

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

vanke

CHINA VANKE CO., LTD.*

萬科企業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2202)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Board**”) of China Vanke Co., Ltd.* (the “**Company**”) is hereby to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2023. This announcement, containing the full text of the 2023 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results.

The printed version of the Company’s 2023 Interim Report will be delivered to the holders of H shares of the Company and available for viewing on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and of the Company (www.vanke.com) in September 2023.


Both the Chinese and English versions of this results announcement are available on the websites of the Company (www.vanke.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). In the event of any discrepancies in interpretations between the English version and Chinese version, the Chinese version shall prevail, except for the financial report, of which the English version shall prevail.

By order of the Board
China Vanke Co., Ltd.*
YU Liang
Chairman of the Board

Shenzhen, the PRC, 30 August 2023

As at the date of this announcement, the Board comprises Mr. YU Liang, Mr. ZHU Jiusheng and Ms. WANG Yun as executive directors; Mr. XIN Jie, Mr. HU Guobin, Mr. HUANG Liping and Mr. LEI Jiansong as non-executive directors; and Mr. LIU Tsz Bun Bennett, Mr. LIM Ming Yan, Dr. SHUM Heung Yeung Harry and Mr. ZHANG Yichen as independent non-executive directors.

* For identification purposes only



Important Notice:

1. The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company warrant that the information contained in the interim report for 2023 (the “**Report**” or the “**Interim Report**”) does not contain any misrepresentation, misleading statement or material omission, and they jointly and severally accept responsibility for the truthfulness, accuracy and completeness of its contents.
2. The Report was considered and approved at the second meeting of the twentieth session of the Board (the “**Meeting**”). Mr. XIN Jie, a Non-executive Director of the Company, did not attend the meeting due to business engagement and had authorised Mr. HUANG Liping, another Non-executive Director of the Company to attend the Meeting and execute voting rights on his behalf. Besides that, each of other directors of the Company attended the Board meeting in person.
3. There will be no dividend distribution, bonus share, or transfer of equity reserve to the share capital of the Company for the 2023 interim period.
4. The interim financial report was prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“**IAS 34**”). The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.
5. Mr. YU Liang, Chairman of the Board and Ms. HAN Huihua, Executive Vice President and Finance Principal declare that the financial report contained in the Report is warranted to be true, accurate and complete.
6. Unless otherwise specified, the currency referred to in the Report is Renminbi (“**RMB**”).
7. The Report contains forward-looking statements in relation to matters such as future plans and development strategies, which do not constitute any specific undertakings to investors by the Group. Investors are advised to be aware of the risks involved, understand the differences between plans, forecasts and undertakings, and pay attention to investment risks.

The Report has been prepared in Chinese and English, respectively. In case of discrepancy, the Chinese version shall prevail, except for the interim financial report prepared in accordance with IAS 34, of which the English version shall prevail.

CONTENTS

| | | |
|-----------|--|----|
| Section 1 | Corporate Information | 5 |
| Section 2 | Accounting and Financial Highlights | 7 |
| Section 3 | Management Discussion and Analysis | 9 |
| Section 4 | Corporate Governance | 31 |
| Section 5 | Environmental and Social Responsibility | 33 |
| Section 6 | Significant Events | 36 |
| Section 7 | Change in Share Capital and Information on Shareholders | 52 |
| Section 8 | Relevant Information on Bonds | 59 |
| Section 9 | Financial Report | 66 |

Definition

| Term | Meaning |
|------------------------|---|
| Company | China Vanke Co., Ltd. |
| Vanke or the Group | China Vanke Co., Ltd. and its subsidiaries |
| Onewo | Onewo Inc. an omni-space service provider. It mainly comprises of: Vanke Service, a community space service provider; Cushman & Wakefield Vanke Service, a commercial space service provider; CITY UP, an urban space integrated service provider; and Vanrui Technology, which provides AIoT (Artificial Intelligence Internet of Things) and BPaaS (Business Process as a Service) solutions services |
| SCPG | SCPG Holdings Co., Ltd., incorporated in the Cayman Islands, a commercial property development and operation capability platform under the Group |
| VX Logistic Properties | Vanke Logistics Development Co., Ltd., a logistics and warehousing service and supply chain solutions platform of the Group |
| Port Apartment | Zhuhai Port Apartment Management Company Limited, a long-term rental apartment brand under the Group, is committed to providing residential solutions for urban youths |
| BG | Business Group, which currently including 7 regional BG that responsible for development business, i.e. Southern Regional BG, Shanghai Regional BG, Beijing Regional BG, Southwestern Regional BG, Northwestern Region BG, Central Regional BG, and Northeastern Regional BG; and Property Service BG (i.e. Onewo) |
| BU | Business Unit, including SCPG BU, Logistics BU, Long-term Rental Apartment BU, Overseas BU, Hotel and Vacation BU |
| CSRC | China Securities Regulatory Commission |
| SZSE | Shenzhen Stock Exchange |

| Term | Meaning |
|--|--|
| SEHK | The Stock Exchange of Hong Kong Limited |
| SZMC | Shenzhen Metro Group Co., Ltd. |
| Yingjiazhong Partnership Enterprise | Shenzhen Yingjiazhong Industrial Partnership (Limited Partnership) |
| Ying'an Partnership Enterprise | Shenzhen Ying'an Financial Advisory Enterprise (Limited Partnership) |
| Company Law | Company Law of the People's Republic of China |
| Securities Law | Securities Law of the People's Republic of China |
| SZSE Listing Rules | Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange |
| Guidelines for Standard Operation | Shenzhen Stock Exchange Self-Regulatory Guidelines No. 1 – Standard Operation of Listed Companies on the Main Board |
| SFO | Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| SEHK Listing Rules | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| Corporate Governance Code | Corporate Governance Code set out in Appendix 14 of SEHK Listing Rules |
| Model Code | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of SEHK Listing Rules |
| A Share(s) (RMB-denominated Ordinary Share(s)) | domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the SZSE and traded in Renminbi |
| Board | the board of directors of the Company |

Definition

| Term | Meaning |
|---|--|
| B Share(s) (Domestic-listed Foreign Share(s)) | the Company's domestic-listed foreign ordinary share(s) with a nominal value of RMB1.00 each issued in 1993, which were listed on the SZSE and traded prior to June 2014 |
| H Share(s) (Overseas-listed Foreign Share(s)) | overseas-listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the SEHK and traded in Hong Kong dollars |
| Articles of Association | Articles of Association of China Vanke Co., Ltd. |
| Reporting Period | 1 January 2023 to 30 June 2023 |
| RMB | Renminbi, unless otherwise specified |
| Shares | A Shares and H Shares of the Company |
| Shareholders | Shareholders of the Company |

Section 1 Corporate Information

I. Corporate Information

(I) Basic Information

Company Name (Chinese): 萬科企業股份有限公司 (abbreviated as “萬科”)

Company Name (English): CHINA VANKE CO., LTD.* (abbreviated as “VANKE”)

Registered address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People’s Republic of China

Postal code: 518083

Office address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People’s Republic of China

Postal code: 518083

Registered office and correspondence address in Hong Kong: Unit A, 43/F, Bank of China Tower, 1 Garden Road, Hong Kong

Website address: www.vanke.com

E-mail address: IR@vanke.com

Legal representative: YU Liang

Authorised representatives for SEHK: ZHU Jiusheng and ZHU Xu

Alternate authorised representative for SEHK: YIP Hoi Man

(II) Contact Persons and Contact Details

Secretary to the Board and company secretary: ZHU Xu

E-mail address: IR@vanke.com

Securities affairs representative: JI Jianghua

E-mail address: IR@vanke.com

Contact address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People’s Republic of China

Telephone number: 0755-25606666

Fax number: 0755-25531696

Assistant company secretary: YIP Hoi Man

E-mail address: IR@vanke.com

Contact address: Unit A, 43/F, Bank of China Tower, 1 Garden Road, Hong Kong

Telephone number: 00852-23098888

Fax number: 00852-23288097

Section 1

Corporate Information

(III) Information of Stock

Stock exchange on which the Company's A shares are listed: SZSE

Stock short name of A shares: Vanke A

Stock code of A shares: 000002

Stock exchange on which the Company's H shares are listed: SEHK

Stock short name of H shares: China Vanke, Vanke H ^{note}

Stock code of H shares: 02202, 299903 ^{note}

Note: The stock short name and stock code are only applied for trading of the Company's H Shares converted from the B Shares of the Company held by the original B shareholders of the Company through domestic securities companies' trading system.

H share registrar: Computershare Hong Kong Investor Services Limited

Contact address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

(IV) The Place for Information Disclosure and Collection

Media for disclosure of information: "China Securities Journal", "Securities Times", "Shanghai Securities News", "Securities Daily", CNINFO Network, and HKEXnews website of SEHK

Website address for publication of the Interim Report:

A shares: www.cninfo.com.cn

H shares: www.hkexnews.hk

Place for the report collection: The Office of the Company's Board of Directors

(V) Modification of Registration

First registration date of the Company: 30 May 1984, location: Shenzhen

Last date of change in registration: 23 August 2023, location: Shenzhen

Unified social credit code: 91440300192181490G

Section 2 Accounting and Financial Highlights

(I) Key accounting data and financial indicators

Unit: RMB'000

| Items | 30-Jun-2023 | 31-Dec-2022* | Increase/ (decrease) over the beginning of the year |
|---|---------------|---------------|--|
| Current assets | 1,325,070,729 | 1,415,395,430 | -6.38% |
| Current liabilities | 981,909,083 | 1,077,801,573 | -8.90% |
| Total equity attributable to equity shareholders of the Company | 249,326,669 | 243,325,375 | 2.47% |
| Share capital (1,000 shares) | 11,930,709 | 11,630,709 | 300 million shares increased by |
| Net assets per share attributable to equity shareholders of the Company (RMB) | 21.03 | 21.05 | -0.13% |

Unit: RMB'000

| Items | Jan-Jun 2023 | Jan-Jun 2022* | Increase/ (decrease) over the same period of the previous year |
|--|--------------|---------------|--|
| Revenue | 200,892,590 | 206,916,289 | -2.91% |
| Gross profit | 37,889,284 | 42,330,067 | -10.49% |
| Profit before taxation | 27,717,514 | 31,168,099 | -11.07% |
| Profit for the Period attributable to equity shareholders of the Company | 9,870,472 | 12,251,269 | -19.43% |
| Basic earnings per share (RMB) | 0.84 | 1.05 | -20.00% |
| Diluted earnings per share (RMB) | 0.84 | 1.05 | -20.00% |
| Return on equity (fully diluted) | 3.96% | 5.22% | decreased by 1.26 percentage points |
| Return on equity (weighted average) | 3.94% | 5.06% | decreased by 1.12 percentage points |

Note: The Company repurchased 72,955,992 A Shares in 2022, which were not cancelled as at 30 June 2023. The treasury shares had been deducted from the shares used for calculation of net assets per share, basic earnings per share and diluted earnings per share attributable to the shareholders of the Company and weighted average return on equity.

* : In 2023, the Group has implemented the amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction. For details, please refer to Note 2(b) to the interim financial report.

Section 2

Accounting and Financial Highlights

(II) Difference Arising from Accounting Standards of the PRC and the International Standards

Unit: RMB'000

| | Net profit attributable to the shareholders of the Company | | Total equity attributable to the shareholders of the Company | |
|---|--|--------------|--|-------------|
| | Jan-Jun 2023 | Jan-Jun 2022 | 30-Jun-2023 | 31-Dec-2022 |
| According to the international accounting standards | 9,870,472 | 12,251,269 | 249,326,669 | 243,325,375 |
| According to the PRC accounting standards | 9,870,472 | 12,251,269 | 249,326,669 | 243,325,375 |
| Breakdown and total reconciled according with international accounting standards: | | | | |
| According to the international accounting standards | – | – | – | – |
| Differences | | | Nil | |

Section 3 Management Discussion and Analysis

I. Review and Analysis of Business Situation

In the first half of 2023, the market prosperity rebound for a short term but later plunged again, indicating a critical situation. To cope with the evolving market conditions and complex operation situation, the Group adheres to a prudent operation strategy to constantly improve its business operation and management on the premise of ensuring safety and health.

The Group maintained an industry-leading credit rating. As at the end of the Reporting Period, the Group's net gearing ratio was 49.5%, which was at a low level in the industry, the cash on hand was RMB122.18 billion, covering short-term debts by 2.7 times, and the net cash flow generated from operating activities has been positive for 14 consecutive years, and amounted to RMB1.86 billion in the first half of 2023. The Group continued to optimize its debt structure and reduce financing costs. The proportion of interest-bearing liabilities due within one year was 14.2%, representing a decrease of 6.3 percentage points from that at the beginning of the year. The comprehensive cost of new domestic financing was 3.73%, and the weighted average term of debts was 5.0 years.

During the Reporting Period, the Group realized a revenue of RMB200.89 billion, representing a year-on-year decrease of 2.9%. The profit for the period attributable to equity shareholders of the Company amounted to RMB9.87 billion, representing a year-on-year decrease of 19.4%. In particular, booked revenue from property development business was RMB170.84 billion, representing a year-on-year decrease of 4.5%. The operation and service business maintained its growth trend, with full-scale revenue reaching RMB26.73 billion, a rise of 11.9% year-on-year. In particular, the revenue growth rate of property services was 12.2% and the revenue growth rates of logistics & warehousing, rental housing and retail property development and operation (including non-consolidated items) at 17.0%, 10.6% and 7.3% respectively.

