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CHINA VANKE CO., LTD.

(000002.SZ, 2202.HK)

2021 ANNUAL RESULTS ANNOUNCEMENT

March 31st 2022

www.vanke.com

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Part 1

Financial Overview



Net Profit Attributable to Vanke's Equity Holding

- The operating income reached **RMB 452.80 billion**, a YOY growth of **8.0%**.
- The net profit attributable to equity holding amounted to **RMB 22.52 billion**, a decrease of **45.7%**.

Financial and cash flow positions remain robust

- In 2021 Q1, the Group met the “green level” requirement with the monetary funds reaching **RMB 149.35 billion**, covering **2.5** times of short-term debt. The net gearing ratio was **29.7%**.
- The total interest-bearing liabilities were stable and amounted to **RMB 265.96 billion**; The interest-bearing liabilities due within one year amounted to **RMB 58.62 billion**, down by 29.3% year-on-year with optimization in debt structure.
- The Group maintained net operating cash inflow for **13 consecutive years**.
- The Group's credit rating remained in a leading position with both S&P and Fitch maintaining a “BBB+” rating and Moody a “Baa1” .
- The comprehensive average financing cost of existing financing decreased to **4.11%**.

The scale of development business declined The Development of Operation and Service business grew rapidly

- The sales amount reached **RMB 627.78 billion**, a decrease of **10.8%**.
- The Group achieved revenue of **RMB24.04 billion** from property services, a YOY increase of **32.1%**.
- The revenue growth rates of logistics & warehousing, rental housing and commercial real estate (including non-consolidated items) were **68.9%**, **13.9%** and **20.6%** respectively.

The dividend ratio increased

- The Group temporarily raised the dividend ratio up to **50%** this year.



Steady growth of operating income and the net profit attributable to equity shareholders decreased

- ❑ The Group reached **RMB 452.80 billion** in operating income, a YOY growth of **8.0%**
- ❑ The net profit attributable to equity shareholders of the Company stood at **RMB 22.52 billion**, down by **45.7%** year-on-year, which was mainly due to the sharp drop in the net profit of the real estate development business, including the following factors:
 - **Gross profit margin declined.** In 2021, the company's gross profit margin reached 21.8%, a year-on-year decrease of 7.4 percentage points. The gross profit margin(after deduction of business tax and surcharges) decreased by 5.6 percentage points to 17.2% from 22.8% in 2020, which was mainly affected by the increase in the ratio of land prices to selling prices for settlement projects in recent years. The settlement gross profit margin of the development business dropped to 23.0%. The gross profit margin (after taxes and surcharges) dropped from 24.0% in 2020 to 17.8%. The total gross profit also dropped from RMB 90.57 billion to RMB 71.70 billion, a year-on-year decrease of RMB 18.87 billion.
 - **Investment income decreased.** The investment income in 2021 was RMB 6.61 billion, a decrease of RMB 6.90 billion from the high level of RMB 13.51 billion in 2020, which was affected by the decrease in gain on joint ventured or associated projects recognized under the equity method and the decrease in gain on disposal of subsidiaries. Among them, the decrease in investment income recognized under the equity method was mainly due to the decrease in the gross profit margin of joint venture projects and the decrease in income from investment in other businesses.
 - **Impairment provision.** Since the second half of 2021, the market has experienced a significant downturn with the decline has intensified in the fourth quarter.
 - In accordance with the principle of prudence, the Company conducted a comprehensive impairment test on its assets at the end of 2021 with an additional provision for impairment of RMB 3.53 billion (including RMB 3.12 billion for inventory impairment and RMB 410 million for other assets impairment), which reduced the equity net profit by about RMB 2.55 billion in total.



Summary of key accounting data and financial indicators

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Profit and Loss	Account unit	2021	2020	Change
Revenue	RMB hundred million	4,528.0	4,191.1	8.0%
Gross margin (before tax)	%	21.8%	29.2%	-7.4pct
Gross margin (after tax)	%	17.2%	22.8%	-5.6pct
Net profit	RMB hundred million	380.7	593.0	-35.8%
Net profit attributable to owners of the parent	RMB hundred million	225.2	415.2	-45.7%
EPS	RMB	1.94	3.62	-46.5%
DPS (expected)	RMB	0.97	1.25	-22.4%
Assets and Liabilities	Account unit	December 31 2021	December 31 2020	Change
Cash and cash equivalents	RMB hundred million	1,493.5	1,952.3	-23.5%
Total assets	RMB hundred million	19,386.4	18,691.8	3.7%
Interest bearing liabilities	RMB hundred million	2,659.6	2,585.3	2.9%
Interest bearing liabilities due over one year	RMB hundred million	586.2	829.1	-29.3%
Total equity	RMB hundred million	3,927.7	3,498.4	12.3%
Equity attributable to owners of the parent	RMB hundred million	2,359.5	2,245.1	5.1%
Net assets per share	RMB	20.30	19.32	5.0%



The Group maintained an industry-leading credit rating with **vanke** a net operating cash inflow for 13 consecutive years

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- ❑ The Group's credit rating is industry-leading with the "three red lines" indicators meeting the "green level" requirement.
- ❑ The Group maintained a net operating cash inflow for **13 consecutive years** with a net cash inflow from operations of **RMB 4.11 billion** for the entire year.
- ❑ **The cash remained abundant.** As of the end of the Reporting Period, the cash and cash equivalents held by the Group amounted to **RMB 149.35 billion**.
- ❑ **The net gearing ratio has remained low for a long time.** As of the end of the Reporting Period, the net debt was **29.7%**, which has stayed lower than **40%** for **21** consecutive years

"Three Red Lines" Indicators

Item	Green-level Requirement	December 31, 2021
Asset-liability ratio excluding receipts of prepayments	< 70%	68.4%
Cash to short-term debt ratio*	> 1 X	1.5
Net gearing ratio	< 100%	29.7%

* Note: The Group's restricted funds of RMB 8.64 billion and pre-sale regulatory funds of RMB 53.87 billion have been excluded from the cash

Credit Rating Overview

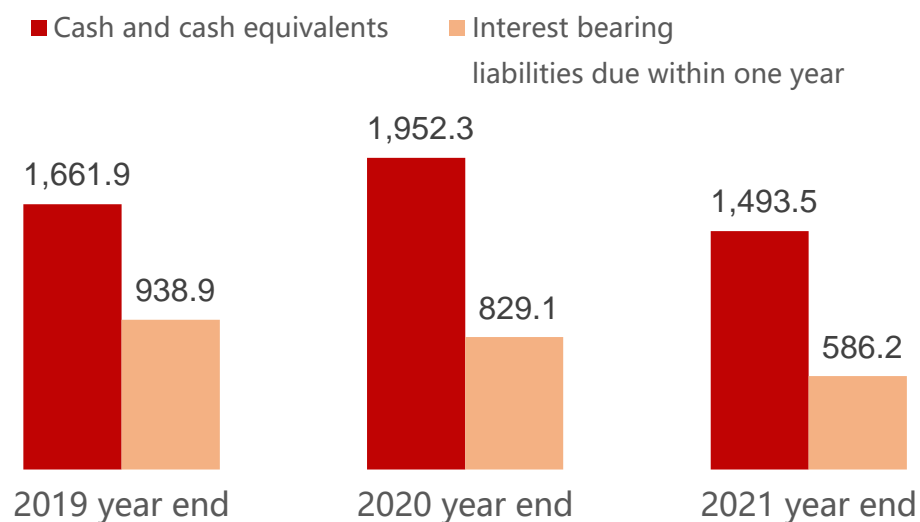
Rating Agency	Ratings	Outlook
S&P	BBB+	Stable
Fitch	BBB+	Stable
Moody	Baa1	Stable
CCXR	AAA	Stable



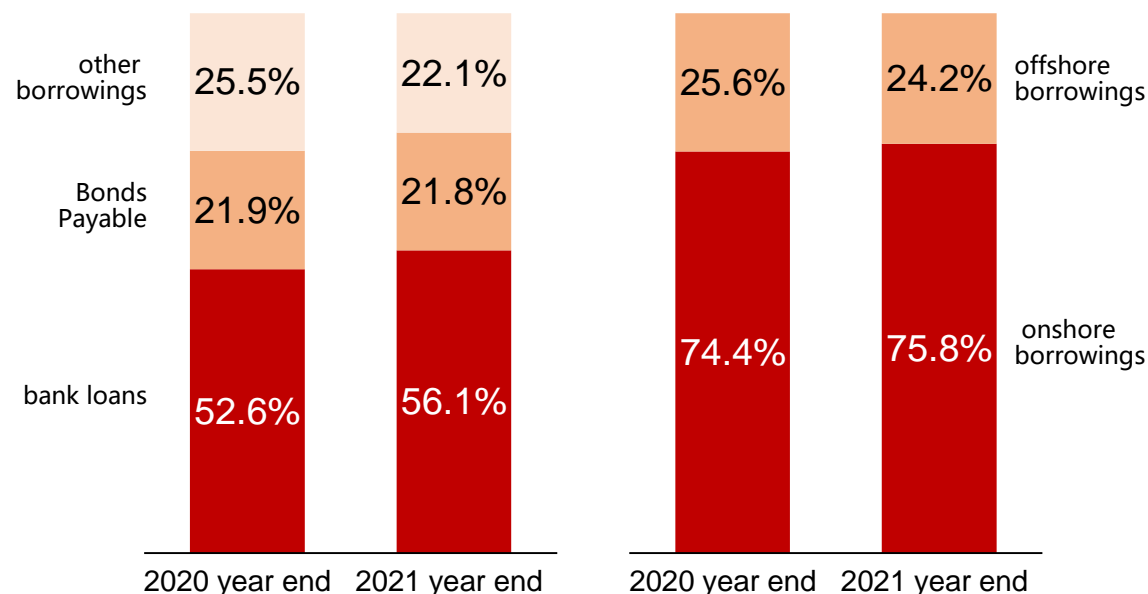
Stable interest-bearing liabilities and optimized term structure

- ❑ **The interest-bearing liabilities featured a stable scale.** The total interest-bearing liabilities amounted to **RMB 265.96 billion**, representing a year-on-year increase of 2.9%, where domestic liabilities and overseas liabilities accounted for 75.8% and 24.2% respectively. The bank borrowings, bonds payable and other borrowings accounted for 56.1%, 21.8% and 22.1%, respectively.
- ❑ **The liabilities were optimized in structure.** The short-term debt and interest-bearing liabilities due within one year amounted to **RMB 58.62 billion**, down by 29.3% year-on-year, and its proportion out of the total interest-bearing liabilities is down by **10.1 pct.** Cash and cash equivalents covered **2.5** times of short-term debt, representing an increase of approximately **0.2** times from the end of 2020.

Changes in Cash and cash equivalents and interest-bearing liabilities due within one year (RMB 100 million)



Interest-bearing liabilities structure





Maintaining a wide range of financing channels and a low-level financing cost in the industry

The comprehensive average financing cost of existing financing decreased to **4.11%**

Financing channel	Balance (RMB billion)	Range of financing costs
Bank loans	149.20	Based on contracted Libor rate float up to 5.88%
Bonds	58.03	1.90% - 5.35%
Other borrowings	58.73	2.99% - 6.16%
Total interest-bearing liabilities	265.96 billion	

As of December 31, 2021

Rational use of debt financing tools

To enhance the Company's ability to avert financial risks, the Group continued to optimize its debt structure and reduce financing costs through financing instruments including corporate bonds and medium-term notes.

