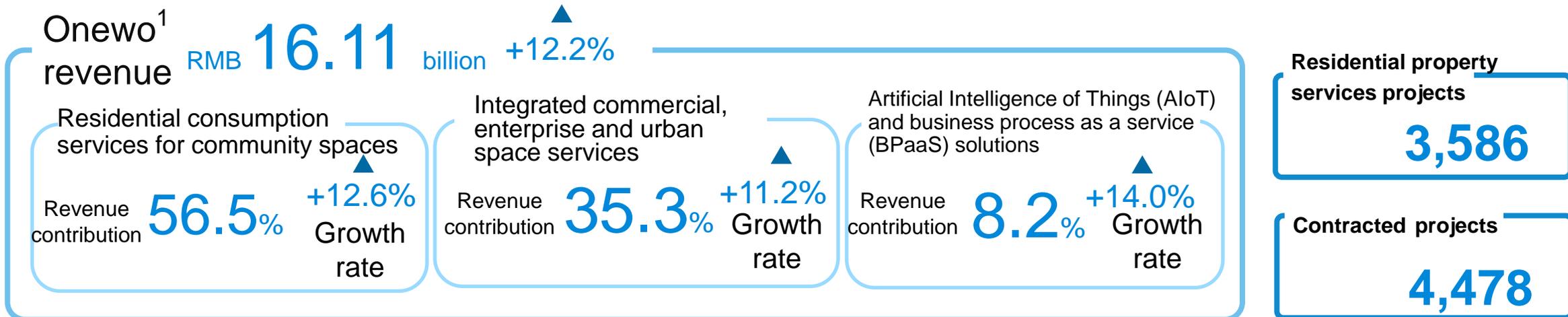
(**77** cities, **2,641** existing communities)

Operation & Service Business: total revenue reached RMB 26.73 billion, up by 11.9% YoY

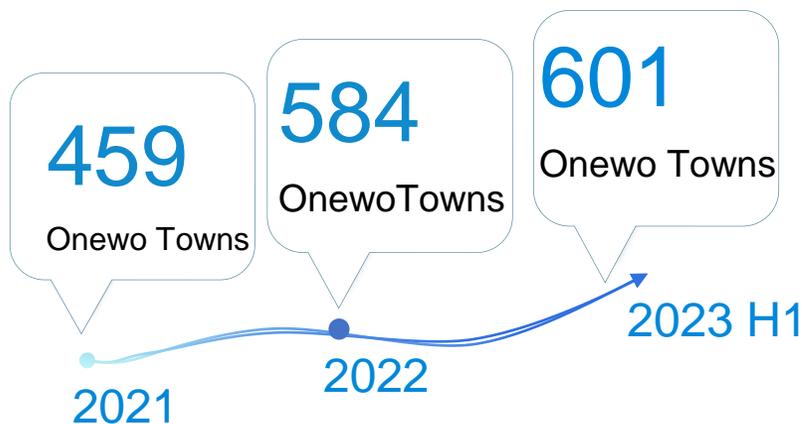


Note 1: The revenue from rental housing, logistics & warehousing, commercial business consist of non-consolidated projects. Property management service revenue of RMB 16.11 billion includes revenue from services offered to Vanke Group, and the variance of revenue from Onewo's disclosure is mainly due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

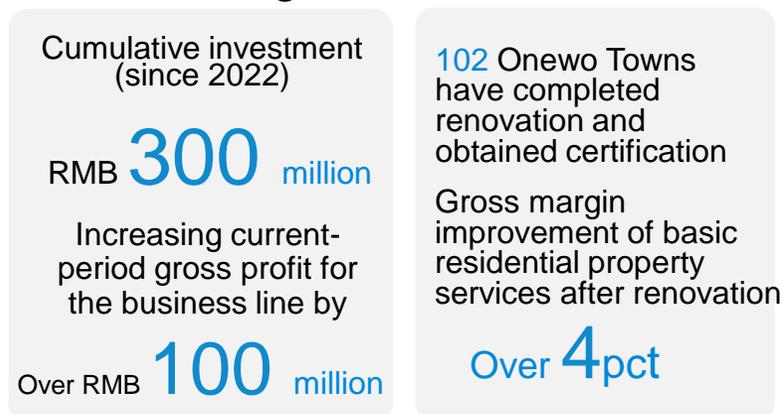
Onewo: implementing the Onewo Town Strategy for robust core business growth