(I) Market review

1. *Real estate development*

The sales area of commercial housing nationwide decreased, with a slight increase in sales amount. According to data from National Bureau of Statistics, in the first half of 2023, the sales area of commercial housing nationwide was 600 million square meters, a decrease of 5.3% year-on-year, while the sales amount was RMB6.3 trillion, an increase of 1.1% year-on-year. In particular, the sales area of commercial housing in the first quarter increased by 4.1% year-on-year, and that in the second quarter decreased by 1.6% year-on-year.

The floor area of new construction projects and the investment in property development extended decline. In the first half of 2023, the floor area of new construction projects in China was 500 million square meters, a decrease of 24.3% year-on-year, and the national investment in real estate development was RMB5.9 trillion, a decrease of 7.9% year-on-year.

Section 3

Management Discussion and Analysis

The supply and transaction areas of the land market have shrunk. According to China Index Academy, in the first half of 2023, the supply of residential land in 300 cities in China decreased by 32.9% year-on-year in terms of floor space supplied, 31.6% year-on-year in terms of floor space sold, and 20.1% year-on-year in terms of residential land premium. The average premium rate of residential land was 6.7% in the first half of 2023.

The industry policies were gradually adjusted. In the first half of 2023, some cities adapted different market policies for different cities and gradually optimized the industry policies. In July, a meeting of the Political Bureau of the CPC Central Committee noted that “To adapt to the great changes in the relationship between supply and demand in China’s real estate market, it is imperative to adjust and improve the related policies in a timely manner, make use of the targeted policy tools in different cities so as to better meet residents’ demand for basic housing or their need to improve their housing conditions, and facilitate the steady and sound development of the real estate market”.

2. *Property services*

The gradual increase on establishment rate of property owners’ committee of residential communities and residents’ participation in community-level self-governance, enhanced activity of replacement of property service companies in stock residential property services market. In the non-residential sector, the property management of business office building naturally extended to the facilities and equipment integrated management business (FM) and market space gradually released. Property service companies generally accelerated the expansion of third-party projects, non-residential property services and value-added community services, with a view to diversifying the sources of growth. Meantime, local governments issued relevant administration measures on the housing pension system, which will drive the life-cycle housing maintenance and the preservation or increase of asset value. The “Opinions on Promoting the Construction of a Basic Eldercare Service System” issued by the State Council encourages property service companies to provide home-based eldercare services in communities based on actual conditions.

3. *Logistics and warehousing*

The performance of high-standard warehouses divided along with increased supply and the whole market under pressure. In particular, the leasing market of core areas, such as the Yangtze River Delta and the Greater Bay Area, was relatively stable under a strong economic demand, while some Tier-2 cities in Central and Northern China recorded a decline in the occupancy rate and rent as affected by the relationship between supply and demand. The cold chain business maintained an upward trend. The strong demand of catering, fresh food e-commerce and other industries contributed to the steady growth of the cold chain logistics market. In 2023, the National Development and Reform Commission and local governments continued to issue policies to support the development of cold chain logistics, and increased the number of national backbone cold chain logistics bases.

4. Rental housing

The overall housing leasing market is relatively stable. In the first half of the year, the rent of individual housing in 55 cities across the country fell by 0.24% month-on-month and 0.42% year-on-year. With the development of the market, the service objects of rental apartments have also expanded from new urban youths and new entrants to family tenants and high-end people, and product types such as large-scale rental communities and high-tech industry talent apartments have also gradually emerged. The housing leasing business continued to benefit from favorable policies. The “Seventeen Financial Measures” issued in February provides a diversified, multi-level and full-cycle financial product and service system for rental housing companies, which covers market-oriented rental housing and affordable housing. Local governments have introduced numerous policies in relation to the construction goals, rights protection, market supervision and financial support of affordable rental housing.

5. Retail property development and operations

In the first half of 2023, the total retail sales of consumer goods increased by 8.2% year-on-year, but the monthly growth rate fell back and maintained at 3.1% in June. By types of business, the sales of catering, leisure and entertainment, jewelry and other businesses experienced a rapid recovery benefiting from the restoration of scenarios, but optional consumption businesses of high unit price, represented by home appliances, furniture and communication device, recorded a relatively weak growth due to not yet fully recovered confidence of consumers. In March, the National Development and Reform Commission issued the “Notice on Regulating and Efficiently Promoting the Application and Recommendation of Real Estate Investment Trusts (REITs) Projects in the Infrastructure Field”, proposing to support the construction of consumer infrastructure, giving priority to urban and rural commercial network projects such as department stores, shopping centers, farmers’ markets, and infrastructure REITs released by community commercial projects that guarantee basic people’s livelihood.

(II) Main work in the Reporting Period

The Group’s core businesses include “real estate development and related asset operation” and “property services”.

In the first half of 2023, the Group achieved a revenue of RMB200.89 billion, representing a year-on-year decrease of 2.9%, and profit attributable to equity shareholders of the Company of RMB9.87 billion, representing a year-on-year decrease of 19.4%. Basic earnings per share amounted to RMB0.84, representing a year-on-year decrease of 20.0%. Fully diluted return on equity was 4.0%, representing a decrease of 1.2 percentage points as compared to the same period in the previous year. During the Reporting Period, the decline of net profit attributable to equity shareholders of the Company was mainly due to the decrease in booked revenue and profit margin of development business.

There will be no dividend distribution, bonus share, or capitalisation of equity reserve of the Group for the 2023 interim period.

Categorized by business types, the revenue of the Group from real estate development and related asset operation businesses reached RMB184.36 billion, accounting for 91.8%; revenue from property services reached RMB14.04 billion, accounting for 7.0%.

Section 3 Management Discussion and Analysis

Before deducting tax and surcharges, the gross profit margin of the Group's property development and related asset operation business was 19.3%, representing a decrease of 1.5 percentage points from the same period of 2022 (the Group adopts the cost method to calculate operating assets, after adding back depreciation and amortization, the gross profit margin was 20.7%, down by 1.3 percentage points). After deducting tax and surcharges, the operating profit margin of the Group's property development and related asset operation business was 14.7%, decreased by 1.9 percentage points from the same period of 2022. In particular, the booked gross profit margin of development business was 20.3%, and the operating profit margin after deducting tax and surcharges was 15.3%.

The Operation of the Group's Core Businesses

Unit: RMB'000

| Industry | Revenue | | Cost of Sales | | Gross Profit Margin ^(Note 1) | | Operating Profit Margin ^(Note 2) | |
|--|--------------------|-----------------|--------------------|-----------------|---|--|---|--|
| | Amount | Growth/decrease | Amount | Growth/decrease | Amount | Growth/decrease | Amount | Growth/decrease |
| 1. Core businesses | 198,399,177 | -2.68% | 160,655,666 | -0.87% | 19.02% | decreased by 1.48 percentage points | 14.69% | decreased by 1.72 percentage points |
| Among which: real estate development and related assets operation businesses ^(Note 4) | 184,361,840 | -3.81% | 148,779,052 | -1.95% | 19.30% | decreased by 1.54 percentage points | 14.66% | decreased by 1.85 percentage points |
| Property services | 14,037,337 | 15.13% | 11,876,614 | 14.87% | 15.39% | increased by 0.19 percentage points | 15.03% | increased by 0.28 percentage point |
| 2. Other businesses ^(Note 5) | 2,493,413 | -18.30% | 2,347,640 | -6.71% | 5.85% | decreased by 11.70 percentage points | 5.02% | decreased by 11.76 percentage points |
| Total | 200,892,590 | -2.91% | 163,003,306 | -0.96% | 18.86%^(Note 3) | decreased by 1.60 percentage points | 14.57% | decreased by 1.84 percentage points |

- Notes:
- Gross profit margins figures are before taxes and surcharges.
 - The operating profit margins have deducted taxes and surcharges.
 - The Group adopts the cost method to calculate operating assets, and the gross profit margin deducts the depreciation and amortization of investment properties, fixed assets, intangible assets and long-term deferred expenses. After adding back depreciation and amortization, the gross profit margin was 20.2%.
 - Related asset management business mainly consists of income from logistics, rental housing, retail properties, offices and other businesses.
 - The revenue of the other businesses mainly includes revenue from farming business and operating management fees, brand management fees, and business management-related fees collected from joint ventures.

(III) Business development

1. Real estate development

(1) Sales and recognition

In the first half of 2023, the Group achieved sales of 12.970 million square meters, representing a year-on-year increase of 0.5%, and sales of RMB203.94 billion, representing a year-on-year decrease of 5.3%. Sales amount ranked first in 15 cities, and second in 12 cities, and third in 5 cities.

Sales by geographical regions

| | Areas Sold ('0000 square meters) | Proportion | Sales Amount (RMB hundred million) | Proportion |
|---------------------|--|---------------|--|---------------|
| Southern Region | 203.4 | 15.7% | 490.4 | 24.0% |
| Shanghai Region | 336.1 | 25.9% | 705.1 | 34.5% |
| Beijing Region | 226.9 | 17.5% | 273.1 | 13.4% |
| Northeastern Region | 119.5 | 9.2% | 96.9 | 4.8% |
| Central Region | 166.8 | 12.9% | 191.1 | 9.4% |
| Southwestern Region | 131.5 | 10.1% | 139.7 | 6.9% |
| Northwestern Region | 111.3 | 8.6% | 125.3 | 6.1% |
| Others | 1.5 | 0.1% | 17.8 | 0.9% |
| Total | 1,297.0 | 100.0% | 2,039.4 | 100.0% |

Note: The Beijing region includes Beijing, Hebei Province, Shandong Province, Shanxi Province, Tianjin, and Inner Mongolia Autonomous Region; the Northeastern region includes Liaoning Province, Heilongjiang Province, and Jilin Province; the Central region includes Hubei Province, Henan Province, Hunan Province and Jiangxi Province; the Southern region includes Guangdong Province, Fujian Province, Hainan Province and Guangxi Zhuang Autonomous Region; the Shanghai region includes Shanghai, Anhui Province, Jiangsu Province and Zhejiang Province; the Northwestern region includes Shaanxi Province, Gansu Province, Ningxia Hui Autonomous Region, Qinghai Province and Xinjiang Uygur Autonomous Region; the Southwest region includes Sichuan Province, Chongqing, Guizhou Province and Yunnan Province; others include: Hong Kong, New York, San Francisco, London and Seattle.

The Group's property development and relevant facilities business has mainly established a presence in seven regions across China, with the revenue of RMB181.04 billion. The Group realized settlement area from real estate development business of 12.419 million square meters, representing a year-on-year decrease of 5.2%, and booked revenue of RMB170.84 billion, representing a year-on-year decrease of 4.5%. Booked gross profit margin accounted for 20.3% (the operating profit margin after deducting tax and surcharge: 15.3%).

Section 3 Management Discussion and Analysis

Revenue and profit by different regions in China

| | Revenue | | Net Profit Attributable to Vanke's Equity Holding | |
|---------------------|--------------------|----------------|--|----------------|
| | (RMB'000) | Proportion | (RMB'000) | Proportion |
| Southern Region | 37,828,735 | 20.90% | 4,423,604 | 34.62% |
| Shanghai Region | 70,810,808 | 39.11% | 6,120,478 | 47.91% |
| Beijing Region | 25,224,880 | 13.93% | (145,712) | -1.14% |
| Southwestern Region | 21,143,924 | 11.68% | 1,315,352 | 10.30% |
| Northwestern Region | 9,962,128 | 5.50% | 652,765 | 5.11% |
| Central Region | 9,425,108 | 5.21% | 523,084 | 4.09% |
| Northeastern Region | 6,645,682 | 3.67% | (113,300) | -0.89% |
| Total | 181,041,265 | 100.00% | 12,776,271 | 100.00% |

As at the end of the Reporting Period, within the consolidated statements of the Group, there were 31.182 million square meters of sold resources that had not been completed and settled, a decrease of 7.2% from the end of the previous year. The total contract price was approximately RMB488.44 billion, a decrease of 7.8% from the end of the previous year.

(2) Investment and projects to be started and completed

In the first half of 2023, the Group realized new construction and resumption of estimated floor area of approximately 11.96 million square meters, accounting for 71.5% of that planned at the beginning of the year. The completed plot ratio-based floor area amounted to approximately 12.905 million square meters, accounting for 40.0% of that planned at the beginning of the year. The floor area to be completed for the whole year is expected to be nearly the same as that planned at the beginning of the year.

The Group adheres to high-quality investments, identifying structural opportunities based on the investment map, and constantly expanding projects with good market and customer base, established product solutions and excellent financial indicators. From January to August 2023, the Group acquired 32 new projects, all located in first-tier and second-tier cities, with a total planned estimated plot ratio-based gross floor area ("GFA") of 4.490 million square meters, and planned estimated plot ratio-based GFA attributable to the Company's equity holding of 2.676 million square meters. The total land premium of the above projects amounted to RMB71.86 billion, total land premium attributable to the Company's equity holding amounted to approximately RMB43.10 billion, and the average land premium for new projects was RMB16,003/square meter.