2021 – Present

Issuance Date	Type	Term of years	Coupon rate (%)	Issuance scale (RMB hundred million)
Jan 2021	Medium-term notes	3	3.76%	20
Jan 2021	Corporate bonds for rental housing	3/7	3.38%/3.98%	30
Apr 2021	Medium-term notes	3	3.52%	20
May 2021	Corporate bonds	5/7	3.4%/3.7%	15.66
Jul 2021	Corporate bonds for rental housing	5/7	3.19%/3.49%	30
Sep 2021	Medium-term notes	3	3.08%	20
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

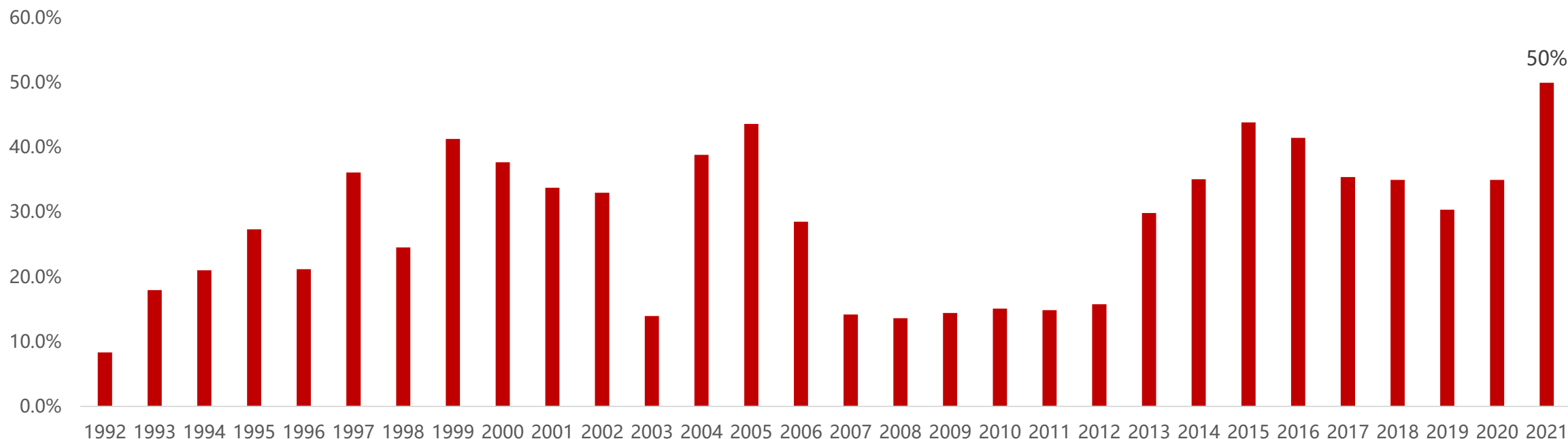


Dividend ratio raised to **50%**, maintaining cash dividends for **vanke** **30** consecutive years

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- The dividend ratio was **temporarily** raised to **50%** this year with an estimated dividend amount of about **RMB 11.28 billion**.
- Since the listing, the accumulated dividends were **RMB 94.97 billion**, which was **2.86** times the amount of equity financing since the listing.
- Since the listing, the Group has paid cash dividends for **30** consecutive years, with an average dividend payout ratio of **33.2%**

Cash dividend ratio



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Part 2

Business Overview

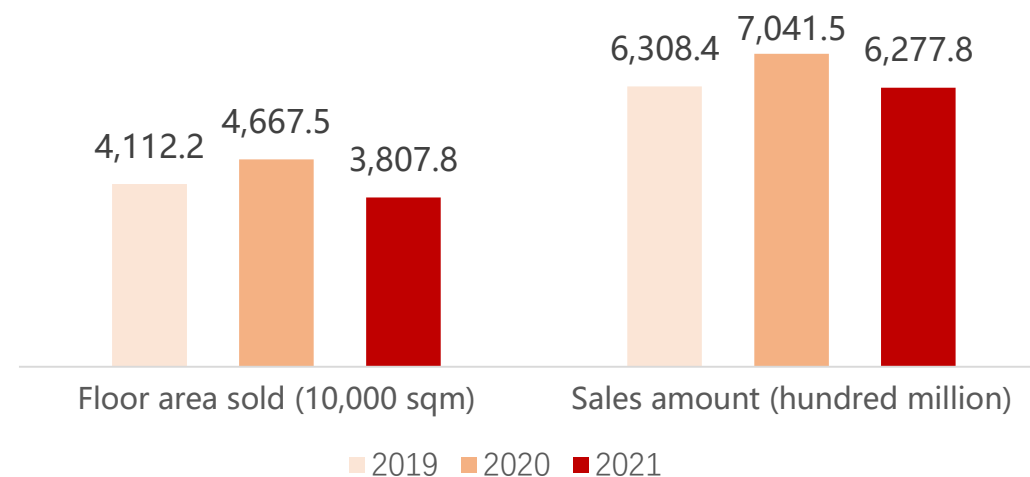


- In 2021, the Group reached a sales amount of **RMB 627.78 billion**, a YOY decrease of **10.8%** with the average sales price of **RMB 16,487** per square meter.
- The estimated floor area of newly started projects of the Group's development business was approximately **32.65 million** square meters, a year-on-year decrease of **17.6%**, completing **103.7%** of the target set up at the beginning of the year.
- The estimated floor area of completed projects of its development business was approximately **35.71 million** square meters, a year-on-year increase of **5.6%**, completing **99.6%** of the target set up at the beginning of the year.

Ranking Top 3 in 43 city markets

NO.1	Wuhan, Chengdu, Nanjing, Zhengzhou, Shenyang, Changchun, Xi'an, Hefei, Jinan, Nanchang, Xining, Wuxi, Nantong, Yantai, Sanya, etc.	20 cities
NO.2	Shanghai, Shenzhen, Tianjin, Fuzhou, Shijiazhuang, Kunming, Taiyuan, Guiyang, Lanzhou, Yinchuan, Urumqi, Nanning, Ningbo, Dongguan, Zhuhai, etc.	18 cities
NO.3	Guangzhou, Hangzhou, Chongqing, Harbin, etc.	5 cities

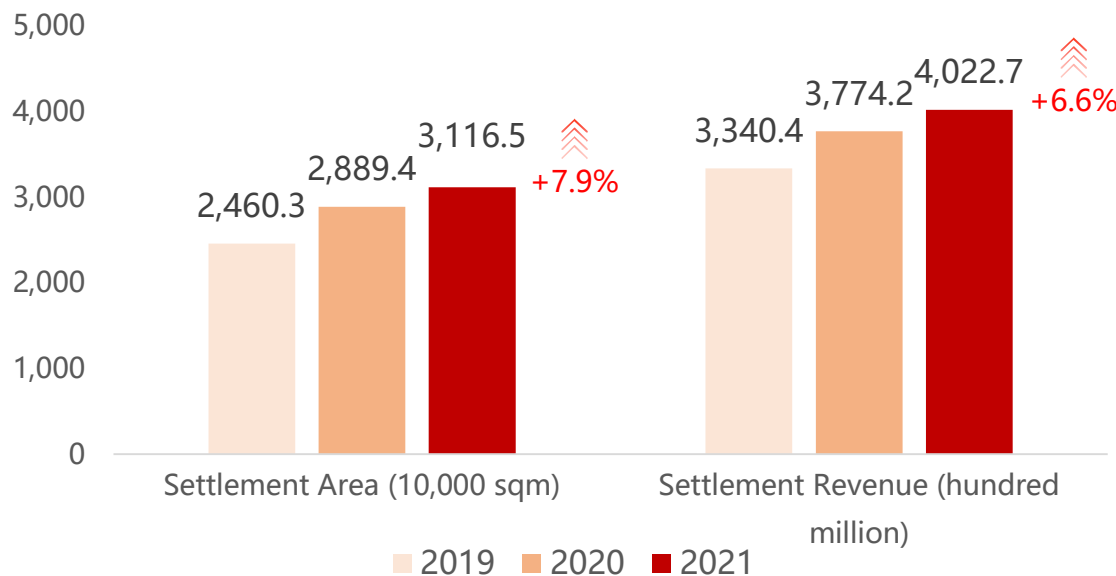
GFA Sold & Sales Amount



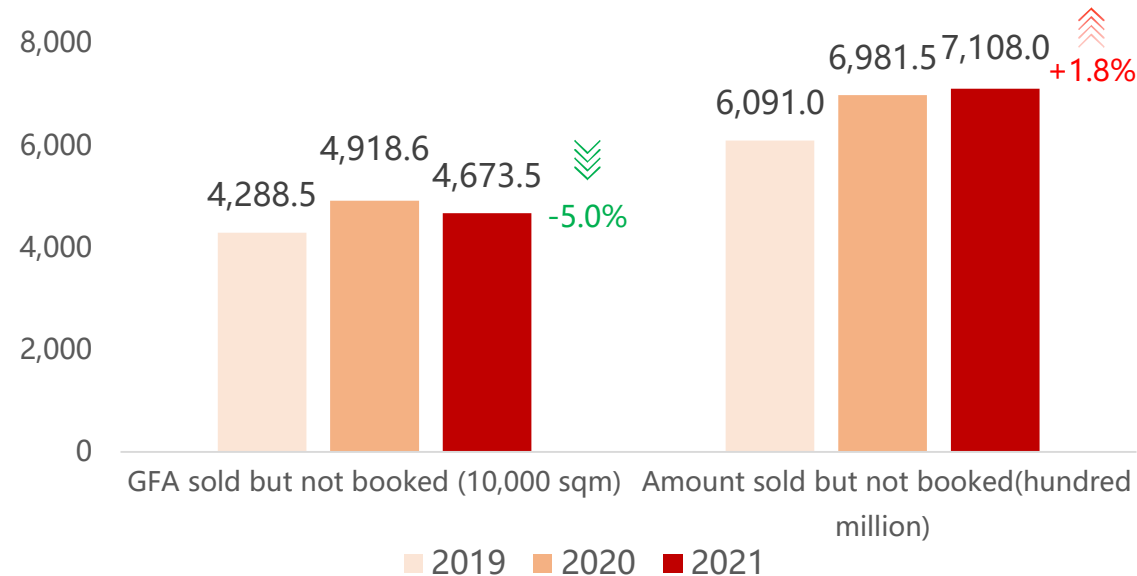


- The Group realized an settlement area from real estate development business of **31.165 million** square meters **(+7.9%)**, and a booked revenue of RMB **402.27 billion (+6.6%)**.
- The gross profit margin of settlement was **23.0%** (17.8% after taxes and surcharges).
- Within the consolidated statements of the Group, there were **46.735 million** square meters of sold resources that had not been completed and settled **(-5.0%)**. The total contract price was approximately RMB **710.80 billion (+1.8%)**.