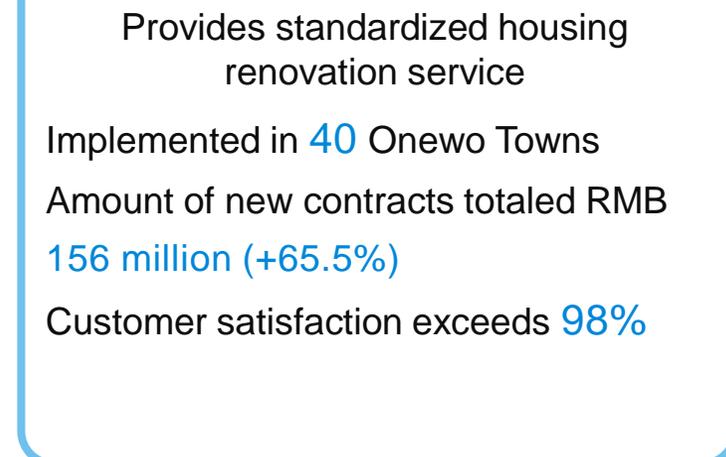
Steady growth of Onewo Towns²



Onewo Towns are highly replicable and offer good investment return



Housing renovation business



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, corporate 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: expanding customer boundaries and deepening service concentration in commercial and corporate services

New managed projects

129

New contracted projects

223

Cumulative managed projects

1,964

Cumulative contracted projects

2,329

Contribution of existing customers to the saturated revenue from 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

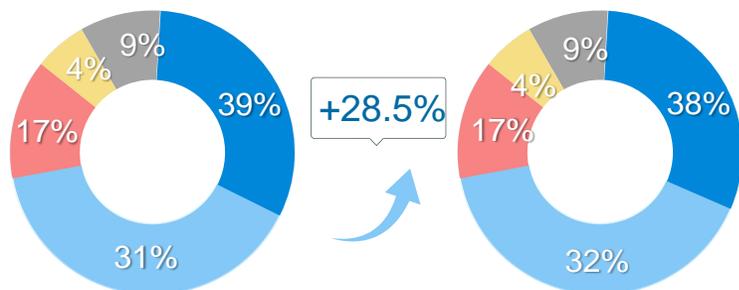
Firms worth above RMB 10 billion

47

Steady development on five tracks

Revenue in 2022 H1:
RMB 2.06 billion

Revenue in 2023 H1:
RMB 2.64 billion



+28.5%

Cushman & Wakefield Vanke Service deepened service concentration 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%

■ Internet
 ■ High-end manufacturing
 ■ Finance
 ■ Biomedicine
 ■ Multinational firms

Onewo: synergistically developing across community, commercial and urban spaces, aiming to deliver stable, reliable, and high-quality services



Residential services

Carried out multiple activities 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%** YOY.



Commerical / corporate services

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

Awarded the "China's Leading Office Building Property Management Companies" title for three consecutive years by the CRIC Property Management and China Property Management Research Association;

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

Cushman & Wakefield Vanke Service launched the Bee Program¹, 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.



【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 Kulangsu 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 operating efficiency

Unveiled units

174,000

Vanke remains China's largest centralized rental housing 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 with that at the beginning of the year

Subsidized rental housing projects

106

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

Steadily improving operational efficiency

	2023H1	2022	Var
Customer acquisition from self-owned 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 renewal rate

58%

Registered users over the online platform

3.36 million
(+24.4%)

Large rental community compounds represented by "Yuan Er" project

Currently, a total of **4** "Yuan Er" rental community projects have been opened in Beijing and Xiamen, providing with comprehensive solutions covering leasing, retail property and property management, delivering over **11,000** units.