Section 3

Management Discussion and Analysis

As at the end of the Reporting Period, the Group's total estimated plot ratio-based GFA under construction and under planning was approximately 107.736 million square meters. In particular, the total estimated plot ratio-based GFA under construction was approximately 73.107 million square meters, and its estimated plot ratio-based GFA attributable to equity holding was approximately 46.604 million square meters. The total estimated plot ratio-based GFA of the planned projects was approximately 34.629 million square meters, and its estimated plot ratio-based GFA attributable to equity holding was approximately 22.007 million square meters. In addition, the Group was also engaged in some urban renewal projects. According to the current planning conditions, its total estimated plot ratio-based GFA was approximately 3.827 million square meters as at the end of the Reporting Period.

For details of the projects acquired during the Reporting Period, please refer to the following table. The Group's equity interests in the projects listed in this section may change as a result of the introduction of cooperation parties for joint development in some of these projects. The current percentages of shareholdings are for investors' reference at this stage only.

Unit: sq.m.

| No. | Project name | Location | Shareholding | Site area | Planned plot ratio-based GFA | Plot ratio-based GFA attributable to equity holding of the Company | Project process |
|--------------|---|--------------------|--------------|----------------|------------------------------|--|--------------------|
| 1 | Dongguan Longwan Binjiang Area Project-01 | Wanjiang Street | 42.1% | 36,098 | 125,982 | 53,051 | Under construction |
| 2 | Dongguan Longwan Binjiang Area Project-02 | Wanjiang Street | 42.1% | 66,176 | 230,955 | 97,255 | Pre-construction |
| 3 | Dongguan Zhenwanhui | Nancheng Street | 39.1% | 73,216 | 226,969 | 88,699 | Under construction |
| 4 | Dongguan Zhenshanjing | Dongcheng Street | 32.0% | 59,443 | 119,414 | 38,212 | Under construction |
| 5 | Central Park, The New City, Guangzhou | Huangpu District | 63.0% | 38,320 | 206,217 | 129,834 | Under construction |
| 6 | Hangzhou Comfy Oasis | Gongshu District | 41.2% | 26,861 | 45,664 | 18,832 | Under construction |
| 7 | Nanjing Isle Maison-Yuhe | Yuhuatai District | 69.8% | 34,856 | 97,592 | 68,090 | Under construction |
| 8 | Nanjing Isle Maison Phase II | Yuhuatai District | 44.2% | 27,328 | 60,116 | 26,595 | Under construction |
| 9 | Ningbo Isle-Wenlan | Yinzhou District | 90.4% | 17,965 | 34,132 | 30,855 | Under construction |
| 10 | Songjiang Haishangyingxiang, Shanghai | Songjiang District | 97.9% | 119,000 | 249,000 | 243,647 | Pre-construction |
| 11 | Shanghai Isle Maison-Huayu | Minhang District | 50.6% | 65,000 | 163,000 | 82,413 | Under construction |
| 12 | Future City, Shanghai | Jiading District | 48.9% | 142,000 | 369,000 | 180,478 | Under construction |
| 13 | Kunshan Isle Maison-Yuhu | Kunshan | 69.3% | 59,739 | 137,359 | 95,217 | Under construction |
| 14 | Xi'an Vanke Dongwang Shangrui | Yanta District | 59.6% | 83,583 | 305,914 | 182,263 | Pre-construction |
| 15 | Chengdu Urban Xanadu | Wuhou District | 80.0% | 54,727 | 109,454 | 87,563 | Pre-construction |
| 16 | Chengdu Isle Maison-Jiaozi | Jinjiang District | 60.0% | 49,603 | 89,285 | 53,571 | Pre-construction |
| Total | | | | 953,915 | 2,570,053 | 1,476,575 | |

Section 3 Management Discussion and Analysis

From the end of the Reporting Period to the date of this Report, the Group had the following new development projects:

Unit: sq.m.

| No. | Project name | Location | Shareholding | Site area | Planned plot ratio-based GFA | Plot ratio-based GFA attributable to equity holding of the Company | Project process |
|--------------|--|-----------------------|--------------|----------------|------------------------------|--|--------------------|
| 1 | Beijing Tongzhou Yongshun 6004 Land Lot | Tongzhou District | 100.0% | 42,366 | 78,553 | 78,553 | Pre-Construction |
| 2 | Subsequent plots of Taiyuan Vanke Yueduhui | Xiaodian District | 99.7% | 69,587 | 191,622 | 191,105 | Under construction |
| 3 | Jinlu Project, Taiyuan | Yingze District | 46.9% | 23,291 | 78,317 | 36,731 | Pre-construction |
| 4 | Residential plot of 179 mu of Yuncheng Phase II, Zhengzhou | Huiji District | 50.0% | 119,319 | 357,956 | 178,978 | Pre-construction |
| 5 | G-29 Plot, Zhongshan | Tsuihang New District | 50.0% | 99,039 | 198,077 | 99,039 | Pre-construction |
| 6 | Hangzhou Xiasha Jinshahu 56, 67 Project | Qiantang District | 100.0% | 28,765 | 71,913 | 71,913 | Pre-construction |
| 7 | Hangzhou Pule Guigu Primary School North Land Lot | Binjiang District | 60.0% | 32,174 | 70,783 | 42,470 | Pre-Construction |
| 8 | Hangzhou Shenhua No.28 Retail and Residential Land Lot | Gongshu District | 100.0% | 35,612 | 96,152 | 96,152 | Pre-Construction |
| 9 | Hefei Isle Maison – Senyu | Baohe District | 52.1% | 70,879 | 163,021 | 84,948 | Under construction |
| 10 | Hefei Great Innovation Valley Land Lot | Shushan District | 38.0% | 102,627 | 218,071 | 82,813 | Pre-Construction |
| 11 | Ningbo Changqingteng North Land Lot | Yinzhou District | 50.0% | 14,159 | 39,645 | 19,823 | Pre-Construction |
| 12 | Ningbo Isle West Land Lot | Yinzhou District | 70.0% | 43,586 | 100,248 | 70,173 | Pre-Construction |
| 13 | Mancheng Phase II, Shanghai | Baoshan District | 35.0% | 49,754 | 99,508 | 34,828 | Under construction |
| 14 | Yuntai Street Plot, Suzhou (Sudi No. 2023-WG-24) | Gusu District | 45.0% | 18,648 | 28,707 | 12,918 | Pre-construction |
| 15 | Chengdu International Trade City 51 Mu Land Lot | Xindu District | 100.0% | 34,422 | 68,844 | 68,844 | Pre-Construction |
| 16 | Chengdu Changi Starry Project | Pidu District | 51.0% | 29,383 | 58,766 | 29,971 | Under construction |
| Total | | | | 813,611 | 1,920,183 | 1,199,259 | |



Section 3 Management Discussion and Analysis

(3) *Products and Services*

Improving the stable mass supply of high-quality projects. Firstly, the Group strengthened the construction of product lines, continuously developed and improved the product line system based on city level, land use, customer structure and product features, and accelerated the promotion and application of established and stable product models under the line manager responsibility system. Taking the “Shi” product line (“拾”系) of comprehensive residential areas as an example, the product model, originating in Ningbo, has been expanded into Nanjing, Suzhou, Hefei and other cities, which received positive feedback from customers and achieved good business results. Secondly, the Group continued to strengthen the management of supply chain and enhance the quality and cost performance of products, including optimizing the resource pool and supplier management of key categories to secure a stable contract performance. The Group designated special purchasing employees to promote the finalization and volume-based procurement of parts and components, optimizing the procurement costs while ensuring a stable quality. Thirdly, the Group intensified the collection and promotion of good internal practices, identified benchmarking projects in cost performance, and established training bases for the on-site learning of similar projects, so as to increase the gross profit margin of comparable projects.

Continuously optimizing the customer-centered service process. In the sales stage, approximately 61,300 customers completed the signing of purchase contract via simplified online process. In the construction stage, customers were invited to participate in the quality inspection of construction sites on a regular basis, and approximately 58,400 customers participated in 9,939 quality co-construction sessions in 364 projects under construction across 53 cities. In the delivery stage, we continued to enhance the efficiency of property ownership certificate processing, and the customers of 83 projects acquired their property ownership certificates on the house reception site. For the delivery of existing houses in 2023, a special “Happy Living” (悦居) campaign was conducted in conjunction with the delivery of residential units, to improve supporting facilities including schools, commercial facilities, vegetable markets and transportation in advance, and provide a relatively complete life scenario and better services for settled residents.

Section 3

Management Discussion and Analysis

(4) Safety and quality control

The Group stuck to the safety bottom line, consolidated the foundation of safety production responsibility, and organized benchmarking trainings on project quality to learn excellent practices. In the first half of 2023, the Group achieved smooth delivery of more than 92,000 residential units.

The Group's Jinan Persuasion Lane, Jinan Zhonglu Mansion Phase I, Shenyang Panjin Vanke City Ruyuan, Shenyang Jade Riverside, Shenyang Hongmei Cultural and Creative Garden and Dalian The Stage were granted "The 10th (2021-2022) Guangsha Award".

2. Property services

Onewo is China's leading omni-space service provider. Through the AIoT (Artificial Intelligence Internet of Things) and BPaaS (Business Process as a Service) solution, Onewo can realize Remote & Hybrid operations, and improve the efficiency of space services for customers.

In the first half of 2023, Onewo achieved the revenue of RMB16.11 billion (including revenue from services rendered to Vanke Group), representing a year-on-year increase of 12.2%, of which the revenue from residential and consumer services in community space was RMB9.11 billion, accounting for 56.5% and representing a year-on-year increase of 12.6%, the revenue from retail property and corporate services and urban space comprehensive services was RMB5.68 billion, accounting for 35.3% and representing a year-on-year increase of 11.2%, and the revenue from AIoT and BPaaS solutions was RMB1.32 billion, accounting for 8.2% and representing a year-on-year increase of 14.0%.

Continuously implementing the Onewo Town strategy and launching housing renovation business. In the first half of 2023, the number of Onewo Towns increased to 601 from 584 at the beginning of the year. As at the end of June, the supply chain transformation for 150 Onewo Towns was promoted to cover more than 1,000 residential projects, and the overall gross profit margin of basic property services increased to 16.8%, representing a year-on-year increase of 3.1 percentage points. In particular, 102 Onewo Towns have completed all renovation work and obtained the certification/approval, and the gross profit margin of basic property services increased by over 4 percentage points. Among them, 38 Onewo Towns whose renovation has been completed in 2022 achieved further efficiency improvement, and the gross profit margin increased by 6 percentage points than that prior to such renovation. During the Reporting Period, Onewo launched the housing renewal business based on Onewo Towns. As at the end of June, the housing renewal business was provided in 40 Onewo Towns, and the amount of new contracts totaled RMB156 million, representing a year-on-year increase of 65.5%, with customer satisfaction of over 98%.



Section 3 Management Discussion and Analysis

Expanding customer boundaries and deepening service concentration. In terms of retail property and corporate services, as at the end of June, Onewo focuses on the Internet, high-end manufacturing, finance, strategic emerging industries and other industries, rendering services for 1,964 projects, with 2,329 contracted projects. The management service projects for third-party properties and facilities accounted for 82.72% of the total saturated revenue of contracted projects. Onewo has been widely recognized by customers for its the professional and customized service capabilities, and obtained more business opportunities through following the business development of customers. In the first half of 2023, existing customers contributed approximately 32% of the saturated revenue from new contracts. Meantime, Onewo actively expanded new businesses. Onewo newly expanded nearly 20 Top 500 companies and unicorn customers, and seven super-high-rise landmark projects.

Iterating and optimizing technology products to enhance service capabilities. Onewo provided self-developed products to empower high efficient and convenient services. As at the end of June, nearly 30,000 sets of traffic device and 1,451 sets of self-developed “Black Cat” device were installed in 1,082 projects, and 2,279 sets of “Pineapple No. 1”, a property self-service terminal, were equipped in 1,705 projects. The technology business also recorded a rapid growth. Onewo provided remote space operation services in 42 projects for more than 200 governments and state-owned enterprises.

Providing stable, reliable and high-quality services. Onewo continued to maintain its high-quality services. In terms of residential services, Onewo set up a caring fund for people trapped in elevators, continuously optimized the elevator management process, and fully promoted the provision of AED (automated external defibrillator) in residential properties. In terms of retail property and corporate services, Onewo was awarded the “China’s Leading Office Building Property Management Companies” jointly issued by CRIC and China Property Management Research Association for three consecutive years.

Section 3

Management Discussion and Analysis

3. *Logistic and warehousing services*

VX Logistic Properties is the Group's logistics and warehousing services and supply chain solutions platform. Currently, VX Logistic Properties ranked top in the industry in terms of comprehensive strength.

In the first half of 2023, the logistics business (including unconsolidated items) generated a revenue of RMB1.95 billion, representing a year-on-year increase of 17.0%, of which RMB1.14 billion was generated from the revenue of high-standard warehouses, representing a year-on-year increase of 9.1%; and RMB0.81 billion from the revenue of cold chain (excluding revenue of supply chain), representing a year-on-year increase of 30.3%.