Settlement area and Settlement revenue



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





Development business: Acquired 148 new projects

■ Adhering to rational investment

Newly acquired items in 2021

Total planned estimated GFA	Planned estimated GFA attributable to the Company's equity holding	Area equity ratio
26.674 million m²	19.014 million m²	71.3% (+10.1pct)
Amount of equity land acquisition	Average land premium	Premium equity ratio
RMB 140.15 billion	RMB 6,942 / m²	75.7% (+13.0pct)

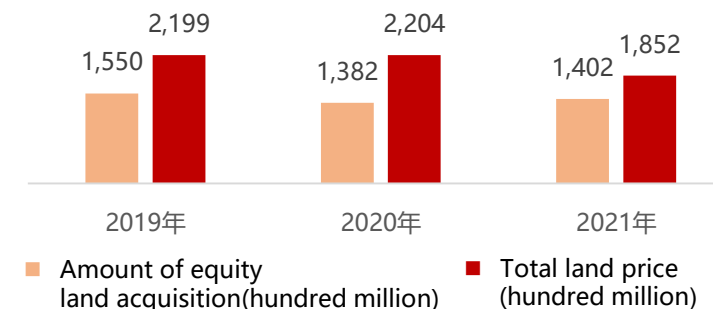
■ Remaining resources meet the future 2-3 years of development needs

The total estimated GFA of projects under construction and planned reached approximately **148.887 million** square meters, among which the total estimated GFA under construction was approximately 103.67 million square meters and that of the planned projects was approximately 45.217 million square meters.

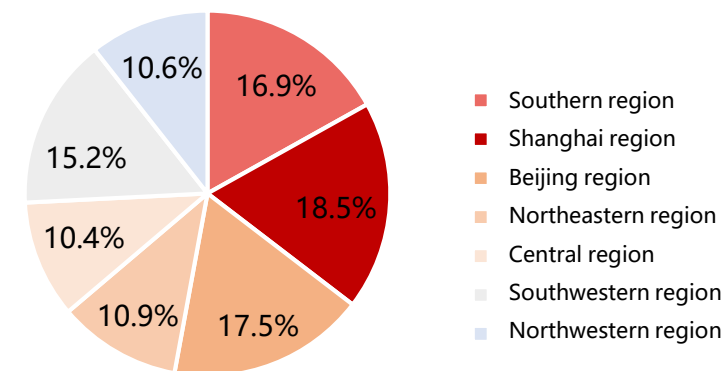
■ Actively exploring the urban renewal model

- The Group has been involved in the practice of different types of projects such as the renovation of old cities and old communities in many cities across the country.
- The Group participated in launching the **Shanghai Urban Renewal Guide Fund** and was deeply engaged in Shanghai's urban renewal.

Land acquisition amount



Proportion of total area under construction and planning





Development business: Full-cycle customer support with continuous improvement of the competitiveness of products and services

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Under construction

Building communities with customers, conducting a total of **1,728** quality inspection for **213** pilot projects in **56** cities which engaged **48,000** customer representatives.

Post-delivery

The “chief customer service officer” system. From the perspective of customers, the chief customer officer identifies problems and drives improvement through customer interviews and listening, business visits and insights

Maintenance service upgrade. There were 6 city companies which explored the model of integrated maintenance management. In 2021, the overall customer maintenance satisfaction was **92.8%**, an increase of **2.9%** compared with 2020.

For sale

Pre-housekeeping service. To improve the customer experience in the after-sales phase, 1,077 staff were deployed to projects for sale, to provide various services to contracted customers during the waiting period between signing contract and delivery. In 2021, customer after-sales satisfaction reach **95%**.

Delivery

Delivery service upgrade, including “one stop” handling of delivery procedures, “one ambassador” reception, and “one professional home inspector” to escort the customer to the end of the home inspection process.

Property and Property Ownership Certificate deliveries at one time. The delivery process was optimized. A total of **117** projects from **42** companies were launched, where the initial launch included **23** city companies, ensuring property and Property Ownership Certificate deliveries at the same time for **27,898** households.

Delivery of standard models. Specifications for indoor display standards were created to present a genuine product delivery interface. In 2021, the Group completed **131** delivery standard models for **144** newly developed projects as well as the setup and opening of **261** delivery standard models for **271** for-sale projects.

Online contract service, which offered convenience for customers to sign contracts remotely. A total of about **198,000** contracts have been signed online with a customer satisfaction of **99%**.

Years after delivery

Building beautiful communities, where the Group carried out the service in **42** cities across the country, involving **356** projects, and **1,210** renovations and upgrades have been completed to create sound living experience on a constant basis.



Development business: Safety and quality control continues to be strengthened **vanke**

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■ Construction quality being recognized, 6 projects won the industrial awards in China

Luban Price: Tianjin DongDi Homeland Phase III Blocks 15#-23# and underground garage project won the China Construction Engineering Luban Prize 2020-2021.

Zhantianyou Award: The construction project of lot A-1 in the south of Tangcheng community, Licheng District, Jinan won the China Civil Engineering Zhantianyou Award 2021.

Guangsha Award: Vanke City Twilight project in Dalian, Vanke Beichen Light phase II project in Hangzhou, Vanke Jiutangfu Phase II project in Jinan, Vanke Metropolis Land B project in Jinan and Vanke Metropolis AD project in Shenyang won the 10th Guangsha Award 2021-2022.

■ Implement the pandemic prevention and control measures to ensure the smooth delivery of the projects.

The Group enhanced pandemic prevention and control measures on projects under construction and on individual participants. We have also reserved epidemic prevention materials in advance and improved the emergency plans, with an aim of overcoming the adverse impacts of the epidemic on the construction, ensuring the safe production of projects in progress. We have realized the smooth delivery of over 300,000 houses in the year.



Metropolis Jinan: Guangsha Award



Beichen Light, Hangzhou: Guangsha Award



City Twilight, Dalian: Guangsha Award



Tianjin DongDi Homeland: Luban Prize



Jiutangfu, Jinan: Zhantianyou Award and Guangsha Award



Metropolis, Shenyang: Guangsha Award



Onewo: An Omni "residential, commercial and urban" space service provider

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■ Driven by the "three engines" business system, the concentration strategy has been fruitful

- A synthetic system powered by communities (Vanke Service) + offices (Cushman & Wakefield) + urban space (City Up).
- Deeply engaged in high-tiers cities. The percentage of contracted GFA of projects located in Tier-1 and Tier-2 cities accounts for **86.4%** among community projects and **89.2%** among office and urban projects.

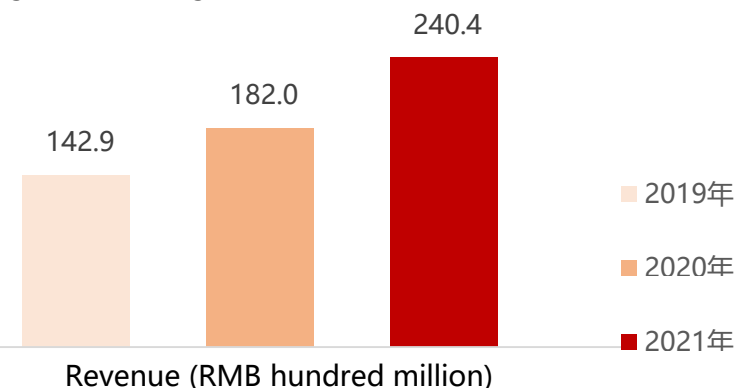
■ Maintaining an industry-leading scale

- Onewo projects covered a total of **4,393** projects and GFA of **780** million square meters under management, representing a year-on-year increase of **35.9%**.
- The total number of contracted projects under management was **5,553**, with a contracted GFA under management of **1.01 billion** square meters, representing a year-on-year increase of **38.0%**.

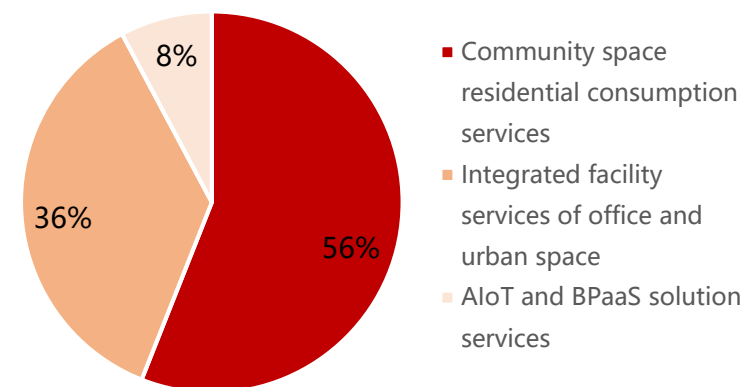
■ Continued revenue growth and good cash flow position

- Onewo achieved **RMB 24.04 billion** in revenue, representing a year-on-year increase of **32.1%**, of which **RMB 13.46 billion** was generated from community space residential consumption services, representing a YOY increase of **22.9%**; revenue from integrated facility services of office and urban space was **RMB 8.72 billion**, representing a YOY increase of **38.1%**; revenue from AIoT and BPaaS solution services was **RMB 1.86 billion**, representing a year-on-year increase of **99.5%**.

A revenue of **RMB 24.04 billion**, a year-on-year increase of **32.1%**



Revenue structure



Note: The full-scale operating income includes the income from providing services to Vanke Group.



Vanke Service : Adhere to high-quality services with a strong **vanke** inherent growth momentum

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❑ Adhering to the brand image of high-quality services and a first-class service reputation.

- Vanke Service boasts good reputation among customers and significant market competitiveness.
- The number of third-party residential projects under management reached **1,605**, accounting for **56.9%** of residential projects under management.

❑ Strong inherent growth momentum

- In the new residential contract GFA in 2021, market engagement accounted for over **70%**. The amount of the Group's related transactions in the past 4 years accounted for no more than **19%**.

❑ Leading the industry with innovation

- Vanke Service was the first in the industry to advocate full transparency of elevator advertising revenue through quarterly disclosure of income and expenditure accounts of property fee, and the first to release the "Elevator Trapped Care Fund "
- Pulin's housing rental and sales business has reached **2,079** projects in **54** cities since 2018 with over registered **3,000** agents and approximately **3 million** households.





Cushman & Wakefield Vanke Service: Focus on commercial and enterprise properties, develop urban landmarks, and serve leading customers

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- Cushman & Wakefield Vanke Service is popular among **Fortune 500** and **unicorn** clients in industries including the Internet, finance, new energy and high-end manufacturing industries, including **8** top ten Internet companies and **8** top ten financial companies in terms of market capitalization.
- Super high-rise has always been the challenging and top goal for commercial property management. Among the super high-rise building projects put up for tender in China in 2021, Cushman & Wakefield Vanke Service has secured over **50%** of the projects.
- The third-party commercial project income contribution is **71%**, with **1,319** commercial and enterprise projects under management, accounting for approximately **84%** of the total commercial and enterprise projects under management.





City Up: Technology-empowered urban services with efficient resource mobilization to win customers

- City Up is committed to offering comprehensive services to the city and becoming the preferred urban housekeeper among all urban service providers. In 2021, City Up was supported by the integration of "three cores" of digital solutions, operation model of center of excellence (COE operation) and supply chain resources, creating the "Cloud City Captain" IP to achieve refined and efficient urban service operations.
- Has secured **43** projects of urban space service in **29** cities.

Omni Intelligent Operations of Shatou Street

With a focus on the concept of "omni intelligent operations", City Up provided diversified urban space operations and municipal services in Shatou Street.

Based on the two major information systems, the smart work sheet system and the urban management platform, a variety of smart devices were introduced to realize the "one network management" of residents, activities and things in the street.