Port Apartment | Yuan Er · Caoqiao Community Compound: As the third largest rental community in Beijing, this project has **3,406** rooms with a total GFA of **138,000** m² and occupancy rate of **97.9%** currently. 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



Port Apartment Concert: "Everyone's Singer Dream"



Port Apartment Lawn Concert



Port Apartment Flying Disc Activity on Chinese Valentine's Day



"Sister Leadership Program" Workshop

Rental Housing: making efforts to expand its enterprise client base , aiming to provide "headquarter-to-headquarter" rental services, specifically tailored for top-tier companies

Share of corporate tenants	New corporate customers	Cumulatively served corporates
21.5%	1,524	4,460



Centralized Rental Housing Services for the Port Apartment Pingshan Yanziling Residences



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

Nationwide corporate tenants

 比亚迪汽车 Currently leased 1,633 units	 HUAWEI Currently leased 1,458 units	 腾讯 Currently leased 1,332 units	 大疆创新 Currently leased 1,127 units
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- Primarily in cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Xi'an, 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

CCB & Vanke Rental Housing Fund Project: Port Apartment 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 m². It opened for business in 2019, providing 328 rooms. Current occupancy rate is 98.8%.

CCB Rental Housing Fund

Sub-fund AUM

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

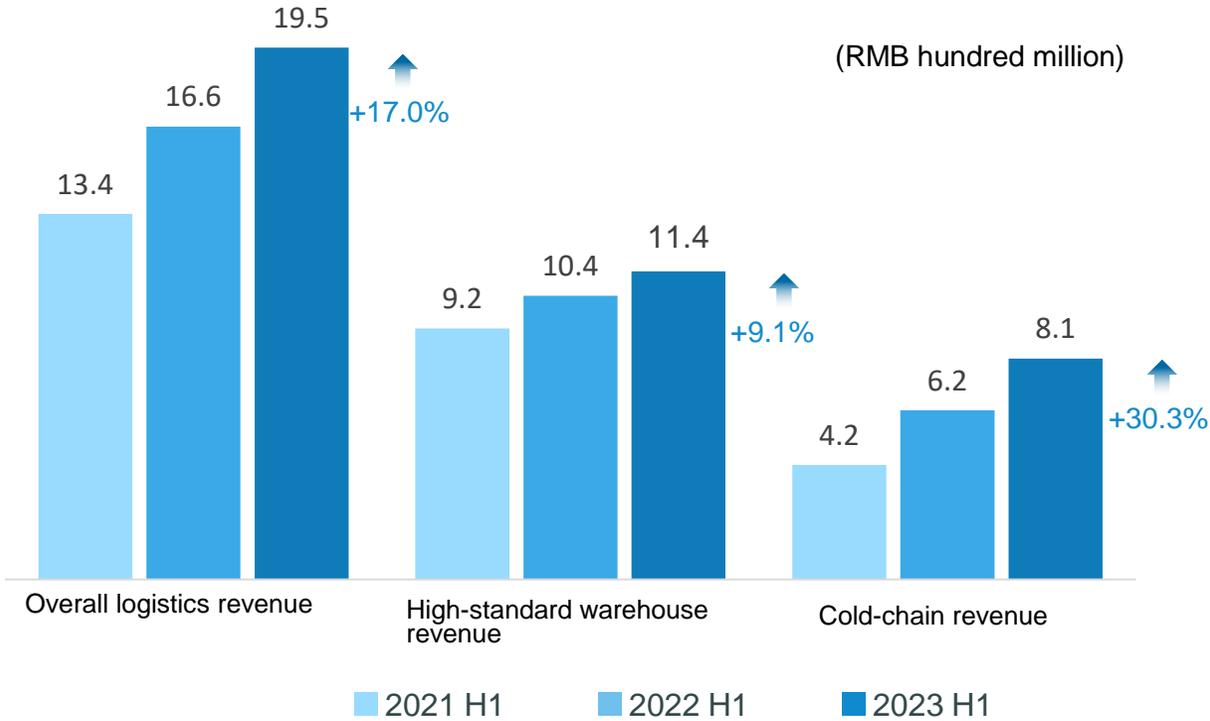
CCB & Vanke Rental Housing Fund Project: Port Apartment Future Center Residences Wuhan