The unveiling scale increased, and the occupancy rate remained high. VX Logistic Properties newly opened four cold chain parks, with the total leasable floor area of 216,000 square meters. As at the end of the Reporting Period, the cumulative leasable floor area of the opened projects was 9,852,000 square meters, of which the occupancy rate of high-standard warehouses in the stable period was 85%, with a leaseable floor area of 8,437,000 square meters and the utilization rate of cold chain in the stable period was 79%, with a leasable floor area of 1,415,000 square meters.

Following industry-leading service standards and achieving high customer recognition. VX Logistic Properties made active efforts to learn segment standards from leading customers in catering, retail, food and other industries, and established its own food quality and safety system. In July, VX Logistic Properties in Haigang Park of Shanghai obtained the first BRCGS S&D (Global Standards for Storage and Distribution, a food safety certification program recognized by the Global Food Safety Initiatives), the highest AA certification, among third-party cold chain logistics companies in China. In addition, several projects of VX Logistic Properties obtained a number of authoritative international standard certifications, including ISO 9001 quality management system certification and FSSC 22000 food safety system certification. Through implementing service standards higher than the requirements of the industry, VX Logistic Properties continued to build its influence in professional operation services and effectively improve customer stickiness.

Responding to the national call of carbon peak, and fully practising the green and sustainable development concept. In the first half of 2023, VX Logistic Properties newly acquired one LEED Platinum (the highest level) certification and three LEED Gold certifications.

4. *Rental housing*

The Group's "Port Apartment" is the largest centralised apartment provider in the PRC, providing youths who are newly entering the city with comprehensive rental services. In the first half of 2023, the rental housing business (including unconsolidated items) realised revenue of RMB1.64 billion, representing a year-on-year increase of 10.6%.

The management scale continued to expand. In the first half of 2023, Port Apartment has newly acquired 9,800 units in Shanghai, Guangzhou, Wuhan, Xiamen and other cities, with a net of 7,300 unveiled. As at the end of June, Port Apartment has established a presence in 34 cities across China, operated approximately 224,700 rental houses and unveiled a total of 173,900 new units, being the top three in the number of unveiled apartments in 27 cities including Beijing, Shenzhen, Guangzhou, Chengdu and Wuhan, etc.. In response to the national policy regarding the pool of subsidized rental housing, Port Apartment made a total of 106 projects in 19 cities including Beijing, Tianjin, Shenzhen and Xiamen, involving 83,000 units included in the pool of subsidized rental housing.

The occupancy rate remains high. As at the end of June, the occupancy rate of Port Apartment was 95.9%. New projects maintained a high occupancy rate upon unveiling. In particular, 748 units in Kunming Zijin Center and 632 units in the first and second batches of Chongqing Hualongqiao Project were unveiled on time and were fully rented upon unveiling. In July 2023, Yuan Er Haiwan Community of Port Apartment in Xiamen was officially unveiled, and the 2,000 units in the first phase were fully rented upon unveiling.

The operation efficiency improved steadily. Port Apartment maintained an industry-leading customer acquisition with cost advantages, of which 82.3% of customers are acquired through self-owned channels, representing an increase of 1.4 percentage points from 2022, the marketing expense ratio was 0.43%, representing a decrease of 0.34 percentage points from 2022, and the GOP profit margin was 89.4%, representing an increase of 1.9 percentage points from 2022.

Actively expanding corporate customers. Port Apartment actively assisted enterprises in providing customized rental living services for their employees. As at the end of the Reporting Period, the proportion of corporate customers in the rented rooms increased to 21.5%.

Products and services were recognized by customers. Launch the "urban youth" product that targets to serve the one-stop accommodation needs of new citizens and young people, and "Yuan Er", a large-scale rental housing community which provides comprehensive solutions covering leasing, retail property and property management. A wide range of community activities were conducted for the residents of the Port Club to offer a warm and youthful lifestyle. In the first half of 2023, the Port Club launched 50 community activities. Port Apartment recorded a customer satisfaction rate of 94.8% and a customer renewal rate of 58%. As at the end of the Reporting Period, 3.36 million users completed registrations on the online platform of rental housing business, representing an increase of 24.4% from the end of 2022.

Section 3

Management Discussion and Analysis

5. Retail property development and operation

The Group's retail property development and operation business includes shopping malls and community retail property facilities etc. SCPG is a professional retail property development and operation capability platform under the Group.

As at the end of the Reporting Period, the Group has 203 unveiled retail projects (excluded management provision asset-light projects) with a gross floor area of 11.183 million square meters, and the floor area of retail property projects under planning and under construction was 3.812 million square meters. In particular, SCPG unveiled a total of 73 retail projects (excluding management provision asset-light projects) with a gross floor area of 6.995 million square meters, and the floor area of retail property projects under planning and under construction was 0.862 million square meters.

During the Reporting Period, the Group realized revenue from retail property development business (including non-consolidated items) of RMB4.30 billion, a year-on-year increase of 7.3%. Among them, the revenue of retail property projects managed by SCPG stood at RMB2.74 billion, and an overall occupancy rate of 94.7%, a year-on-year increase of 2.0 percentage points.

Top ten retail projects run and managed by the Group (ranking in order of revenue)

| Project name | City | Floor area (Square meter) | Occupancy rate at the end of June 2023 | Revenue in the first half of 2023 (RMB'000) |
|--|----------|------------------------------|---|--|
| Shanghai Qibao Vanke Plaza | Shanghai | 237,193 | 97.71% | 212,853 |
| Shanghai Nanxiang In-City MEGA | Shanghai | 336,880 | 99.00% | 193,222 |
| Shenzhen SCPG Center | Shenzhen | 203,673 | 97.37% | 170,950 |
| Hangzhou Xixi In-City | Hangzhou | 249,701 | 99.20% | 163,413 |
| Shenzhen Longgang Vanke Plaza | Shenzhen | 128,925 | 97.80% | 126,168 |
| SCPG Huidelong Hangzhou Olympic In-City | Hangzhou | 239,618 | 97.91% | 111,301 |
| Shanghai Songjiang In-City | Shanghai | 152,971 | 98.31% | 96,194 |
| Wenzhou In-City MEGA | Wenzhou | 235,807 | 92.72% | 78,361 |
| Jinan In-City | Jinan | 156,630 | 95.97% | 76,950 |
| Tianjin Meijiang In-City | Tianjin | 266,450 | 97.85% | 73,877 |

New projects were unveiled smoothly, and existing projects made achievements in renovation. In the first half of 2023, Shenzhen RAIL IN Centre, Tianjin Heping Incity, Xi'an Chanba Incity and other projects were successfully unveiled and highly recognized by consumers. Meantime, the Group optimized projects currently in operation through optimizing positioning, renewing scenarios, adjusting store and re-rent, so as to better meet the needs of the new generation of consumers and enhance the revenue of projects. Among them, Wuhan Qingshan In-City has been fully renovated, and its occupancy rate, sales and customer traffic hit new highs.

Section 3 Management Discussion and Analysis

Continuous provision of management, and enhancing operation quality through synergy. In the first half of 2023, SCPG provided management services for nine new projects in Shanghai, Shenzhen, Wuhan and other cities. As at the end of the Reporting Period, SCPG has provided management services for 88 projects, with the management area of 4.81 million square meters. Among them, 64 projects with a floor area of 3.52 million square meters unveiled. In order to realize the intensive use of resources, the Group promoted the entrustment of certain retail property projects in Regional BG to SCPG for management at the beginning of the year. Relying on its understanding of the local market and its professional capabilities and resource synergies, SCPG implemented different operation strategies according to local conditions. In the first half of 2023, the 34 management projects entrusted at the beginning of the year recorded a year-on-year sales increase of 29%. The average daily customer traffic increased by 54% year-on-year, the NOI for same individual stores increased by 17.9% year-on-year.

Constantly expanding the influence of brands. As at the end of June, SCPG has established good cooperation with over 10,000 brands. The number of digital members reached 24.852 million, and the number of monthly active members exceeded 2.92 million, representing a year-on-year increase of 36.4% in the first half of 2023.

(IV) Technology-driven business development

The Group focused on two main lines of work, namely “focusing on business, providing high-tech products, and facilitating business management” and “Strengthening technological capacity and core competitiveness of real estate technology through technological innovation” to provide support for business development.

Strengthening the data management of operation business, consolidating the data inventory of ready-to-sale business assets, and facilitating the omni-space, dynamic and refined management of operation, management and decision-making. Relying on scientific and technological means such as certificate photo, drawing recognition technology, and UAV image recognition technology, etc, the Group can obtain the data of real estate development process to ensure original and objective data sources. Leveraging automatic account reconciliation, AI algorithms, and digital interaction capabilities, the Group can apply data intelligence to improve the efficiency and accuracy of asset, capital, and operation management.

Promoting private domain operation services, creating channels for customer conversion, and using digital marketing methods to enhance customers’ experience in house purchase. The Group unified the customer receiving tool and developed AI assistant to quickly respond to customer inquiries, provided live-streaming services to offer customers with more comprehensive, three-dimensional and interactive house purchase services, and promoted the application of digital online registration to ensure the efficient and reliable signing of subscription contract.

Section 3

Management Discussion and Analysis

Constantly investing in the research and development of real estate, and achieving technological breakthroughs. The Group developed an independently controllable BIM design software with its own core technology, strengthened the application of CAD drawing recognition technology and the research and development of related products, and completed the development and pilot of “Tuyun” (圖雲) platform, a drawing collaboration tool.

(V) Analysis of operations and financial position

1. Profit

During the Reporting Period, the Group realized a net profit of RMB15.17 billion, representing a decrease of 16.3% year-on-year. Net profit attributable to equity shareholders of the Company amounted to RMB9.87 billion, representing a year-on-year decrease of 19.4%.

2. Liabilities

(1) Gearing ratio

As at the end of the Reporting Period, the Group's net gearing ratio was 49.5%.

(2) Interest-bearing liabilities and their composition

As at the end of the Reporting Period, the Group's interest-bearing liabilities amounted to RMB321.36 billion in aggregate, representing 19.1% of total assets. These interest-bearing liabilities were mainly medium and long-term liabilities. Among these interest-bearing liabilities, interest-bearing liabilities due within one year amounted to RMB45.70 billion, representing 14.2% of total; interest-bearing liabilities of more than one year amounted to RMB275.66 billion, representing 85.8% of total.

By financing source, bank borrowings, bonds payable and other borrowings accounted for 62.4%, 23.7% and 13.9%, respectively.

By type of interest rates, liabilities with fixed interest rates accounted for 37.6% and liabilities with floating interest rates accounted for 62.4% of the interest-bearing liabilities. Pledged interest-bearing liabilities amounted to RMB10.89 billion, accounting for 3.4% of the total interest-bearing liabilities. The interest-bearing liabilities without any pledge or mortgage accounted for 93.9%.

By geographical location, domestic liabilities and overseas liabilities accounted for 80.0% and 20.0% respectively, of which the proportion of overseas liabilities decreased by 1.9 percentage points from that at the beginning of the year. RMB liabilities and foreign currency liabilities accounted for 80.6% and 19.4%, respectively.

Section 3

Management Discussion and Analysis

Overview of financing (as at 30 June 2023)

Unit: RMB'000

| Channel | Balance | Range of financing costs | Term structure |
|------------------|--------------------|--|--|
| Bank loans | 200,458,925 | 2.88% up to contracted Hibor rate float | Short-term borrowings, non-current liabilities due within one year, long-term borrowings |
| Bonds | 76,224,862 | 2.90%~5.35% | Non-current liabilities due within one year, bonds payable |
| Other borrowings | 44,674,374 | 3.50%-4.60% | Short-term borrowings, non-current liabilities due within one year, long-term borrowings |
| Total | 321,358,161 | | |

(3) *Financing overview*

The Group continued to optimize its debt structure and reduce financing costs through various financing instruments. The comprehensive cost of domestic new financing in the first half of 2023 is 3.73%.

During the Reporting Period, the Group completed the issuance of medium-term notes totaling RMB6 billion in three tranches with a minimum coupon rate of 3.07% (3 year term). In July, the Group issued 3-year medium-term notes with a coupon rate of 3.07% and 3-year corporate bonds with a coupon rate of 3.10%.

During the Reporting Period, the Group's actual interest expenses totalled RMB7.22 billion, of which the capitalised interest amounting to a total of RMB4.62 billion.

(4) *Credit rating*

During the Reporting Period, S&P and Fitch maintained "BBB+" credit rating for the Group, while Moody's maintained a "Baa1" credit rating for the Group, with a "stable" rating outlook from each of the aforesaid credit rating agencies. China Chengxin International Credit Rating Co., Ltd. a domestic rating agency, maintained the Group's credit rating as AAA, with a "stable" rating outlook.

3. *Capital position*

During the Reporting Period, the Group achieved a net cash inflow from operations of RMB1.86 billion. As at the end of the Reporting Period, the cash on hand held by the Group amounted to RMB122.18 billion, which was much higher than the sum of short-term borrowings and interest-bearing liabilities due within one year of RMB45.70 billion. Among the cash and cash equivalents, Renminbi accounted for 96.8%, whereas US dollar, Hong Kong dollar, British pound and other foreign currencies accounted for a total of 3.2%.