The intelligent operation platform received and processed more than 300 work orders every day. In 2021, nearly 70,000 temporary work sheets were processed, with a completion rate of over 96%. After the introduction of intelligent operation services, the sanitation ranking of Shatou Street in the first month jumped from the 62nd in the city to the 8th in the city and the 6th in its district.



Guangdong-Macao in-depth cooperation zone in Hengqin

Guangdong-Macao in-depth cooperation zone in Hengqin is the first urban area in China to promote the implementation of the urban service model, running and treating the city as a "big property".

As of January 2022, a total of 37 services in 25 urban operation scenarios in Hengqin were integrated. Through the urban space operation big data platform, urban service providers assumed the role of general contractor of professional services, and carried out the whole-process management, service and operation of urban service projects.

During the service period, the proportion of mechanized operations in urban services has been increased year by year, and the management has been refined.



- ❑ Through the AIoT (Artificial Intelligence Internet of Things) and BPaaS (Business Process as a Service) solution services, Onewo can realize Remote & Hybrid operations in the space, and improve the efficiency of space services for customers.
- ❑ Smart hardware products and core solutions from Wanrui Technology, a subsidiary of Onewo, have been exported to property developers, as well as companies from other industries and urban customers.
- ❑ Wuhan Digital Operation Center has driven the linkage of over **2,000** property projects across the country. During Reporting Period, the self-developed work order system, "Baichuan Engine ", which has been applied in Wanyu Security, Cloud City, park areas and residential businesses.



Official launch of Wuhan Digital Operation Center



Wuhan Digital Operation Center Building



needs of national infrastructure upgrades

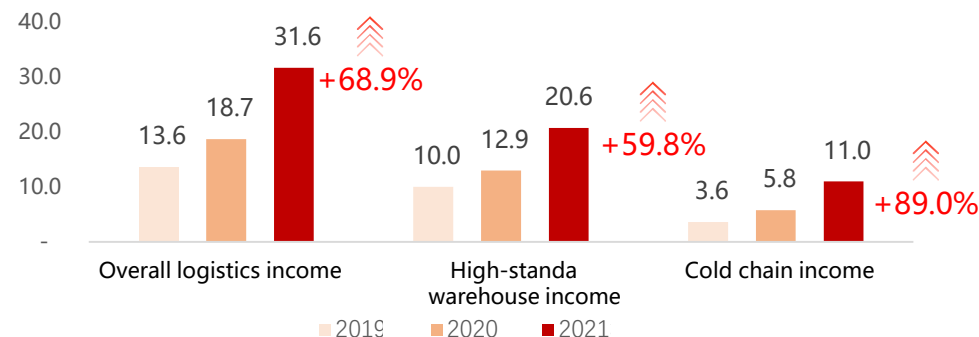
■ National warehouse network layout with a leading capacity

- VX Logistic Properties had operated and managed a total of **152** warehousing projects in **46** cities, with a leasable floor area of **11.36 million** square meters. Among them, high-standard warehouses covered a leasable floor area of **9.98 million** square meters and the cold chain parks **1.38 million** square meters. The scale of cold chain warehousing ranked first in the country.
- The leasable floor area of the launched projects is **8.28 million** square meters.
- The leasable floor area of the newly opened project in 2021 was **1.41 million** square meters.

■ Improved operational efficiency and effectiveness

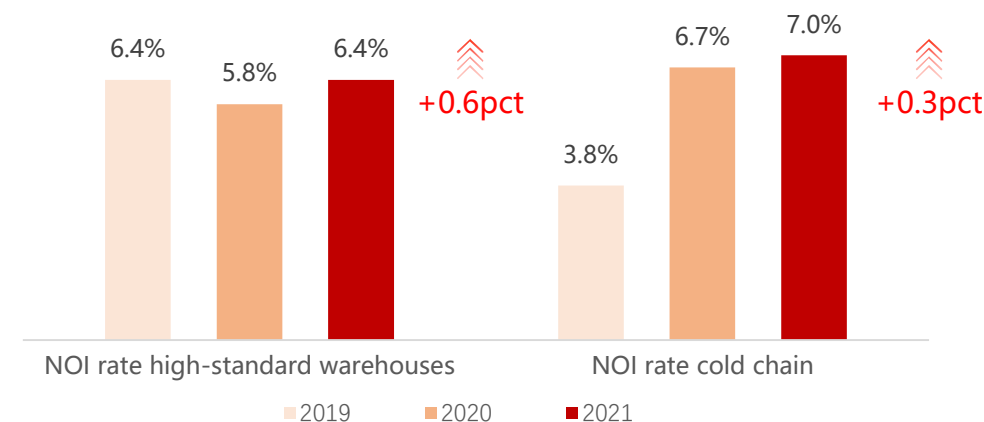
- At the end of 2021, the occupancy rate in the stable stage of high-standard warehouses was **93%**, and occupancy rate in the stable stage of cold chains was **75%**.
- The NOI rate of return of the overall logistics in the stable stage, high-standard warehouses, and cold chain in 2021 reached **6.5%**, **6.4%** and **7.0%** respectively, all of which have shown year-on-year increased.
- The logistics business realized an NOI of **RMB 1.79 billion**, representing a year-on-year increase of **54%**.

An operating income of **RMB 3.16 billion**, up by **68.9%** year-on-year



Note: Operating income includes non-consolidated items.

NOI rate of return for projects in the stable stage





Logistics & Warehousing: Successful introduction of strategic investors with recognition

- ❑ **The scale and service capabilities of warehouse network have been recognized by top customers in the industry, and the coverage rate and SOW of leading customers have continued to increase**
 - Served more than hundreds of domestic and international leading brand enterprises, covering industries like 3C electronics, new energy, e-commerce, manufacturing, chain catering and retailers, and forged strong alliance with top customer in each sector, such as Walmart, Yum, Zespri, etc.
 - Cold chain business has shown outstanding advantages. The coverage rate of cold chain top customers exceeds **70%** and in cooperation with quality customers, the range of services of VX Logistic Properties has been gradually extended, and the proportion of value-added service revenue from warehouse operations to the cold chain business has reached **39%** in 2021.
 - VX Logistic Properties continued to build safe, high-quality, efficient and energy-saving parks, and adhered to high standards of food safety and quality control. VX Logistic Properties has obtained LEED certifications for **7** cold storages, of which **4** have obtained LEED Platinum certifications and **3** have obtained LEED Gold certifications; **5** high-standard warehouses have obtained the Three Star Green Building certifications in the PRC.
- ❑ **Successfully introduced strategic investors.** VX Logistic Properties has increased its share capital and introduced four strategic investors, including Government of Singapore Investment Corp and Temasek, and won recognition of operating capability and business value by the capital market. Strategic investors will input resources, capabilities and synergy opportunities for VX Logistic Properties, and drive the business into a new stage of development.





Case: Shanghai Xinqiao Park, Winning word of mouth from the customer with the pursuit of excellent management and service standards

VX Cold Chain Xinqiao Park



Confirmed ownership: March 2020
Construction start: May 2020
Operations launch: April 2021

Park positioning: city distribution warehouse
Net leasable area: 28,031 m²
Products: one single-layer cold storage and one double-layer cold storage



Inbound and outbound management	Certificate replacement
Inventory management	VMI business
Return management	Short-distance transport
Defect management	Case change

Daily volume: 35,000 cases
Inventory turnover rate: 200%



Inbound and outbound management	Transportation and distribution
Inventory management	Receipt management
Return management	Order processing
Defect management	

Daily volume: 7,000 cases
Inventory turnover rate: 100%



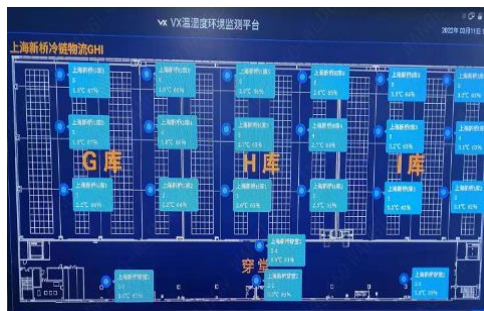
Inbound and outbound management	Store transportation
Inventory management	Food processing
Return management	
Defect management	

Daily volume: 60,000 cases
Inventory turnover rate: 300%

Good operational performance: In-store service revenue accounted for **40%+** with a project NOI rate of **7%+** in 2022

Refinement of operations and services

1. There are 12 temperature-controlled storage areas in the whole warehouse. Each storage area is equipped with 2 temperature control probes at the front, middle and rear respectively, for real-time non-stop monitoring on the temperature of the storage area. If there is an abnormal temperature, the "Temperature Environment Monitoring Platform" and the APP will alarm at the same time, reminding operators to deal with the problem in time, and provide strong guarantee for customer's commodity temperature.



2. The company has customized and transformed thousands of square meters of cold storage and nearly 1,000 square meters of a processing workshop for customers. The 24-hour warehouse distribution service reduces the transportation and operation costs of goods shipped to the front warehouse after production in the processing workshop.





Rental Housing: A firm choice in the era of renting and purchasing with No. 1 in the industry in terms of business scale and operational efficiency

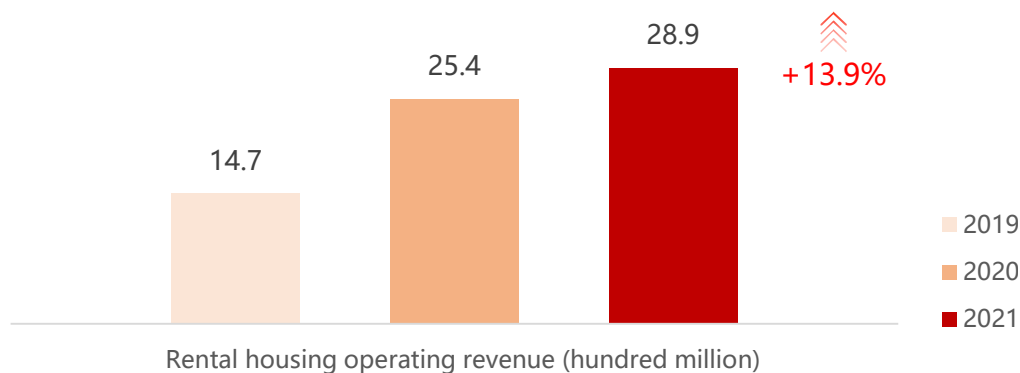
■ An industrial leader in terms of business scale

Establishment of a presence in **33** cities across China, leading in the number of unveiled apartments in **26** cities including Shenzhen, Fuzhou, Jinan, Shenyang, Tianjin, Xi'an, Changchun, Guangzhou, Beijing, Chengdu, Wuhan and Hefei. As at the end of 2021, the Group operated approximately **0.21 million** long-term rental apartments and unveiled a total of **0.16 million** new apartments, ranking first in the country in terms of the scale of centralized apartments.