Located in Hanyang District, Wuhan, this project has an investment of RMB 100 million with GFA of 17,000 m². 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

Cumulative leasable floor area of the opened projects

9.852 million m²

Stable occupancy rate

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

Cold chain utilization rate in 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

Leasable floor area of **1.415 million m²**

Warehouse network layout with nationwide coverage

National warehouse network: Warehouses in **47** cities with an area of **over 12 million+ m²**

Adhering to service standards above industry requirements

Establishing VX's own food quality and 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 various sectors with integrated supply chain solutions, and deeply involving in customer supply chain management ;

Lean operations: Establishing systematic evaluation indexes and operation system regarding the operation, warehousing and distribution for cold chain warehouses ;

Capability training system: 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, smart cold chain logistics complex with integrated bonded refrigerated warehouses

Park status: Construction area of about 100,000 m²; 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

Note: BRCGS S&D third-party certification is the most influential and recognized food safety certification standard of GFSI (Global Food Safety Initiative).

Retail property development and operations: improving the quality of operation with the overall increase in revenue and occupancy rate

Increasing revenue and occupancy rate

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

SCPG's occupancy rate: **94.7%** (+1.5pct compared with that of the end of 2022)

203 unveiled projects

GFA of **11.183 million m²** (excluding management provision asset-light projects)

Continuous provision of management

SCPG provided management services for **88** projects with a management area of **4.81 million m²**

64 unveiled projects with a floor area of **3.52 million m²**

Internal business resources integration

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



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 that at the beginning of year and annual average rent up **9%**

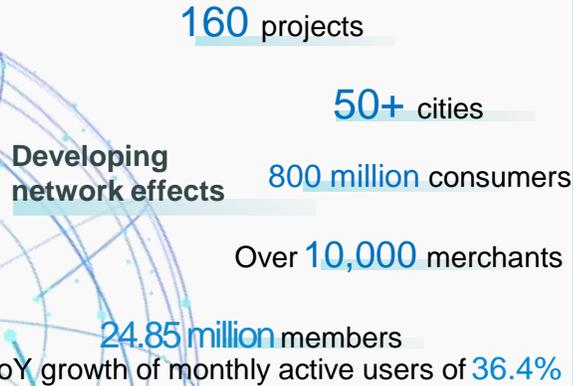
Note 1: The Group entrusted certain retail property projects in Regional BG to SCPG for the purpose of increasing resource and management synergies .

Retail property development and operations: improving the construction of consumer infrastructure and operational service competitiveness



Focus on commercial property

Specialize in the consumer infrastructure industry for 20 years with comprehensive competitiveness; Committed to serving mainstream household/mass consumers.



Entire value chain

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;
Presenting 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.

Retail property development and operations: continuously strengthening new project preparation and revitalization 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 volume 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%**.

Revitalization 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 traffic is up **29%**, hitting new records. Adjustment exceeds **18,000 m²**, 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 rate of **90%**.



Technology empowers business performance, cost reduction, and efficiency improvement

Strengthening data governance for overall, dynamic and refined business management.

Acquiring property development process data with certificate, drawing, and drone image identification technologies.

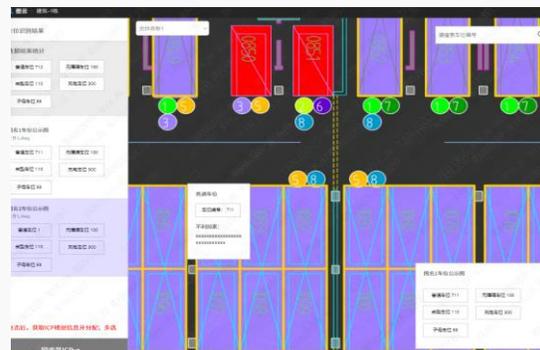
Leveraging automatic reconciliation, AI algorithms and digital employee interaction capabilities to increase the efficiency and accuracy of assets, funds and operational management.