Section 3

Management Discussion and Analysis

4. *Risk of fluctuations in exchange rates*

The Group conducts a majority of its business operations in the PRC. Most of the revenue and expenses are denominated in Renminbi. During the Reporting Period, the Group recorded a net exchange loss of approximately RMB440 million.

In order to constantly control the medium and long-term fluctuation risks of the exchange rate, the Group persisted with dynamic management of matching of foreign currency asset and liability, term structure and offshore liquidity risk, and utilised natural hedging and purchased hedging instruments to control exchange rate risk at appropriate timing. To lock up the risks arising from the movement in exchange rates, the Group's effective cross currency swap (CCS) contract balance was US\$1,150 million at the end of the Reporting Period. During the Reporting Period, there were US\$971 million of CCS contract expiring and three newly-added hedging contracts totaling US\$400 million. During the effective period of the hedging contracts, the changes in the fair value of CCS had no material impact on the Group's profit and loss.

5. *Analysis of inventory*

As at the end of the Reporting Period, the Group's inventory amounted to RMB837.03 billion, representing a decrease of 7.7% from that at the end of 2022; of the aforesaid inventory, projects held for development amounted to RMB112.81 billion, accounting for 13.5%; properties under development amounted to RMB621.97 billion, accounting for 74.3%; and completed properties for sale (existing properties) amounted to RMB99.56 billion, accounting for 11.9%.

6. *Contingent liabilities*

In accordance with industry practice, the Group provided guarantee for mortgage loans taken by purchasers of the Company's properties. The terms of the provisional guarantee commenced on the day the guarantee agreement becoming effective up to the day on which the ownership certificates of the properties purchased by the customers being obtained and the mortgage being registered and delivered to the mortgage banks. As at the end of the Reporting Period, the aggregate guarantees provided by the Group for mortgage loans taken by its customers amounted to approximately RMB226.154 billion. The Group has not suffered any material loss due to the aforesaid guarantees. The Group is of the view that it does not need to make any provisions for such guarantees in the financial statements.

Section 3

Management Discussion and Analysis

7. Change of key performance indicators

Unit: RMB'000

| Items | 30 June 2023 | 31 December 2022 | Change | Description |
|---|-----------------|---------------------|---------|--|
| Other financial assets | 3,232,120 | 5,131,808 | -37.02% | Disposal of some investment |
| Short-term borrowings | 30,340,471 | 48,146,286 | -36.98% | Optimization of financing structure |
| Net other income | 2,777,622 | 4,543,934 | -38.87% | Increase in exchange loss |
| Other expenses | (473,413) | (774,318) | -38.86% | Decrease in certain expenses |
| Share of profits less losses of associates and joint ventures | 637,489 | (275,791) | 331.15% | Increase in investment income recognised under the equity method |

(VI) Future development prospects

The real estate industry is undergoing a sluggish transaction period and a griming operation situation. In the second half of 2023, the Group will focus its work on the following directions according to the arrangements at the beginning of the year:

Firstly, we will ensure operational safety, maintain industry-leading credit ratings, keep financing flexibility, and continuously optimize the debt structure.

Secondly, we will firmly place the equal emphasis on real estate development, operation and services, each business strengthen capabilities establishment, enhance operational return level, improve manufacturing management standard from operational angle, form more high quality assets meet criterias for trade, explore innovative tools such as REITs, promote business synergy from the perspective of maximizing the overall interests of the Group, and improve the general management level.

Thirdly, we will enhance ESG value and sustainability.

When made specific to each business level:

The development business will actively promote sales return, explore investment capabilities in the new stage to realize planned investment, iterate the procurement mechanism during the establishment of product lines to improve quality and efficiency, and ensure the quality and quantity of housing delivery.

Section 3

Management Discussion and Analysis

The property business will maintain high quality of basic property services, improve the efficiency and quality of services through upgrading supply chains under the Onewo Town strategy, actively expand the market relying on our advantages in brand and service capabilities, and strengthen technological research and development.

The logistics and warehousing business will improve the layout of warehouse network with focus on the cold chain and core cities, strengthen the construction of channels and enhance the ability to serve customers, and improve the service capabilities for integrated supply chain solutions to enhance customer loyalty.

The rental housing business will accelerate the launch of high-quality projects, maintain high occupancy rate, develop innovative business models to enhance the connection with and services for customers, and build qualified assets and multi-channel exit pathways for rental housing.

The retail property development and operation business will ensure the unveiling of key projects and the continuous iteration of products, enhance operating return of projects, and enhance the integration of technology and business and the management efficiency to provide better consumption experience for customers.

II. Investment analysis

(I) Overview

Applicable Not applicable

(II) Significant equity investment gained during the Reporting Period

Applicable Not applicable

(III) Significant ongoing non-equity investment during the Reporting Period

Applicable Not applicable

(IV) Investment in Financial Assets

1. Investment of securities

Applicable Not applicable

2. Investment in derivatives

Applicable Not applicable

Remarks on risk analysis and management of derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)

As of the end of the Reporting Period, the Group's derivative financial instruments mainly include cross currency swaps (CCS). The risks exposed CCS are related to the exchange rate market risks and the certainty of cash flow of the Group's future foreign currency loan.

Section 3

Management Discussion and Analysis

The Group's control measures on derivative financial instruments are mainly reflected in the following aspects: regarding derivatives trading, the Group strictly regulates the authorization and business operation procedures, carefully selects and determines the types and quantities of new derivative financial instruments, and strictly controls the credit level of the Group and related entities.

Change in market price or fair value of the derivatives invested during the Reporting Period, as well as the method, related assumptions and parameters used to analyse the fair value of derivatives should be disclosed

During the Reporting Period, CCS due for settlement brought a profit of RMB1.7947 million to the Company.

At the end of the Reporting Period, the fair value of CCS is determined with reference to market quotation of external financial institutions.

Remarks on whether there has been a material change in the accounting policy and accounting measurement principles for the Company's derivatives during the Reporting Period as compared with those of the previous reporting period

Nil

Special opinion on derivative investment and risk control from independent directors

The Company's independent directors believe that the Company can regulate derivative investment according to the actual conditions of business operations and the relevant regulations and requirements of the regulatory authorities, and comply with the principle of prudence to mitigate the possible loss associated with foreign currency loan in the event of significant fluctuations in exchange rate through derivative financial instruments such as CCS. The relevant arrangement of the Company had been prudent and reasonable.

Derivative positions as at the end of the Reporting Period

| Unit: RMB'0000 | | | | |
|-------------------|---|---|--|---|
| Type of contracts | Contract amount as at the beginning of the period | Contract amount as at the end of the period | Profit or loss during the Reporting Period | Contract amount as a percentage of the Group's net assets as at the end of the period |
| CCS | 1,191,276.20 | 835,889.00 | 179.47 | 2.08% |

Section 3

Management Discussion and Analysis

(V) Use of proceeds from fund-raising activities

During the Reporting Period, the Company used the proceeds from fund-raising activities in accordance with the purposes of the proceeds set out in the prospectus and there was no change in the proceeds from fund-raising activities.

III. Major Sale of Assets and Equity

(I) Major sale of assets

Applicable Not applicable

During the Reporting Period, there was no major sale of assets of the Company.

(II) Major sale of equity

Applicable Not applicable

During the Reporting Period, there was no major sale of equity of the Company.

IV. Analysis of principal subsidiaries and associates

Applicable Not applicable

No information on principal subsidiaries and associates of the Company during the Reporting Period is required to be disclosed.

V. Structured entity controlled by the Company

Applicable Not applicable

VI. Risks of the Company and Countermeasures

During the Reporting Period, the Company considered that there were no material uncertainties or circumstances that would materially affect the Company's ability to continue as a going concern. The principal risks currently faced by the Company and countermeasures thereof are not materially different from those at the end of the previous year. For details, please refer to "XVI Internal Control and Risk Management" under "Section 5 Corporate Governance Report" of Annual Report 2022 of the Company.

Section 4 Corporate Governance

I. Details of the Annual General Meeting and Extraordinary General Meeting Held during the Reporting Period

(I) General meetings held during the Reporting Period

On 8 March 2023, the Company held the 2023 First Extraordinary General Meeting, the shareholders of the Company participated in the meeting via on-site meeting and internet voting (only applicable to holders of A shares). Holders with total shareholding representing 52.60% of the total issued share capital (exclude repurchased shares) of the Company attended the general meeting.

On 30 June 2023, the Company held the Annual General Meeting of 2022, the shareholders of the Company participated in the meeting via on-site meeting and internet voting (only applicable to holders of A shares). Holders with total shareholding representing 50.32% of the total issued share capital (exclude repurchased shares) of the Company attended the general meeting.

(II) Request for Convening of Extraordinary General Meeting by Preferred Shareholders with Restored Voting Rights

Applicable Not applicable

II. Change in directors, supervisors and senior management during the Reporting Period

The Company received a notification from the Labour Union Committee of the Company on 21 June 2023 that Wang Yun was elected democratically by the staff representative meeting of the Company as a staff representative director of the twentieth session of the board of directors of the Company and Pan Zhangliang was elected as a staff representative supervisor of the eleventh session of the supervisory committee of the Company.

At the annual general meeting of 2022 of the Company held on 30 June, 2023, HU Guobin, HUANG Liping, LEI Jiangsong, XIN Jie, YU Liang and ZHU Jiusheng (sequenced by phonetic transcription of last names) were elected as non-independent directors of the twentieth session of the Board, LIU Tsz Bun Bennett, LIM Ming Yan, SHUM Heung Yeung Harry and ZHANG Yichen (sequenced by phonetic transcription of last names) were elected as independent directors of the twentieth session of the Board, and LI Miao and XIE Dong (sequenced by phonetic transcription of last names) were elected as non-staff representative member(s) of the eleventh session of the Supervisory Committee. Both term of office of the twentieth session of the board of the Company and the eleventh session of the supervisory committee of the Company shall be three years since the commencement of 2022 Annual General Meeting.

On 30 June 2023, at the first meeting of the twentieth session of the Board of the Company, YU Liang was elected as the chairman of the twentieth session of the Board of the Company, and it was agreed that ZHU Jiusheng would be re-appointed as the president and chief executive officer of the Company, HAN Huihua as the executive vice president and finance principal, LIU Xiao as the executive vice president and the chief operating officer, and ZHU Xu as the Company Secretary, all of whom will serve until the expiration of the term of the twentieth session of the Board. At the first meeting of the eleventh session of the supervisory committee held on the same day, XIE Dong was elected as the chairman of the supervisory committee, and his term of office will expire at the end of the eleventh session of the supervisory committee.

III. Profit Distribution & Increase of Share Capital due to Conversion of Equity Reserves during the Reporting Period

There will be no distribution of cash dividend, bonus share or conversion of capital reserves into share capital for the interim period of 2023.

Section 4

Corporate Governance

IV. The Implementation of Share Option Incentive Scheme, Employee Shareholding Plans or Other Employee Incentives of the Company

During the Reporting Period, there was no share option incentive scheme, employee shareholding plans or other employee incentives implemented by the Company. Certain businesses of the Group implemented co-investment mechanism, and part of employees participated into the co-investment of the businesses (projects).

V. Corporate Governance

Provision F.2.2 of Corporate Governance Code states that the Chairman of the Board shall attend the annual general meeting and shall invite the Chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and any other committees to attend.

During the Reporting Period, the Company held two general meetings. Some Independent Non-Executive Directors and Non-Executive Directors did not attend the general meetings due to other important business engagements at the same time. The Company has circulated content of the live text of the general meetings to the directors for their information.

2023 First Extraordinary General Meeting: YU Liang, Chairman of the nineteenth session of the Board, ZHU Jiusheng and WANG Haiwu, Directors, XIE Dong, Chairman of the tenth Supervisory Committee and other senior management attended the meeting and had adequate communication and exchange with the shareholders of the Company.

2022 Annual General Meeting: YU Liang, Chairman of the nineteenth session of the Board, ZHU Jiusheng, XIN Jie, HU Guobin, HUANG Liping, LEI Jiansong and WANG Haiwu, Directors, and Ng Kar Ling, Johnny, Independent director, XIE Dong, Chairman of the tenth Supervisory Committee, LI Miao, Supervisor, other senior management and some candidates for directors the twentieth session of the Board of the Company attended the meeting and had adequate communication and exchange with the shareholders of the Company.

Other than the above, during the Reporting Period, the Company complied with other code provisions in Part 2 of the Corporate Governance Code.

The Company has adopted the standards prescribed in the Model Code as the code of conduct in dealing in securities by the directors and supervisors of the Company. All the directors and supervisors of the Company confirmed that they had fully complied with the requirements of the Model Code during the Reporting Period.

The financial report of the Report was reviewed by the audit committee of the Board. Other than those disclosed in the Report, during the Reporting Period, no other significant changes affecting the performance of the Company should be disclosed in accordance with the paragraphs 32 and 40(2) of Appendix 16 to the SEHK Listing Rules.

VI. Number of Employees and Their Remuneration and Benefits

As of 30 June 2023, there were 127,401 employees on the Group's payroll.

During the Reporting Period, the Group accrued employee remuneration and benefits totaling RMB9.42 billion.