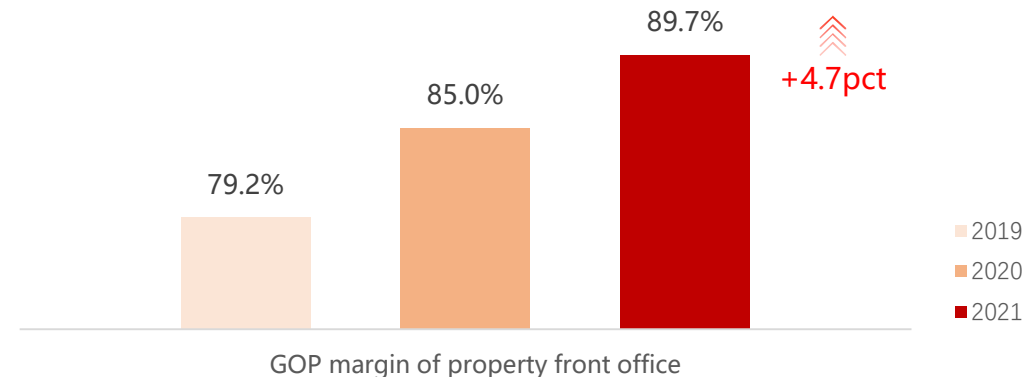
■ Significant advantages in operational efficiency

- In 2021, the average annual occupancy rate of unveiled projects was **95.3%**. The GOP margin of property front office was **89.7%** with a marketing expense ratio of **1.39%** and an annual rent collection rate was **98.9%**, demonstrating a significant advantage in operational efficiency.
- Throughout the year, the customer renewal rate reached **58%**, the cumulative number of APP registrants was **1.9 million**, the proportion of customer acquisition through self-owned channels exceeded **70%**, and the comprehensive NPS (Net Promoter Score) steadily increased to **85%**.
- The overall NOI in 2021 is **525 million**, an increase of **346 million** compared to 2020. Port Apartment has achieved profitability at the cash flow level in 2020.

A rental housing operating revenue of RMB 2.89 billion
a YOY increase of 13.9%



GOP margin of property front office





Rental housing: capture a window of opportunity, build industry-leading asset-light operation capacity

□ Capture a window of opportunities & breakthroughs in asset-light operation capacity.

- The comprehensive service capability of “production, planning, construction and operation in one package” of Port Apartment was significantly enhanced, and asset-light management output services were provided with local governments, subsidized rental housing of enterprises, talent apartments and health stations, with **294** asset owners served, around **21,000** units.

□ The product range is becoming increasingly diverse, running through large-scale rental community projects.

- Port Apartment has established various business development models of collective land, self-owned land rental housing construction, urban renewal and old town area micro transformation, cooperation with the government to formulate talent rental housing, as well as whole process management output services.
- Relying on the Group’s property management, commercial management and other services to build comprehensive solutions, Port Apartment has basically run through the product models of large-scale rental communities with large-scale rental community projects with a single volume of **1,000-5,000** apartments in many cities such as Beijing, Shenzhen, Xiamen and Jinan.

□ The warmth of service was recognized by customers.

- During the pandemic, Port Apartment has been ensured the safety of its residents and assisted the community in the anti-pandemic measures.
- In 2021, more than **1,030** community events were organised and launched in all branches of Port Apartment nationwide, with a total of approximately **35,000** customers participating. In particular, Port Apartment’s first Honor of Kings National Competition won the “Best Competition Venue of the Honor of Kings National Competition”, and the League of Legends S11 spectator event was recognized as the “Best Creative Marketing Case of the Year” by Tencent Games.
- During the year, **1,887** new corporate customers were added and a total of **2,752** corporate customers were provided with stable accommodation services, with the proportion of corporate customers in rented rooms increasing from 8% to **18.5%**. In 2021, staff rental partnerships were expanded with **80** companies, including DJI, TCL and iFLY TEK.



Case: Beijing Gaolizhuang community—an industry-leading large-scale rental community

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Beijing Port Apartment | Gaolizhuang Community

- The gross floor area of the project is 190,000 square meters, which contains 3,299 apartments, 13,000 square meters of commercial space and 24,000 square meters of office space. The total investment was RMB 1.47 billion.
- Compared with the 1.0 Chengshousi project, Gaolizhuang is larger in scale and has a richer mix of businesses. The product models, construction standards, and operational services have all been iterated to meet the standards of a comprehensive residential area for long-term stays.

Run through the product models of large-scale rental communities

1. 1695 flats were unveiled in Phase I Block 3# in 2021, with an annual occupancy rate of over **99%**
2. Regional synergy has been leveraged to integrate business resources and the commercial investment progress has reached **90%** in 2021.
3. The products and services are very appealing to a young audience, and the customer renewal rate reached **58%**
4. Operation capacity has been recognized by the market, with a NOI return of over **5%** and GOP margin of **85%** in the stable stage.
5. Through the synergy of property management, commercial management and other services within the Group, Port Apartment has gained a leading edge in creating comprehensive solutions for large-scale rental communities
6. The successful experience of the project will help to scale up the products and operation model of collective land and build an advantage for the development of collective land rental housing.

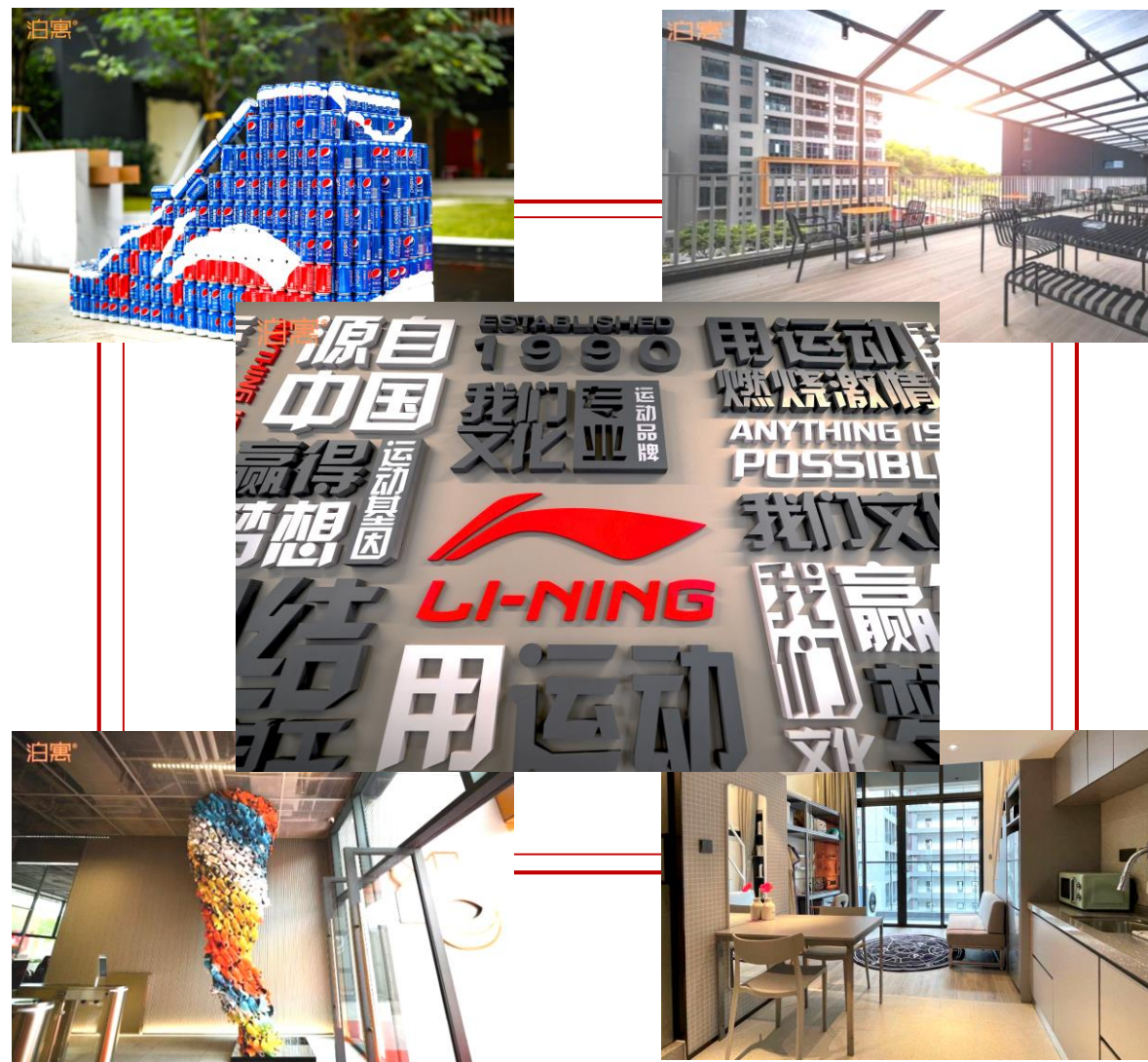




Case: Shenzhen-Port Apartment | Yanziling Community - full output services from design and construction to commission management

■ Asset-light management output services gain recognition from asset owners.

- Located in Shenzhen Pingshan New District, Yanziling Area, with a floor area of 44,000 square metres (including underground and parks), 854 rooms, which **achieved full occupancy upon opening** in December 2021 and a **95%** customer satisfaction rate. This diverse community provides customers with ample room for social activities, entertainment and sports.
- The Yanziling community provides a full cycle of “design + renovation + operation” services for asset owner—the Li Ning Group. It has also built a National Tide IP community and created "**Li Ning elements**" for the asset owner, which have exceeded the owner's expectations.
- The Yanziling community is committed to boosting the real economy, providing talent rental housing service for high-tech companies in Pingshan, and offering ancillary facilities to the government and enterprises. **96%** customers are from companies, including employees of BYD, SMIC and OPPO.





Retail property development and operations: industry- leading scale of management, revenues and asset-light output services

■ Unveiled new projects with GFA of more than 2 million sqm, providing steady increase for revenue

- The Group's commercial property development and operation business (including SCPG) unveiled **34** new projects in 2021, with GFA of **2.07** million square meters, among which **15** are SCPG new projects with GFA of **1.35 million** square meters.
- The Group has **211** unveiled commercial projects (including **113** community commercial projects) with GFA of **11.39 million** square meters, among which **105** (including 25 community commercial projects, 32 asset-light projects for property management service) are SCPG new projects with GFA of **8.75 million** square meters.
- The Group has a GFA of **4.01 million** square meters for commercial property planned and under construction.

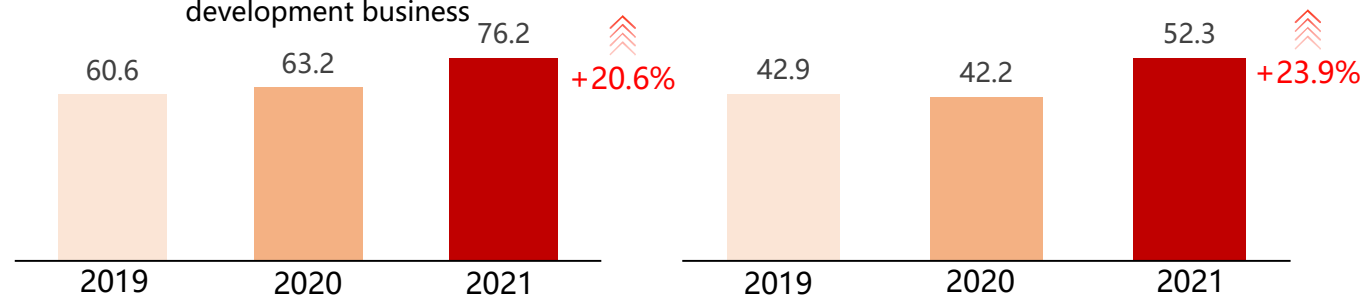
■ Consistent improvement of SCPG's operating capacity

- The revenue of retail property projects managed by SCPG stood at **RMB5.23 billion**, a year-on-year increase of **23.9%**, a same store year-on-year increase of **12.1%** and an overall occupancy rate of **95.3%**.
- SCPG is a pioneer in market-oriented asset-light business. By the end of 2021, the number of projects managed by SCPG has reached **42** (**32** unveiled), with GFA of **2.37 million** square meters, and **61%** of which are third-party projects.
- The asset-light management capability was recognized by asset owners at home and beyond, including Black Stone (Shanghai Weijing Incity) and large municipal state-owned enterprises such as Lingang Group (Caohejing Incity).