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

Large-scale implementation in 7 major regions and 85 major cities, with a cumulative industrial construction area **exceeding 200 million m²**. In the first half of 2023, over **90%** of newly launched mainstream projects have adopted industrial applications.

Developing green buildings

New construction projects have been meeting green building evaluation standards for **10** consecutive years. By the end of June 2023, the area of Vanke's green buildings reached **316 million m²**, 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 reached 19,304 m², 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 m²; 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 Awards



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 a GFA of 98,600 m², 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 topics.

Rooftop PV system provides clean energy for the Logistics Park and was 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

Industry-leading ESG ratings and continued enhancement of sustainable development capabilities

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 experiencing a slump in 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 industry-leading credit rating, preserving financing resilience, and continuously optimizing debt structure.

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

Third, enhancing ESG value and sustainable development capabilities.

At each business levels:

Property 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 delivery of residential projects with high quality and quantity.

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

Rental Housing: Concentrate on high-quality projects and accelerate projects opening; maintain high levels of occupancy; adopt an innovative business model to enhance customer relations and services; foster qualified assets and create multiple exit pathways for rental housing.

Logistics and Warehousing: Focus on cold chain and core cities, while continuously improving the layout of the logistical network; strengthen channel development to enhance the ability to serve customers; improve service capabilities for integrated supply chains and increase customer stickiness.

Retail property development and operations: Ensure the kick-off of key projects and continuously iterate products; improve project returns; enhance technology-business integration, increase management 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)
Gross profit	37,889,284	42,330,067
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)
Profit from operations	30,127,799	34,367,258
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)
Profit before taxation	27,717,514	31,168,099
Income tax	(12,549,300)	(13,037,188)
Profit for the period	15,168,214	18,130,911
Attributable to:		
Equity shareholders of the Company	9,870,472	12,251,269
Non-controlling interests	5,297,742	5,879,642
Profit for the period	15,168,214	18,130,911
Earnings per share (RMB)		
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
Profit for the period	15,168,214	18,130,911
Other comprehensive income for the period (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)	(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)
Other comprehensive income for the period	2,500,907	(789,385)
Total comprehensive income for the period	17,669,121	17,341,526
Attributable to:		
Equity shareholders of the Company	11,785,012	10,985,821
Non-controlling interests	5,884,109	6,355,705
Total comprehensive income for the period	17,669,121	17,341,526

Appendix: Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	30 June 2023 RMB'000	31 December 2022 RMB'000
Non-current assets		
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
	359,152,600	342,448,556
Current assets		
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
	1,325,070,729	1,415,395,430
Current liabilities		
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
	981,909,083	1,077,801,573
Net current assets	343,161,646	337,593,857
Total assets less current liabilities	702,314,246	680,042,413

Appendix: Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	30 June 2023 RMB'000	31 December 2022 RMB'000
Non-current liabilities		
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
	299,669,763	274,405,583
NET ASSETS	402,644,483	405,636,830
CAPITAL AND RESERVES		
Share capital	11,930,709	11,630,709
Treasury shares	(1,291,800)	(1,291,800)
Reserves	238,687,760	232,986,466
Total equity attributable to equity shareholders of the Company	249,326,669	243,325,375
Non-controlling interests	153,317,814	162,311,455
TOTAL EQUITY	402,644,483	405,636,830

Appendix: Condensed Consolidated Cash Flow Statement

For the period ended 30 June 2023

	Jan – Jun 2023 RMB'000	Jan – Jun 2023 RMB'000
Operating activities		
Cash generated from operations	21,716,681	31,430,141
Income Tax paid	(19,852,180)	(23,142,120)
Net cash generated from operating activities	1,864,500	8,288,021
Investing activities		
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
Net cash used in investing activities	(293,419)	(4,852,503)
Financing activities		
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
Net cash (used in)/generated from financing activities	(16,440,283)	(6,738,123)
Effect of foreign exchange rate changes	150,431	501,868
Net decrease in cash and cash equivalents	(14,718,771)	(2,800,737)
Cash and cash equivalents at 1 January	134,424,670	140,708,459
Cash and cash equivalents at 30 June	119,705,899	137,907,722

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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