Section 5 Environmental and Social Responsibility

In line with the business mission of “creating real long-term value for the widest range of stakeholders”, the Company constantly explores new paths toward green, sustainable and high-quality development and integrates sustainable development into the entire process of operation management, product development and service provision, so as to put into action its corporate social responsibility. The Company has put forward about 50 sustainable development goals, covering emission reduction, waste reduction, energy use, climate change, customers, employees, suppliers and other aspects, setting goals and charting the course for sustainable development in the future.

The ESG performance of the Company has been widely recognized by capital markets, indexes and rating institutions in China and the world. Vanke is currently rated AA in the CNI Index ESG rating of the Shenzhen Stock Exchange, A+ in the HSSUS (Hang Seng ESG Index), BBB in the MSCI ESG rating, and low risk ranking by Morningstar Sustainalytics. Meantime, Vanke maintained to be included in Hang Seng Corporate Sustainability Benchmark Index, Hang Seng ESG 50 Index, Hang Seng (China A) Corporate Sustainability Index, Hang Seng Stock Connect A Low Carbon Index, and Shenzhen 100 ESG Top Index. In the first half of 2023, Vanke was honored a number of awards, including the 5th New Fortune Best Listed Company – Best ESG Practice Award and “All-Asia Executive Team 2023” Ranking – Top 1 in Best ESG of the real estate industry in core Asia regions and Chinese Mainland by the Institutional Investor.

Developing green buildings. The Company follows its commitments to greenland development, and avoided development projects within national nature reserves, farmland and greenland. In order to achieve the real harmonious coexistence between buildings and the nature, we strictly controlled the life-cycle environmental protection management of buildings from design to operation, and made every effort to save resources and reduce the negative environmental impact while ensuring quality, safety and other basic requirements. The Company attached great importance to the research, development and innovation of green and environmental protection technologies, and carried out in-depth research on green buildings, smart operation and maintenance, ecological environment, renewable energy and waste treatment, with a view to empowering the sustainable development of human settlement, life and environment with innovative ideas and achievements. We continued to promote the innovative development of new building materials, and conducted research on the comprehensive utilization of industrial wastes including fly ash, slag and desulfurized gypsum while developing materials such as low-carbon tile adhesives, self-leveling gypsum and lightweight plastering gypsum. New materials can greatly reduce carbon emissions compared to traditional products. New construction projects met green building evaluation standards for 10 consecutive years, and by the end of 2023, Vanke met green building evaluation standards for a total area of 316 million square meters. During the Reporting Period, among Vanke’s new projects, a total of 32 projects (residential/public/logistics and warehousing) have been awarded 3-star certification under the Green Building Evaluation Standard, 1 LEED Platinum certification, and 4 LEED Gold certifications. In particular, VX Tianjin Dongjiang Port Cold Chain Park obtained LEED Platinum certification, VX Nanchang Changbei Cold Chain Park, VX Yoursender Shenzhen Yantian Cold Chain Park, VX Wuhan Dongxihu Cold Chain Park and SCPG Shanghai Hongqiao Qianwan In-City obtained LEED Gold certifications. Of all the new real estate development, logistics and commercial projects that met the green building evaluation criteria during the Reporting Period, 37.5% incorporated renewable energy design.

Section 5

Environmental and Social Responsibility

Promoting industrial construction continuously. Relying on its nearly 20 years of research and application experience, the Company has established a sound “5+2+X” system, and iteratively upgraded it in line with the ideas of standardized design, factory production, assembly construction and information management. Currently, Vanke has implemented a large number of industrial construction projects in seven major regions and 85 major cities, with accumulated industrial construction area of over 200 million square meters. In the first half of 2023, more than 90% of new major projects have realized industrial application. In the future, we will continue to explore the industrial construction systems for different structural types, contributing its power to the development of the construction industry.

Practising green operation. In line with the concept of green development and its responsibility of environmental protection, the Company has formulated and implemented the Administrative Measures for Energy Conservation and Consumption Reduction, and introduced green technologies such as the intelligent energy system and the reclaimed water and rainwater utilization and further strengthen the management of energy conservation and consumption reduction. In terms of self-operated hotels, Vanke has taken the lead in “zero waste” management, showcasing its firm commitment to resource recycling. In terms of commercial development and operation business, Vanke was highly concerned about energy conservation and emission reduction, actively participated in the campaign of “zero” runner, formulated energy saving renovation plans and energy saving goals, and promoted the construction of energy platforms and the wide application of new energy. In addition, the Company actively promoted the utilization of new energy and made full use of solar energy generation equipment and smart microgrids, thus setting an industry benchmark in sustainable development and making significant progress in energy efficiency management.

Promoting green leasing. In order to integrate the concept of green and environmental protection into its ordinary operations, the Company promoted green leasing to work with stakeholders to build a green society. Taking commercial development and operation business as an example, the Company has always paid attention to the coordinated development between corporate operation and corporate social responsibility, actively promoted ESG governance, and worked with partners to facilitate the healthy and sustainable development of the industry, the society and the environment while achieving win-win business cooperation. In an effort to practise green leasing, the commercial development and operation business continued to promote the inclusion of ESG initiative clauses into standard leasing contracts with merchants in 2023. The ESG initiative includes environmental protection, energy conservation and emission reduction, safety, green supply chain, public welfare and social responsibility, human rights, honest operation, corporate governance, and risk management. Meantime, the long-term rental apartment business continued to promote the inclusion of energy conservation initiatives into tenant agreements and the implementation of paperless lease contracts in 2023, with a view to publicizing green concepts among tenants.

Section 5 Environmental and Social Responsibility

Deepening scenario-based climate change risk analysis. The Company deepened the scenario-based analysis of climate change and risks, and completed the disclosure of the first TCFD (Task Force on Climate-related Financial Disclosures) report. The Company selected the Representative Concentration Pathways of IPCC 8.5 (RCP 8.5) Scenarios, and the Current Policy Scenarios of the Central Bank and Regulators Network for Greening the Financial System (NGFS) for analysis and comparison. Based on the scenario analysis and public research reports, the Company identified several climate-related risks and opportunities that may affect its businesses under the above scenarios, and conducted the resilience analysis of seven high-risk items, thus enhancing the effectiveness of climate risk management and capturing climate opportunities to achieve effective management of its own climate risks.

Creating a green supply chain. Through the introduction of green and low-carbon standards in the centralized procurement, the Company facilitated suppliers to carry out green and low-carbon certification, and continuously improved procurement standards and systems. The Company follows the Green Procurement Guidelines for China's Real Estate Industry, and strives to create a green supply chain based on the comprehensive consideration of energy conservation and environmental protection factors in product design, procurement, production, packaging, logistics, sales, service, recycling and reuse. The Company integrated the environmental protection principles into the supplier management mechanism in line with the principle of fair, just and open procurement, and worked with other stakeholders to continuously promote the "Green Supply Chain Action of the Real Estate Industry", so as to reduce the negative impact on the environment in all respects, enhance the resource efficiency, upgrade the green industry chain, and provide end consumers with green, healthy and environment-friendly products.

Consolidating and expanding poverty alleviation and rural revitalization. During the Reporting Period, the Company continued to respond to the rural revitalization strategy, actively participated in the 2023 "630" campaign for rural revitalization in Guangdong Province and Shenzhen City, and donated for the paired assistance projects in Shaoguan and Shantou of Guangdong Province. In Shaoguan City of Guangdong Province, the Company continued to promote the construction of the multi-town rural revitalization demonstration belt project in Ruyuan Yao Autonomous County, Shaoguan City. At present, the Company has completed several constructions, including the 27km greenway, Yao-akka symbiosis plaza, Guitou Primary School, Yangxi Primary School and wetland park. Construction work is underway for Bibei Yao Village, the service center for Party members and the public, Liukeng Primary School, which are planned to be completed by the end of 2023. In Shenzhen's paired assistance to Shantou City, the main bodies of nine public town center kindergartens donated by the Company have all been completed and are expected to be put into use in early 2024.

Section 6 Significant Events

I. Undertakings Performed during the Reporting Period and Not Fulfilled as at the End of the Reporting Period by the Company's De Facto Controller, Shareholders, Related Parties, Acquirers, the Company and Other Parties related to the Undertakings

After becoming the largest shareholder of the Group, SZMC has been showing its supports on Vanke's mixed ownership structure, urban ancillary services provider strategy and business partnership mechanism, operation and management undertaken by Vanke's management team in accordance with a pre-determined strategic objective as well as the deepening of development model of "Railway + Property" through its official website. SZMC made the following undertakings in the report of detailed change in equity on 18 March 2017. As of the end of the Reporting Period, SZMC had fulfilled its undertakings.

(I) Undertakings related to maintenance of independence of the Company

In order to maintain the independence of the listed company, SZMC made the following undertakings:

"1. Independence of staff of the listed company

1. Senior management (the general manager, deputy general manager, secretary of the board and financial principal etc.) of the listed company shall solely work for the listed company and be entitled to remuneration paid by the listed company, and shall not hold an office apart from directors and supervisors and be entitled to remuneration in SZMC and companies under its control.
2. Financial officers of the listed company shall not work at the SZMC and companies under its control.
3. Personnel, employment relationship and payroll administration of the listed company are independent from SZMC and companies under its control.
4. SZMC shall exercise rights of shareholder through general meeting and recommend candidates for directors, supervisors and senior management of the listed company in accordance with laws and regulations or articles of association of the listed company and other rules. SZMC shall not interfere with personnel appointment and removal of the listed company beyond the general meeting or board of directors.

II. Financial independence of the listed company

1. The listed company shall establish independent finance and accounting department as well as independent finance and accounting mechanism and financial management system.
2. The listed company shall be capable of making financial decisions independently. SZMC shall not interfere with the usage and movement of fund by the listed company beyond the general meeting or board of directors of the listed company.
3. The listed company shall maintain its independent bank account. SZMC and companies under its control shall not share bank account with the listed company and its majority-owned subsidiaries.
4. The listed company and its majority-owned subsidiaries shall pay tax as an independent entity.

III. Independence of departments of the listed company

1. The listed company shall legally establish a sound structure of corporate governance and an independent and complete organizational structure which are completely separated from the departments of SZMC. The listed company shall not share business departments or premises with SZMC and companies under its control.
2. The listed company shall operate independently. SZMC shall not interfere with the operation management of the listed company beyond the general meeting or board of directors.

Section 6 Significant Events

IV. Independence of business of the listed company

1. The listed company shall have independent assets, staff and qualifications for operating activities as well as capabilities required for independent operation of business in the market.
2. SZMC shall not require the listed company to provide goods, services or other assets to SZMC at nil consideration or on obviously unfair terms. For any related party transactions between SZMC and the companies controlled by it and the listed company, SZMC and the companies controlled by it shall perform legal procedures and enter into agreements legally based on the normal commercial principles of justice, fairness and openness and in accordance with the market economy rules and relevant laws, regulations, normative documents and relevant requirements of SZMC, ensure the transparency, fairness and reasonableness of the transaction price, abstain from voting on the resolutions related to the party transactions between SZMC and other companies controlled by it and the listed company at the general meeting and board meeting, and procure the listed company to perform the obligation of information disclosure in a timely manner, in order to ensure that the interest of the listed company and other shareholders (especially medium and small-sized shareholders) will not be harmed through the related party transactions.

V. Independence of assets of the listed company

1. The listed company shall have a business system relating to its operations as well as complete and independent assets, and the assets shall be under the control of the listed company and independently owned and operated by the listed company.
2. Other than normal operating transactions, SZMC and companies under its control shall not illegally appropriate the assets of the listed company.

SZMC shall ensure that it and the companies controlled by it shall strictly comply with relevant requirements of China Securities Regulatory Commission regarding the independence of the listed company, and shall not make use of its capacity as a shareholder to violate the standard procedures of the listed company, not go beyond its power and interfere the operation management activities of the listed company and its subsidiaries, not impair the interests of the listed company and its subsidiaries and not prejudice the legitimate interests of the listed company and other shareholders. SZMC shall assume relevant legal responsibilities caused by the breach of undertakings above, including but not limited to the compensation for all loss caused to the listed company and its minority shareholders due to such breach.”

(II) Undertakings on avoiding competition in the same industry

In order to maintain the independence of the listed company and to avoid causing adverse impact to the listed company due to competition in the same industry, SZMC made the following undertakings:

“During the period when SZMC holds no less than 20% of the shareholder voting rights of Vanke and SZMC is the shareholder holding the largest proportion of Vanke’s shareholder voting rights:

1. Under the principle in favor of the listed company and in compliance with laws and regulations, SZMC will give priority to the interests of the listed company and its subsidiaries in event of a conflict of interest between SZMC and companies controlled by it and the listed company and its subsidiaries due to substantial or potential competition in the same industry.
2. SZMC will not use any information known or understood by the listed company to assist SZMC or any third party in any business activity in which there is substantial competition or potential competition in the business undertaken by the listed company.
3. If the interest of the listed company is damaged due to violation of the above undertakings by SZMC and companies controlled by SZMC, SZMC will bear the corresponding liability according to law.”