Revenue: RMB**7.62** billion, a year-on-year increase of **20.6%**

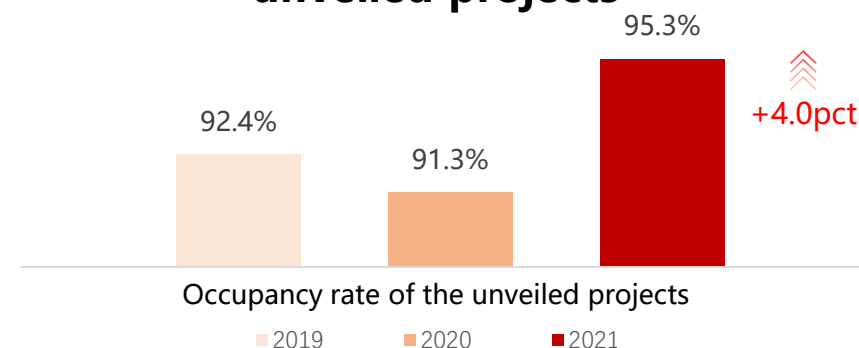
The Group's revenue from commercial property development business

SCPG's revenue



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

Occupancy rate of SCPG's unveiled projects





SCPG: focus on commercial high ground, build competitiveness in the Yangtze River Delta region

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- ❑ **Build competitiveness in the Yangtze River Delta, the economic belt with the largest number of consumers and the greatest purchasing power in China.**
 - The Group has unveiled a total of **18** projects in Shanghai and Hangzhou, of which **3** shopping centers were opened in Shanghai in 2021;
 - The share of projects based in the Yangtze River Delta in all the projects managed by SCPG increased to **52%** (**27%** in Shanghai and Hangzhou) from 37% at 2019, with a network layout basically established;
 - SCPG manages shopping centers in Shanghai with GFA of **nearly 2 million** square meters, ranking second, and the foot traffic of Nanxiang Incity MEGA and Qibao Vanke Plaza both ranked among the top 10 in Shanghai in 2021. The shopping center projects opened by SCPG in Shanghai in the last two years are expected to have an average first-year NOI rate of **6%**.
- ❑ **New generation products demonstrated competitive advantage.**
 - MEGA offers a solution of mega experience centre; The first-year NOT rate of Shanghai Nanxiang Incity reached **6%**.
 - The new generation Incity have received positive market feedback: the first-year NOI rate of Hangzhou Aoti Incity is expected to reach over **7%**.
- ❑ **Practiced the business philosophy of “customer-centered” and provided good customer service to B-end and C-end customers.**
 - As for serving B-end customers, SCPG has established good cooperation with over **7,300** brands, principally including international/domestic chain brands and emerging brands. It gradually built a “Head Office-to-Head Office” cooperation model;
 - Meanwhile, SCPG serves C-end customers with content creative communication, marketing activities and digital customer operation. More than **600 million** consumers visited and shopped in the shopping malls every year, with over **15 million** digitalized members.



Case: highlight product differentiation, explore local culture and customer profile, customize for better projects

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Case 1: Shanghai Songjiang Incity

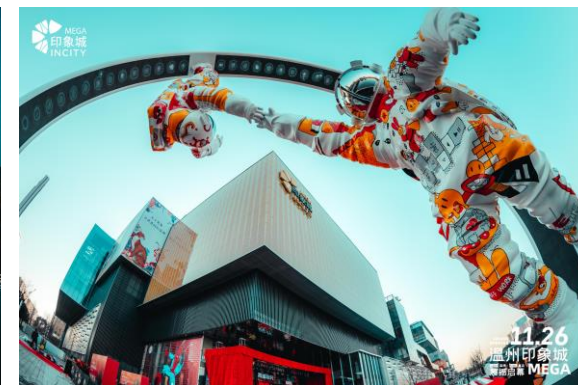


Commercial scale of 155,000 square meters, unveiled in November 2021

- The project is close to Shanghai University Town, with a young audience as the main focus. The team adopted a localization strategy and engaged young consumers in content generation. Shanghai Songjiang Incity has become a cultural hub for young people in southwest Shanghai. Retail brands targeted at a young audience account for 23% of the total leased area and contribute 50% to the total sales.
- The sales efficiency of the whole site exceeds RMB2,700/m²/month, far exceeding other commercial complexes in the region.

Case 2: Wenzhou Incity MEGA

- The project realized a **95%** occupancy rate in 2021, with an average rent of RMB **240/m²/month**.
- As the second MEGA product following Shanghai Nanxiang Incity, Wenzhou Incity is another embodiment of MEGA's devotion to explore and rejuvenate local culture. It was praised by the government as a "Local Culture Promotion Unit" with its selection of events under the theme of "Galaxy Universe, Hello Wenzhou (the two phrases sound very similar in Wenzhou dialect). Wenzhou Incity is dearly loved by the local community.
- The project is expected to have a first-year NOI return of over **7%**.



Commercial scale: 240,000 square meters, unveiled in November 2021



Hotel and resort business: taking advantage of the Winter Olympics, the ski resort business has achieved growth in scale and performance

■ Ski resort business

- Ski Resort BU is newly entrusted to manage and operate Mazong Mountain Ski Resort in Hohhot, Inner Mongolia and Lianhua Shan Ski Resort in Shunyi, Beijing in the 2021-2022 snow season. At present, the Group operates **five** ski resort projects in Beijing, Jilin and Inner Mongolia, with a total of **251** hectares of piste area under management, **67** pistes and **48** kilometres of piste length.
- Operating revenue for the 2021-2022 snow season was **RMB 270 million**, representing a year-on-year increase of **39%**, and received **0.91 million** visitors, representing a year-on-year increase of **28%**. NOI rate for asset-heavy projects reached **6%**.
- Ski resort trending topic generated great media momentum and further polished the customer brand reputaiton. Burberry, BMW , Bank of China and Red came for campaign activities during this snow season, which provide diversified ski resort experience for customers.
- The Group' s Lake Songhua Resort was awarded the World Ski Awards-China' s Best Ski Resort 2021 for **five** consecutive years from 2017 to 2021.

■ Participation in the construction and post-competition operation of the Beijing Winter Olympics venues

- Yanqing Olympic Village of Beijing Winter Olympic Games, where the Group participated in the construction, received over **1,300** athletes and team officials of **87** delegations.
- As an official partner of the Chinese National Ice Hockey Team, the Group made its contributions in the national men's hockey team debut in Winter Olympics.



Lake Songhua Resort



The construction of Yanqing Olympic Village of Beijing Winter Olympic Games



Vanke Lake Songhua Resort National Alpine Skiing Tournament



Hotel and resort business: took a new step of development through focusing on market segments

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■ Hotel BU:

- In 2020, the Group established the Hotel and Resort BU to fully integrate the Group's hotel assets.
- The Group currently holds **29** operating hotels, covering core cities such as Shenzhen, Guangzhou, Suzhou and Hangzhou, and certain travel destinations such as Huangshan and Lijiang, and has forged two self-owned brands, namely, Zanyee for high-end business travel, and Youxiong for urban culture.
- Banyan Tree China opened **2** new hotels, namely Banyan Tree Nanjing Garden Expo and Garrya Huzhou Lucun, and signed **7** new hotels; the Youxiong brand signed **5** new hotels in Suzhou Yanjiaxiang, Suzhou Changyuan, Fuzhou Yantai Mountain, Chaozhou Ancient City and Shenzhen Nantou Ancient Town; and the Zanyee brand opened **2** new hotels, namely The Yun Resort Qingyuan in Guangzhou and The Yun Resort Sanya.



The Yun Resort Shenzhen Longcheer Hotel



Sanya Vanke Forest Breeze Resort



Shenzhen Nantou Ancient Town Youxiong Hotel

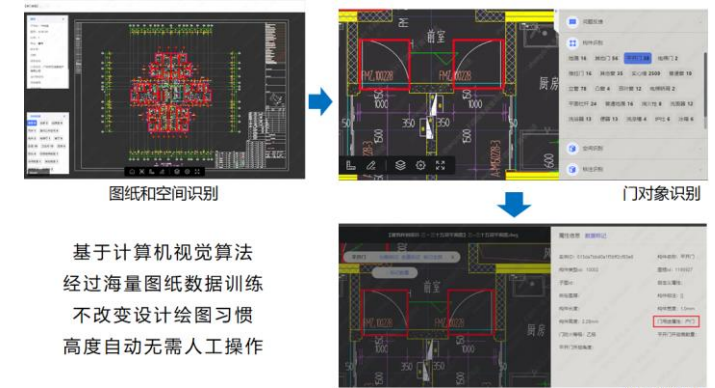


Technology-driven business development: improve business management, strengthen technological capacity and core competitiveness of real estate technology

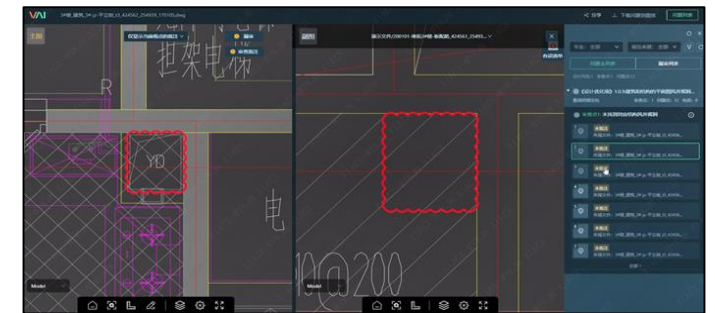
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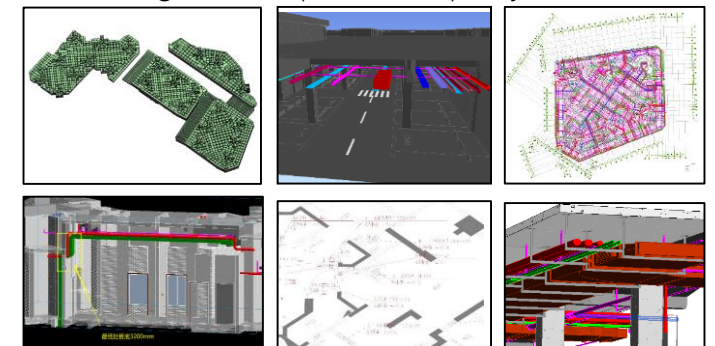
- **Applications such as AI drawing inspection and self-service payment terminals have further improved the operation efficiency and quality and customer experience:** AI drawing inspection embeds the drawing management process and realizes the closed-loop management of inspection problems, with efficiency **8.7 times** higher than that of manual methods. The self-service payment terminal provides customers with fast payment tools, which not only improves the customer experience, but also greatly reduces the workload of cashier and accounting.
- **Significant improvements in account cash income and expenditure management and financial settlement efficiency:** through the innovative application of technologies like robotic process automation software ("RPA"), optical character recognition ("OCR") and natural language processing ("NLP") and integrating into business links, we improve the efficiency and accuracy of capital and asset management and control. Relying on the comprehensive reconciliation platform, the business flow, cash flow and vouchers are integrated. The settlement process is optimized, with the reconciliation automation rate reached **90%**, and the overall financial settlement efficiency is increased by **75%** as compared with last year.
- **Open up the whole process of online house-purchasing for customers' convenience:** we provided and the public account of the [Urban Company] (城市公司). Customers can easily get to know the projects via mobile phones and have in-depth communication with the real estate consultants through online channels. Meanwhile, we have optimized the processes such as online customer consultation, booking, subscription and payment to achieve the completion of all the procedures through online channels.
- **Improve the quality of projects with the help of technology:** We have built a smart construction platform with the help of technology such as BIM, artificial intelligence, AI drawing inspection and 24/7 on-site monitoring. We have also established a construction site "management + service" smart system with information technology, so as to realize the transformation from traditionally managed sites to smart sites.