(III) Undertakings on regulating related party transactions

In order to regulate the possible related party transactions with the listed company after the completion of this change in equity, SZMC made the following undertakings:

- “1. SZMC and companies controlled by SZMC will strictly exercise the rights of shareholders in accordance with the provisions of laws, regulations and other normative documents, fulfill the obligations of shareholders and maintain the independence of the listed company in terms of assets, finance, personnel, business and institutions.
2. SZMC and companies controlled by SZMC will not use its capacity as a shareholder to facilitate the listed company to pass resolutions at the general meetings or meetings of the board of directors that will infringe the lawful rights and interests of the minority shareholders through related party transactions.

Section 6

Significant Events

3. SZMC and companies controlled by it will not use the funds of the listed company through borrowing, payment of debts, advance payment or any other means.
4. For any related party transactions between SZMC and the enterprises controlled by it and the listed company, SZMC and the enterprises controlled by it shall perform legal procedures and enter into agreements legally based on the normal commercial principles of justice, fairness and openness and in accordance with the rules of market economy and relevant laws, regulations, normative documents and relevant requirements of SZMC, ensure the transparency, fairness and reasonableness of the transaction price, perform the obligation of abstaining from voting on the resolutions related to the related party transactions between SZMC and other enterprises controlled by it and the listed company at the general meeting and board meeting of the listed company, and procure the listed company to perform the obligation of information disclosure in a timely manner, in order to ensure that the interest of the listed company and other shareholders (especially minority shareholders) will not be prejudiced through the related party transactions.
5. SZMC and companies controlled by SZMC will strictly comply with the requirements of the relevant laws and regulations and the articles of association of the listed company to fulfill the decision-making procedures of related transaction and the corresponding information disclosure obligations.

SZMC will ensure that SZMC and companies controlled by it will not seek special interests through related party transactions with the listed company beyond the aforementioned stipulations and will not carry out the related party transactions which will prejudice the interests of the listed company and its minority shareholders. In the event of violation of the above undertakings, SZMC will bear the corresponding legal liability, including but not limited to liability for all losses suffered by the listed company and its minority shareholders.

Once the above undertakings are signed, they will take effect immediately, until SZMC ceases to be a related party of the listing company.”

II. Non-operational use of capital of the listed company by the controlling shareholder and its related parties

Applicable Not applicable

III. Illegal external guarantees

Applicable Not applicable

IV. Appointment and termination of certified public accountants

Was the interim financial report audited?

Yes No

The interim financial report of the Company was not audited, and was reviewed by KPMG.

V. Explanation of the Board and the Supervisory Committee on the “non-standard audit report” of the accounting firm during the Reporting Period

Applicable Not applicable

VI. Explanation of the Board on the “non-standard audit report” for the previous year

Applicable Not applicable

VII. Matters Related to Bankruptcy and Reorganization

Applicable Not applicable

VIII. Litigation matters

Material Litigation or Arbitration

Applicable Not applicable

During the Reporting Period, there was no material litigation or arbitration of the Company.

Other Litigation

Applicable Not applicable

IX. Penalties and rectification

Applicable Not applicable

During the Reporting Period, there were no material penalties or rectification of the Company.



Section 6

Significant Events

X. Credit status of the Company and its largest shareholder

Applicable Not applicable

The Company and its largest shareholder SZMC did not have any material dishonesty during the Reporting Period.

XI. Major related party transactions

(I) Related party transactions related to daily operations

Applicable Not applicable

During the Reporting Period, the Company had no major related party transaction related to daily operations.

(II) Related party transactions involving asset or equity acquisition or disposal

Applicable Not applicable

During the Reporting Period, the Company had no related party transaction involving material asset or equity acquisition or disposal.

(III) Related party transactions of joint and external investment

Applicable Not applicable

During the Reporting Period, the Company did not have any major related party transactions of joint and external investment.

(IV) Amounts due to or from related parties

Applicable Not applicable

During the Reporting Period, the Company had no substantial amount due to or from related parties.

Non-operational amount due to or from related parties

Yes No

During the Reporting Period, the Company had no substantial non-operational amount due to or from related parties.

(V) Deals with related financial companies

Applicable Not applicable

There were no deposits, loans, credits, or other financial services between the Company and its related financial companies.

(VI) Deals between the financial companies controlled by the Company and the related parties

Applicable Not applicable

(VII) Other major related party transactions

Applicable Not applicable

During the Reporting Period, the Company had no other major related party transaction.

Section 6 Significant Events

XII. Major contracts and their implementation

(I) Entrustment, sub-contracting or leasing arrangements

1. Entrustment

During the Reporting Period, the Company had no major entrustment arrangement.

2. Sub-contracting

During the Reporting Period, the Company had no major sub-contracting arrangement.

3. Leasing

During the Reporting Period, the Company had no major leasing arrangement.

(II) Major guarantees

1. Guarantees

Unit: RMB'0000

| External guarantees given by the Company and its subsidiaries (excluding guarantees provided for its subsidiaries) | | | | | | | | |
|--|---|----------------------------|-----------------------|---|---------------------------|---------------------|------------------|--|
| The guaranteed party | Date of disclosure of relevant announcement in relation to the limit on the guaranteed amount | Limit on guaranteed amount | Actual effective date | Actual guaranteed amount | Type of guarantee | Period of guarantee | Completed or not | Whether the guarantee is given for any connected party |
| Shanghai Shenyang Investment Management Co., Ltd. | 2016/12/16 | 2,050.00 | 2016/12/16 | 574.00 | Joint liability guarantee | 8 years | No | No |
| Shanghai Shenyang Investment Management Co., Ltd. | 2019/8/21 | 2,399.32 | 2019/9/29 | 1,644.10 | Joint liability guarantee | 8 years | No | No |
| Shanghai Shenyang Investment Management Co., Ltd. | 2019/8/21 | 516.19 | 2019/9/29 | 378.38 | Joint liability guarantee | 8 years | No | No |
| Total limit on the amount of external guarantees approved during the Reporting Period (A1) | | | 0 | Actual amount of external guarantees during the Reporting Period (A2) | | 0 | | |
| Total limit on the amount of external guarantees which has been approved and in effect at the end of the Reporting Period (A3) | | | 4,965.51 | Total balance of actual amount of external guarantees at the end of the Reporting Period (A4) | | 2,596.48 | | |

Section 6 Significant Events

Unit: RMB'0000

| Guarantees given by the Company to its subsidiaries | | | | | | | | |
|--|---|----------------------------|-----------------------|--------------------------|---|---------------------|------------------|--|
| The guaranteed party | Date of disclosure of relevant announcement in relation to the limit on the guaranteed amount | Limit on guaranteed amount | Actual effective date | Actual guaranteed amount | Type of guarantee | Period of guarantee | Completed or not | Whether the guarantee is given for any connected party |
| Chengdu Wanlong Industrial Town Real Estate Co., Ltd. | 2019/11/28 | 130,000.00 | 2019/12/10 | 30,000.00 | Joint liability guarantee | 7 years | No | No |
| Wuhan Yutianxingye Land Co., Ltd. | 2019/11/28 | 262,500.00 | 2019/12/5 | 262,500.00 | Joint liability guarantee | 7 years | No | No |
| Vanke (Chongqing) Enterprises Company Limited | 2021/11/10 | 580,000.00 | 2021/11/19 | 580,000.00 | Joint liability guarantee | 15 years | No | No |
| Vanke (Xinjiang) Enterprises Company Limited | 2022/1/12 | 70,000.00 | 2022/1/25 | 70,000.00 | Joint liability guarantee | 15 years | No | No |
| Zhengzhou Rongwang Real Estate Development Co., Ltd. | 2022/11/29 | 112,000.00 | 2022/12/13 | 112,000.00 | Joint liability guarantee | 3 years | No | No |
| Shenzhen Vanke Development Co., Ltd. | 2022/11/29 | 388,000.00 | 2022/11/24 | 150,000.00 | Joint liability guarantee | 3 years | No | No |
| | | | 2023/3/31 | 180,000.00 | Joint liability guarantee | 3 years | No | No |
| | | | 2023/4/27 | 58,000.00 | Joint liability guarantee | 3 years | No | No |
| Foshan Shunde Wanbin Real Estate Co. Ltd. (佛山市順德區萬彬房地產有限公司) | 2023/3/2 | 316,500.00 | 2023/3/16 | 105,000.00 | Joint liability guarantee | 10 years | No | No |
| Foshan Vanke Enterprise Co., Ltd. (佛山市萬科企業有限公司) | 2023/4/18 | 210,000.00 | 2023/4/21 | 210,000.00 | Joint liability guarantee | 9 years | No | No |
| Fuzhou Wanbin Real Estate Co., Ltd. (福州市萬濱房地產有限公司) | 2023/4/18 | 140,000.00 | 2023/4/20 | 70,000.00 | Joint liability guarantee | 2 years | No | No |
| Yunnan Zhewan Real Estate Co., Ltd. (雲南浙萬置業有限公司) | 2023/3/2 | 260,000.00 | 2023/5/12 | 260,000.00 | Joint liability guarantee | 3 years | No | No |
| Yunnan Vanke Enterprise Co., Ltd. | 2023/3/2 | 110,000.00 | 2023/5/12 | 110,000.00 | Joint liability guarantee | 3 years | No | No |
| Total limit on the amount of guarantees for subsidiaries approved during the Reporting Period (B1) | | | | 1,036,500.00 | Actual amount of guarantees for subsidiaries during the Reporting Period (B2) | | | 993,000.00 |
| Total limit on the amount of guarantees for subsidiaries which has been approved and in effect at the end of the Reporting Period (B3) | | | | 2,579,000.00 | Total balance of actual amount of guarantees for subsidiaries at the end of the Reporting Period (B4) | | | 2,197,500.00 |

Section 6 Significant Events

Unit: RMB'0000

| Guarantees given by the subsidiaries to the subsidiaries | | | | | | | | |
|--|---|----------------------------|-----------------------|---|--|---------------------|------------------|--|
| The guaranteed party | Date of disclosure of relevant announcement in relation to the limit on the guaranteed amount | Limit on guaranteed amount | Actual effective date | Actual guaranteed amount | Type of guarantee | Period of guarantee | Completed or not | Whether the guarantee is given for any connected party |
| Chericourt Company Limited | 2020/6/18 | HK\$1 billion | 2020/6/17 | 43,083.00 | Joint liability guarantee | To 2024/5/19 | No | No |
| Wealth Honour Limited | 2022/8/22 | HK\$3 billion | 2022/8/18 | 164,750.83 | Joint liability guarantee, shares pledge | 1 year | No | No |
| Guangzhou Huangpu Wenchong Urban Village Retrofit Investment Co., Ltd. | 2022/4/28 | 205,000.00 | 2022/4/28 | 205,000.00 | Joint liability guarantee | 5 years | No | No |
| Beijing Hengyi Enterprise Management Co., Ltd. | 2018/10/12 | 323,400.00 | 2018/10/10 | 323,400.00 | Joint liability guarantee | To 2023/12/31 | No | No |
| Total limit on the amount of guarantees for subsidiaries approved during the Reporting Period (C1) | | | 0 | Actual amount of guarantees for subsidiaries during the Reporting Period (C2) | | | | 39,853.36 |
| Total limit on the amount of guarantees for subsidiaries which has been approved and in effect at the end of the Reporting Period (C3) | | | 894,148.00 | Total balance of actual amount of guarantees for subsidiaries at the end of the Reporting Period (C4) | | | | 736,233.83 |
| Total guaranteed amount of the Company (being the sum of the previous three major items) | | | | | | | | |
| Total limit on the amount of guarantees approved during the Reporting Period (A1+B1+C1) | | | 1,036,500.00 | Actual amount of guarantees during the Reporting Period (A2+B2+C2) | | | | 1,032,853.36 |
| Total limit on the amount of guarantees which has been approved and in effect at the end of the Reporting Period (A3+B3+C3) | | | 3,478,113.51 | Total balance of actual amount of guarantees at the end of the Reporting Period (A4+B4+C4) | | | | 2,936,330.31 |
| Proportion of actual amount of guarantees (being A4+B4+C4) to the net assets of the Company | | | | | | | | 12.10% |
| Including: | | | | | | | | |
| Balance of guaranteed amount provided for shareholders, beneficial controlling parties and their connected parties (D) | | | | | | | | 0 |
| Balance of guaranteed amount provided directly or indirectly for the guaranteed party with gearing ratio over 70% (E) | | | | | | | | 1,626,750.83 |
| Total guaranteed amount over 50% of the net asset (F) | | | | | | | | 0 |
| Sum of the above three guarantees (D+E+F) | | | | | | | | 1,626,750.83 |
| For outstanding guarantees, description on the guarantee liabilities occurred or possible joint and several liabilities of repayment demonstrated during the Reporting Period (if any) | | | | | | | | Nil |
| Description of provision of external guarantee in violation of prescribed procedures (if any) | | | | | | | | Nil |

2. Illegal external guarantees

During the Reporting Period, the Company did not provide illegal external guarantees.

(III) Entrusted wealth management

Unit: RMB'0000

| Specific Type | Source of funds for entrusted wealth management | Amounts for entrusted wealth management | Outstanding balance | Amount due but not received |
|-------------------------------------|---|---|---------------------|-----------------------------|
| Wealth management products of banks | Self-owned capital | 250,000.00 | 1,458.57 | - |
| Total | | 250,000.00 | 1,458.57 | - |

The list of individual item with significant amount or low safety, poor liquidity, non-principal guaranteed high risk wealth management products.