AI identification attributes of drawing



Design limit inspection & quality control



Rapid drawing-based modeling and engineering applications



Technology-driven business development: continuously develop technological products that can support business development

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Wing Parking Space—digital parking space

Customers can grasp the details of parking space without leaving home. The platform creates a better customer experience than offline that will help the destocking of parking space.



Immersive 1:1 recreate a real garage
Online interaction between customers and sales consultants
Create a new mode of space operation

Digital employee "Cui Xiaopan"

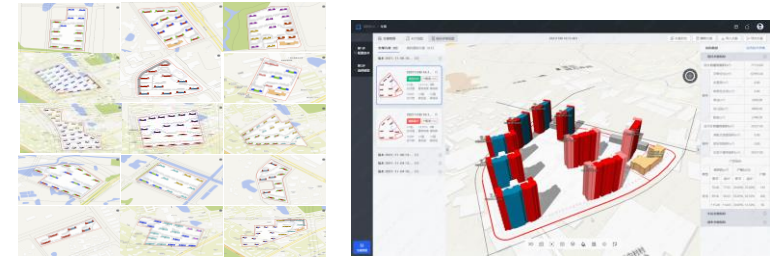
Cui Xiaopan is the first digital virtual employee of Vanke who was "hired" on February 1, 2021. With the support of the system algorithm, she exhibited her skills in receivable/overdue reminders and anomaly detection with an efficiency thousands of times higher than human.



Cui Xiaopan
the first digital virtual employee of Vanke
Personality: meticulous, methodical, ice cold

Smart Layout

Smart Layout tool deeply explores experts' knowledge system and integrates various professional algorithms to establish proposals with remarkable efficiency and quality with industry-leading level.



Smart Building Design Platform

The Smart Building Design Platform project is committed to creating three-dimensional smart design tools to meet the requirements of architectural design in the new era. It also strives to develop a new generation of "intelligent three-dimensional design platform", and build a "space-based digital" mode that covers product production, sales and operation.



ESG: Continued leadership in the industry, green building continuously taking the lead in the industry

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ESG表现获得广泛认可



恒生可持续发展
企业指数系列

continuously included in the Hang Seng (A+H) Corporate Sustainability Benchmark Index

MSCI
ESG RATINGS

maintaining a MSCI-ESG rating of BBB



included in the Hang Seng ESG50 index for the second time

Green Building:

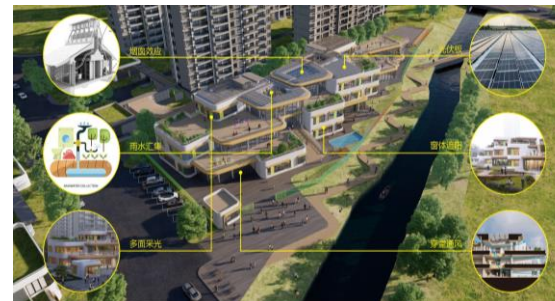
All new projects have met the green building standards for **eight years in a row**. Another **58.26 million** square meters of green buildings have been built. The Group continued to promote the application of the "5+2" industrial construction system, with **83%** of its mainstream projects unveiled during the period adopting industrial construction. In 2021, we have achieved the landing of a number of ultra-low-energy, nearly zero-energy, and low-carbon building projects, covering development, logistics and warehousing, business, hotel and resort and many other property types.



Wuhan Vanke Future Center wins the LEED Gold Pre-certification



Shanghai Nanxiang Incity MEGA wins the green building award of LEED Platinum Certification



Jiaxing Yuli Future Community Project wins the Zero Energy Certification and the LEED Gold Pre-certification for its low-carbon design



VX Shanghai Haigang Cold Chain Park wins the LEED Platinum Certification

Explore nearly zero-energy buildings

"Oriental One" in Shanghai improves the performance of the electromechanical equipment and is equipped with photovoltaic power generation system. The energy consumption of the building is 60% lower than the national standard. In December 2021, the project passed the evaluation for Shanghai nearly zero-energy pilot projects, and gained an extra 3% plot ratio as a reward for ultra-low energy consumption buildings in Shanghai.





ESG: Take the initiative to respond to climate change risks, be actively involved in waste classification and "zero waste" actions

■ Taking the initiative to analyze and respond to the risk of climate change:

- Based on the categories classified by TCFD, identifying the climate-related risks posed to our businesses, and incorporating the responsive measures into product design, procurement, construction, and the full life cycle of the operation.
- Organizing China Corporate Pavilion at the 26th U.N. Climate Change Conference, and raising **10** action strategies

■ Actively joining hands with interest-related sides to take actions in support of waste classification and "zero waste" on campuses, in office buildings, communities, and hotels

- The "zero-waste community" project covers **7** cities nationwide, **49** urban communities, and nearly **90,000** urban families, with over **1,200** residents volunteering to help promote waste classification in communities.
- In 2021, the Hotel and Resort BU of Vanke began to promote hotel waste management and launch related pilot projects. In 2022, "zero waste" projects will be landed in all self-operated hotels, realizing "zero waste hotels".
- Support the Palace Museum to achieve a waste classification rate of **45%**, and a per capita waste reduction rate of **89%**. Roll out **8** Palace Museum-themed environment-friendly cultural and creative products made from recycled waste plastics.

Ten Action Strategies of the "2021 China Business Climate Action Initiative"

- Making ambitious and realistic carbon neutrality goals and strategies to realize them;
- Enhancing the management of enterprise greenhouse gas emissions calculation, supporting industries to develop and perfect the standards and tools of carbon management;
- Improving energy efficiency, and adopting energy-saving, green, and low-carbon production technologies and management methods;
- Increasing use of renewable energy, exploring and developing technologies of energy storage and negative emissions;
- Being committed to providing healthy, environment and climate-friendly products and services;
- Shouldering the responsibility of protecting environment through the full life cycle of products, reducing resource waste and waste emissions in all steps;
- Encouraging upstream and downstream business partners to reduce emissions and build green supply chains together;
- Making use of the trading system and the carbon sink products to counteract carbon emissions that are hard to be reduced on one's own
- Actively participating in and supporting green finance and the development of climate investment and finance businesses;
- Pushing the industry to improve its standard practices in environment, society, and ESG.



China Corporate Pavilion at the 26th U.N. Climate Change Conference (COP26)



Long Cheer Zanyee Hotel in Shenzhen, the pilot unit of Vanke "Zero Waste Hotel" project



ESG: Supporting rural vitalization and educational development encouraging citizens to run for health and fun

■ Rural Vitalization:

- A pledge of **200 million** yuan is made in support of rural vitalization in Guangdong and Shenzhen. In September, we officially started the building of the "most beautiful corridor for co-living of Yao and Hakka tribes" in Ruyuan Yao Autonomous County, Shaoguan City, Guangdong. This is the first time that support for vitalization has been made at the scale of a county.
- In cooperation with China Society for Promotion of the Guangcai Program, we have provided support for the educational infrastructure building in **5** backward counties and districts including Wangmo and Jishishan.
- In cooperation with Green & Shine Foundation, we launched the 2021-2025 county education support project in Yongshun County, Hunan, in support of the reading, science education of children in villages, and the development of teachers in rural areas.
- Supporting the Zundao School in Sichuan for **13 consecutive years**, launching projects to help improve the health of teachers and students, and "Art Class" project, assisting the school in promoting the "five types of education" advocated by Cai Yuanpei in an all-round way.
- Assisting rural education together with "Beautiful China", sending **27** voluntary teachers to **11** project schools in Shantou and Shaoguan in Guangdong.

■ Encouraging running for health and fun

- The 2021 Vanke online summer running race Run For Fun, with the theme of "fully stretched and joyful running", attracted around **780,000** participants from across the country. The total time of running is **3.54 million** hours, the total distance hitting **9.61 million** kilometers, or **240** times the Earth's circumference.

Rural Vitalization



"Multi-town, contiguous village revitalization demonstration belt" at Ruyuan Yao Autonomous County, Shaoguan City



Vitalization of Education



Art class at Zundao School



Rural education support program "Beautiful China"

Run for Fun





ESG: Gathering forces for disaster rescue and relief work, winning **vanke** wide recognition for contribution to the society

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■ Delivering support in the 2021 Zhengzhou floods:

- In July 2021, Vanke donated **50 million** yuan through China Society for Promotion of the Guangcai Program in support of the rescue and relief efforts in Zhengzhou floods
- Vanke's teams of real estate, property services, rental housing, retail property, and etc. worked together for rescue and disaster relief, safeguarding the safety and property safety of the property owners, tenants, and clients

Support the rescue and relief efforts in Henan floods, ensure the safety of property owners, tenants, and clients



Vanke Property Service helping homeowners solve water shortage problem and safeguard their health



Braving the flood in joint efforts



Using sandbags to reinforce the defense line to prevent the flooding



Cleaning staff cooking noodles for the tenants in her own residence during the blackout

■ Widely recognized for the good causes:

- Winning the 11th "China Charity Awards" awarded by the Ministry of Civil Affairs in 2021
- Winning the "Loving Enterprise in 2020" awarded by China Charity Federation

Charity activities in 2021 gaining wide recognition



The 11th "China Charity Awards"

Contents

Part 3

Action Plans



- Continue to strengthen the cash flow management.**
- Keep optimizing the debt structure and finance cost.**
- Maintain the “green level” requirement and the industry-leading credit rating.**

Coordinate the development and operation business through the development and operation headquarter, exercise the centralized management function of the development and operation headquarter, to establish a mechanism for sharing capabilities, unified standards and lean management in resource allocation, product planning, project management and centralized procurement, setting the best practices within the Group as internal benchmarks, driving each subsidiaries and project to align with the benchmarks, and transforming the excellent cases in various regions into the Group's overall advantages.

- ❑ **Enhance the level of serialization and standardization of comprehensive residential products.** Develop the product management mechanism of comprehensive residential projects, update and iterate the product line through a new customer classification method, combining with excellent project practices. Through the process and results control, product development and construction standards are unified, internal and external resources are integrated in a hierarchical and categorical manner, and upstream and downstream industry chains are integrated to ensure proper production of products and stable mass production, providing product guarantees for post-investment delivery of projects.
- ❑ **Coordinate the internal and external professional strengths of the Group to complete major and complex projects.** From 2022 to 2024, the Group will focus on presenting a number of benchmark projects of urban renewal and TOD-type urban complexes. Following the principle of “operation first” , we will clarify the product management mechanism for large-scale and complex projects, co-ordinate the Group’ s professional strengths, focus on operations and control key nodes, enhance the efficiency of design, construction and transformation of complex multi-format projects, and present good operational performance to reduce the dispersion of performance due to differences in local management capabilities.

- **Precise investments to enhance the quality of investments and strengthen post-investment management to safeguard future performance fundamentally.** Investments are focused on regions with more stable markets, greater development potential and better team management capabilities. To form an online visualization of the “investment map” , gather internal and external professional measurement experts to provide professional support on investment direction and measurement. Strictly enforce investment discipline. Evaluate new projects in accordance with the new investment criteria and regard the ability of the managing a team as a prerequisite for investment. In key areas with significant and direct impacts on the outcome, the specialist with strongest professional capacity will exercise judgement and control, strictly prevent the high land prices and strictly control the acquisition of operational assets in non-core cities and non-core regions. Strengthen post-investment management. Regularly review the progress after the investment and correct any problems in a timely manner.
- **Strengthen the construction of marketing force and facilitate the conversion of resources.** We will cultivate our own marketing force, integrate sales teams from all over the country and conduct marketing meetings for key projects. To fully utilize the sales force of Vanke Service and Pulin, and discover the potentials of properties, business, Port Apartment and property office customers through Yixuanfang to achieve conversion of “old with new” . Optimize the sales strategy of car parking spaces and step up destocking efforts.
- **Plan for projects to be started and completed in 2022:** The floor space of the existing projects is **19.201 million** square meters (excluding newly acquired projects in the future). The actual floor space will include those of the new projects to be constructed this year, hence the actual floor space will be different from the planned floor space. And **38.995 million** square meters are expected to be completed.

III. Continue to improve the operational efficiency and competitiveness of the Development of Operation and Service business

Onewo: Maintain stable endogenous growth by planning to achieve a growth of **25%** in revenue from residential property, a growth of **35%** from Cushman & Wakefield Vanke Service (property service of commercial buildings) and a growth of **45%** from Wanwu Weijia (rental housing, maintenance, renovation and other asset services).

- ❑ Strengthen the good reputation of services and build the foundation of long-term competitiveness by relying on providing good service. In 2022, the proportion of projects with high satisfaction and high collection rate is planned to be further increased by **10%**.
- ❑ Expand the models of City Up by planning to implement a total of **100** urban service projects by the end of 2022 as a starting point for collaborative development, rental housing, commercial and other businesses, to seize more opportunities for urban construction and services.
- ❑ Incubate growth-oriented businesses, and develop professional value-added services based on residents' living needs.

Logistics and warehousing storage: The revenue maintained a growth of over **35%**, and the project operation efficiency and effectiveness have been continuously improved.

- ❑ Further improve the layout of the warehouse network, complement key logistics node cities and regions, with new projects in Beijing and areas surrounding Beijing, Yangtze River Delta and the Greater Bay Area accounting for more than **70%** of the projects.
- ❑ Take the lead in the cold chain business, serve customers well, further improve service efficiency and quality, reduce costs and increase efficiency for customers, and create professional service value. In 2022, the cold chain business plans to complete the full coverage of top customers in the "fruits, vegetables, meat, and dairy products" categories, deeply cultivate in chain catering, supermarket retail and other industries, and the percentage of warehousing storage and services for existing top customers has doubled.
- ❑ Continue to practice ESG with LEED Gold or Green 3 stars as the standard, iterate on product design, procurement, construction and operational systems to gain further recognition from key customers; achieve full coverage of new cold storage projects and seize the opportunity for upgrading the cold storage industry.

Rental Housing: Consolidate the capability and advantage of “production, planning, construction and operation in one package” for rental housing.

- ❑ Expand the management scale of rental housing, provide rental environments with warmth for employees of enterprises, and maintain the leadership in industry scale.
- ❑ Maintain industry leadership in operational efficiency, realize operating profit growth greater than the growth of revenue scale, and realize accounting statement profitability under the cost method (i.e. after depreciation and amortization) by 2023.

SCPG: Maintain the growth in revenue and operating profit of projects.

- ❑ Continue to consolidate the advantages of asset-light expansion. In the next three years, we will focus on an optimal mix of asset-light and asset-heavy business by expanding the management area of **0.8 to 1 million** square meters per year with high quality.
- ❑ Expand the competitive advantage of the new generation of products. On the basis of Nanxiang Incity MEGA and Wenzhou Incity MEGA, we will continue to improve and maintain the market leadership in the competitiveness of mega experience centers. On the basis of the new generation of Incity projects such as Shanghai Songjiang Incity and Hangzhou Aoti Incity, we will continue to enhance and iterate Incity products.

Contents

Part 4

Appendix



Appendix: Condensed Consolidated Statement of Profit or Loss

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For the year ended 31 December 2021

	2021 RMB' 000	2020 RMB' 000
Revenue	452,797,774	419,111,678
Cost of revenue	(357,106,481)	(298,531,477)
Gross profit	95,691,293	120,580,201
Other net income	6,724,017	8,842,204
Selling and marketing expenses	(12,808,639)	(10,636,900)
Administrative expenses	(14,150,965)	(14,505,204)
Other expenses	(2,130,339)	(1,506,848)
Profit from operations	73,325,367	102,773,453
Interest on lease liabilities	(1,112,014)	(985,635)
Finance costs	(6,749,333)	(7,771,945)
Share of profits less losses of associates joint ventures	4,888,729	9,739,656
Profit before taxation	70,352,749	103,755,529
Income tax	(32,283,222)	(44,457,413)
Profit for the year	38,069,527	59,298,116
Attributable to:		
Equity shareholders of the Company	22,524,033	41,515,545
Non-controlling interests	15,545,494	17,782,571
Profit for the year	38,069,527	59,298,116
Earnings per share (RMB)		
Basic and diluted	1.94	3.62



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

For the year ended 31 December 2021

	2021 RMB' 000	2020 RMB' 000
Profit for the year	38,069,527	59,298,116
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)	242,996	(609,893)
Share of other comprehensive income of associates	305,085	119,802
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(36,973)	(177,824)
Cash flow hedge: net movement in the hedging reserve	(250,544)	294,509
Share of other comprehensive income of associates	1,207,611	183,770
Other comprehensive income for the year	1,468,175	(189,636)
Total comprehensive income for the year	39,537,702	59,108,480
Attributable to:		
Equity shareholders of the Company	23,927,379	41,777,598
Non-controlling interests	15,610,323	17,330,882
Total comprehensive income for the year	39,537,702	59,108,480



Appendix: Condensed Consolidated Statement of Financial Position

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As at 31 December 2021

	31 December 2021 RMB' 000	31 December 2020 RMB' 000
Non-current assets		
Property, plant and equipment	32,631,565	31,841,854
Investment properties	108,521,492	103,459,740
Intangible assets and goodwill	8,542,126	918,742
Interest in associates and joint ventures	144,449,332	141,895,190
Other financial assets	2,874,594	2,298,997
Other non-current asset	7,832,794	13,840,079
Deferred tax assets	33,517,920	27,535,431
	338,369,823	321,790,033
Current assets		
Inventories and other contract costs	1,083,598,314	1,008,434,340
Contract assets	10,390,002	6,162,550
Trade and other receivables	356,067,288	331,115,807
Other current assets	22,482	172,789
Pledged and restricted deposits	8,643,985	9,568,344
Cash and cash equivalents	140,708,459	185,662,380
Assets held for sale	892,423	6,334,728
	1,600,322,953	1,600,322,953
Current liabilities		
Trade and other payables	541,059,314	532,524,608
Contract liabilities	636,858,514	630,747,211
Bank loans and borrowings from financial institutions	53,842,277	70,299,267
Bonds payable	6,576,207	13,689,877
Lease liabilities	1,925,950	1,584,257
Current taxation	71,184,205	68,647,470
	1,311,446,467	1,317,492,690
Net current assets	288,876,486	229,958,248
Total assets less current liabilities	627,246,309	551,748,281



Appendix: Condensed Consolidated Statement of Financial Position

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As at 31 December 2021

	31 December 2021 RMB' 000	31 December 2020 RMB' 000
Non-current liabilities		
Bank loans and borrowings from financial institutions	154,322,279	132,036,783
Bonds payables	53,020,572	43,576,223
Lease Liabilities	24,309,642	24,589,946
Deferred tax liabilities	1,344,534	295,348
Provisions	275,163	215,331
Other non-current liabilities	1,201,342	1,190,176
	234,473,532	201,903,807
NET ASSETS	392,772,777	349,844,474
CAPITAL AND RESERVES		
Share capital	11,625,383	11,617,732
Reserves	224,327,751	212,893,221
Total equity attributable to equity shareholders of the Company	235,953,134	224,510,953
Non-controlling interests	156,819,643	125,333,521
TOTAL EQUITY	392,772,777	349,844,474



Appendix: Condensed Consolidated Cash Flow Statement

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For the year ended 31 December 2021

	2021 RMB' 000	2020 RMB' 000
Operating activities		
Cash generated from operations	41,072,096	94,886,928
Income Tax paid	(36,958,935)	(41,698,905)
Net cash generated from operating activities	4,113,161	53,188,023
Investing activities		
Acquisitions of subsidiaries, net of cash acquired	(15,918,005)	(2,528,505)
Investment in associates and joint ventures	(15,250,059)	(12,937,284)
Other investments	(208,447)	(154,922)
Acquisitions of property, plant and equipment, investment properties and intangible assets	(9,577,908)	(7,208,298)
Net cash inflow from disposals of subsidiaries	3,221,932	4,380,640
Proceeds from disposal of property, plant and equipment	63,571	62,313
Proceeds from disposals of investments	856,446	4,636,886
Interest received	4,424,509	4,075,935
Net cash flow from redemptions of wealth management product	150,524	11,567,138
Dividends received	5,956,650	3,903,164
Net cash (used in)/generated from investing activities	(26,280,787)	5,797,067



Appendix: Condensed Consolidated Cash Flow Statement

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For the year ended 31 December 2021

	2021 RMB' 000	2020 RMB' 000
Financing activities		
Capital element of lease rentals paid	(1,310,726)	(1,381,926)
Interest element of lease rentals paid	(1,112,014)	(985,635)
Proceeds from H shares placement	-	7,165,296
Capital contributions from non-controlling interests	38,793,660	31,693,649
Payments to non-controlling interests	(23,221,622)	(11,885,702)
Proceeds from bank loans, borrowings from financial institutions and bonds	122,213,110	115,076,718
Repayment of bank loans, borrowings from financial institutions and bonds	(114,594,233)	(110,431,891)
Repayment of advance payment from contracted parties	(2,308,000)	(27,038,718)
Dividends and interest paid	(41,563,942)	(34,716,051)
Net cash used in financing activities	(23,103,767)	(32,504,260)
Net (decrease)/increase in cash and cash equivalents	(45,271,393)	25,923,729
Cash and cash equivalents at 1 January	185,662,380	159,738,651
Effect of foreign exchange rate changes	317,472	(557,101)
Cash and cash equivalents at 31 December	140,708,459	185,662,380

THANKS!

IMPORTANT NOTICE:

The content of this material is extracted from Vanke's 2021 Interim Report. If there is any discrepancy, please refer to the interim report



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