Applicable Not applicable

Entrusted wealth management is expected to fail to recover the principal or there may be other circumstances that may result in impairment.

Applicable Not applicable

(IV) Other major contracts

During the Reporting Period, the Company had no other major contracts.

XIII. Explanation of other significant events

Nil.

XIV. Significant events of the Company's subsidiaries

Nil.

Section 6 Significant Events

XV. Disclosure under Rule 13.22 of the SEHK Listing Rules

As at 30 June 2023, the Group's receivables from affiliated company amounted to RMB144,843 million, which represent approximately 8.60% based on the proportion of assets as defined in Rule 14.07(1) of the SEHK Listing Rules.

Pursuant to Rule 13.22 of the SEHK Listing Rules, as at 30 June 2023, the unaudited combined statement of financial position of the affiliated companies with receivables in the Group's consolidated financial statements and the interest in these affiliated companies attributable to the Group are set out below:

| | Combined Statement of Financial Position (Unaudited) RMB million |
|-------------------------|--|
| Non-current assets | 120,504 |
| Current assets | 543,705 |
| Current liabilities | 497,057 |
| Non-current liabilities | 63,593 |
| Net assets | 103,559 |

As at 30 June 2023, the Group's attributable interest in these affiliated companies amounted to RMB47,761 million.

Notes:

1. Affiliated enterprises include associates and joint ventures of the Group;
2. The unaudited combined statement of financial position of the affiliated companies has been prepared on the basis of the statement of financial position of these companies as at 30 June 2023, adjusted to conform to the Group's principal accounting policies and reclassified according to the major classifications in the statement of financial position.

XVI.Details on the Company's investor meetings

The 2022 annual results presentation of the Company was broadcasted live over the Internet, the "Announcement Regarding 2022 Annual Results Presentation and Questions Collection" was published in advance on the website of CNINFO (www.cninfo.com.cn), inviting investors to actively participate and collect relevant questions. The questions collected covered a number of aspects including corporate strategies, development of the business and the development of the operational businesses. Management provided answers to key investor concerns during the Q&A session. As of the end of the Reporting Period, the total number of views of the annual results presentation was approximately 180,000.

In addition, during the Reporting Period, the Company received surveys by institutional investors such as securities companies and funds, and individual investors via phone conference, exchanged views on the Company's daily operations, development strategies and views on the industry and market environment and provided publicly available information based on regular reports and announcements of the Company.

| Type of meeting | Date | Approach | Types of investors |
|----------------------------------|--------|----------------------|---|
| JP Morgan meeting | 2023.1 | Telephone conference | Investors including securities companies, funds, etc. |
| CITIC Securities meeting | 2023.1 | Telephone conference | Investors including securities companies, funds, etc. |
| Citi Securities meeting | 2023.1 | Telephone conference | Investors including securities companies, funds, etc. |
| UBS Securities meeting | 2023.1 | Telephone conference | Investors including securities companies, funds, etc. |
| CITIC Securities meeting | 2023.2 | Telephone conference | Investors including securities companies, funds, etc. |
| 2022 Annual Results Presentation | 2023.3 | Video roadshow | Investors including securities companies, funds, individual investors, etc. |
| Citi Securities meeting | 2023.4 | On-site meeting | Investors including securities companies, funds, etc. |
| JP Morgan meeting | 2023.4 | On-site meeting | Investors including securities companies, funds, etc. |
| CICC meeting | 2023.4 | On-site meeting | Investors including securities companies, funds, etc. |
| CITIC Securities meeting | 2023.4 | On-site meeting | Investors including securities companies, funds, etc. |

Section 6 Significant Events

| Type of meeting | Date | Approach | Types of investors |
|--|-----------------------------|--------------------------------------|--|
| Guangfa Securities meeting | 2023.4 | On-site meeting | Investors including securities companies, funds, etc. |
| CGS-CIMB Securities meeting | 2023.4 | Telephone conference | Investors including securities companies, funds, etc. |
| Shenwan Hongyuan Securities meeting | 2023.5 | On-site meeting | Investors including securities companies, funds, etc. |
| Guangfa Securities meeting | 2023.5 | On-site meeting | Investors including securities companies, funds, etc. |
| Hangzhou Investors meeting | 2023.5 | On-site meeting | Investors including securities companies, funds, etc. |
| CITIC Securities meeting | 2023.6 | On-site meeting | Investors including securities companies, funds, etc. |
| Hefei Investors meeting | 2023.6 | On-site meeting | Investors including securities companies, funds, etc. |
| CICC meeting | 2023.6 | On-site meeting | Investors including securities companies, funds, etc. |
| Citi Securities meeting | 2023.6 | Telephone conference | Investors including securities companies, funds, etc. |
| Note: The above-mentioned meetings included one-on-one meetings, small group meetings and large group presentation. The Company received or met with investors from over 50 companies. | | | |
| Securities companies | During the Reporting Period | Small Group or one-on-one conference | Guangfa Securities, Huachuang Securities, Cinda Securities, Changjiang Securities, China Merchants Securities, Haitong Securities, Industrial Securities, Huatai Securities, Shenwan Hongyuan Securities, Orient Securities, Guosheng Securities, Guotai Junan Securities, Soochow Securities, Pacific Securities, Caitong Securities, CICC, CLSA Securities, BOCI Securities, JP Morgan, Morgan Stanley, Citi Securities, DBS, Nomura, Haitong International Securities, Sumitomo Mitsui Trust Bank, UBS, HSBC, CGS-CIMB Securities, etc. |

Section 6 Significant Events

| Type of meeting | Date | Approach | Types of investors |
|---|-----------------------------|--------------------------------------|--|
| Funds and other investment companies and individual investors | During the Reporting Period | Small Group or one-on-one conference | BOCOM Schroders Fund, Efund, China Life, Dacheng Fund, Value Partners Fund, Taikang Asset Management, Harvest Fund, Fullgoal Fund, NCI, Ping An Asset, Huatai Baoxing Fund, China Merchants Fund, Maxwealth Fund, Sumitomo Mitsui, ICBC Fund, Dawn Petrel Asset Management, Gemboom Investment, ADIA, Shenzhen Dreamworks Investment Management Co., Ltd., BlackRock, Wellington, AIA International Limited, Primas Asset Management, Matthews International Capital Management LLC, Allianz Global Investors GmbH, Santa Lucia Asset Management, RWC Asset Management LLP, Fenghe Fund Management, etc. |

Section 7 Change in Share Capital and Information on Shareholders

I. Change in share capital

(I) Change in the shares of the Company (as at 30 June 2023)

Unit: Share

| Classification of Share | 31 December 2022 | | Increase/Decrease (shares) | | 30 June 2023 | |
|--|-----------------------|----------------------------|---------------------------------|-----------------|-----------------------|----------------------------|
| | Quantity (shares) | Percentage of shareholding | Issuance of new shares (shares) | Others (shares) | Quantity (shares) | Percentage of shareholding |
| I. Restricted Shares | | | | | | |
| 1. State-owned shares and shares held by the State-owned legal persons | | | | | | |
| 2. Shares held by the domestic legal person | | | | | | |
| 3. Shares held by domestic natural persons | 7,529,318 | 0.06% | 0 | 0 | 7,529,318 | 0.06% |
| 4. Shares held by foreign investors | | | | | | |
| Total number of restricted shares | 7,529,318 | 0.06% | 0 | 0 | 7,529,318 | 0.06% |
| II. Non-restricted Shares | | | | | | |
| 1. RMB-denominated ordinary shares | 9,716,667,215 | 83.55% | 0 | 0 | 9,716,667,215 | 81.45% |
| 2. Overseas listed foreign shares | 1,906,512,938 | 16.39% | +300,000,000 | 0 | 2,206,512,938 | 18.49% |
| Total number of non-restricted shares | 11,623,180,153 | 99.94% | +300,000,000 | 0 | 11,923,180,153 | 99.94% |
| III. Total number of shares | 11,630,709,471 | 100.00% | +300,000,000 | 0 | 11,930,709,471 | 100.00% |

Note: As at 9 March 2023, the Company successfully allotted 300,000,000 H Shares, representing 13.60% of all issued H Shares and 2.51% of the entire issued share capital upon completion of the allotment, to not less than six placees, at a price of HK\$13.05 per share with gross proceeds of HK\$3,915 million from the allotment.

(II) Tables of changes in restricted shares during the Reporting Period

Unit: Share

| Name of shareholder | Number of restricted shares held at the end of last year | Number of restricted shares with restrictions released during the Reporting Period | Number of restricted shares increased during the Reporting Period | Number of restricted shares held at the end of the Reporting Period | Reason for selling restrictions | Date of selling restrictions removal |
|---------------------|--|--|---|---|---|---|
| YU Liang | 5,546,209 | 0 | 0 | 5,546,209 | Held an office of Directors, Supervisors and senior management of the Company | Executed in accordance with the Self-Regulatory Supervision Guidelines for Company Listed on the Shenzhen Stock Exchange No. 10 – Share Change Management |
| XIE Dong | 1,239,484 | 0 | 0 | 1,239,484 | | |
| ZHU Jiusheng | 146,925 | 0 | 0 | 146,925 | | |
| WANG Haiwu | 112,500 | 0 | 0 | 112,500 | | |
| QUE Dongwu | 156,150 | 0 | 0 | 156,150 | | |
| HAN Huihua | 105,750 | 0 | 0 | 105,750 | | |
| LIU Xiao | 118,200 | 0 | 0 | 118,200 | | |
| ZHU Xu | 104,100 | 0 | 0 | 104,100 | | |
| Total | 7,529,318 | 0 | 0 | 7,529,318 | | |

Change in Share Capital and Information on Shareholders

II. Issue and listing of securities

Applicable Not applicable

On 9 March 2023, the Company successfully allotted and issued a total of 300,000,000 new H Shares, representing approximately 13.60% of the total issued H Shares and approximately 2.51% of the total issued share capital after completion of the Placing, to not less than six placees (who and their ultimate beneficial owners are not connected persons (as defined in the SEHK Listing Rules) of the Company) at a price of HK\$13.05 per share. The gross proceeds from the Placing amounted to approximately HK\$3,915 million (the net price raised per H Share is approximately HK\$13.01). After deducting all relevant costs and expenses (including commissions and legal fees), the total net proceeds from the Placing amounted to approximately HK\$3,903 million, or approximately RMB3,464 million based on the exchange rate as at 9 March 2023. 60% of the proceeds shall be used to repay the Company's overseas debt financing and the remaining 40% will be used to replenish the Company's working capital, subject to adjustment if there are other requirements on the use and deposit of the proceeds in accordance with relevant laws, regulations, regulatory documents or authorities, and the Company undertakes that the proceeds will not be used for new residential development projects in the PRC. Upon completion of the Placing, the total number of issued shares of the Company increased from 11,630,709,471 Shares to 11,930,709,471 Shares, of which the total number of issued H Shares increased from 1,906,512,938 Shares to 2,206,512,938 Shares, while the total number of issued A Shares remained unchanged at 9,724,196,533 Shares. As of the end of the Reporting Period, the proceeds raised from the Placing have been fully utilised and such use of proceeds is in compliance with that disclosed by the Company. The Placing of H Shares shall further strengthen the financial position of the Company.

During and after the Reporting Period, the Company issued first tranches of corporate bonds RMB2.0 billion to qualified investors in public; the Company completed the issuance of four medium-term notes in the interbank market with a issue size of RMB8.0 billion.

For details of Company's bonds and medium-term notes, please refer to "Section 8 Relevant Information on Bonds" of this Report.

Section 7

Change in Share Capital and Information on Shareholders

III. Number of Shareholders of the Company and Shareholdings (As of 30 June 2023)

(I) Information on shareholders

| | | | | Unit: Share | | |
|---|--|---|---|--|----------------------------------|-------------------------------------|
| Total number of Shareholders as at 30 June 2023 | 566,194 (including 566,121 A Shareholders and 73 H Shareholders) | Total number of Shareholders as at 31 July 2023 | 563,696 (including 563,623 A Shareholders and 73 H Shareholders) | | | |
| Shareholdings of the top 10 shareholders | | | | | | |
| Name of shareholder | Classification of Shareholder | Percentage of shareholding | Number of ordinary shares held at the end of the Reporting Period | Change in shares during the Reporting Period | Number of restricted shares held | Number of pledged or lock-up shares |
| | | | | | | |
| SZMC | Domestic state-owned legal person | 27.18% | 3,242,810,791 | 0 | 0 | 0 |
| HKSCC NOMINEES LIMITED | Foreign legal person | 18.49% | 2,206,365,516 | +300,001,201 | 0 | 0 |
| Yingjiazhong Partnership Enterprise | Domestic ordinary legal person | 3.68% | 438,703,992 | 0 | 0 | 185,880,000 |
| Hong Kong Securities Clearing Company Limited | Foreign legal person | 2.37% | 283,328,876 | -149,869,980 | 0 | 0 |
| Central Huijin Asset Management Co., Ltd. | Domestic state-owned legal person | 1.55% | 185,478,200 | 0 | 0 | 0 |
| New China Life Insurance Company Ltd. –Dividend – Personal Dividend-018L-FH002 SZ | Funds, wealth management products, etc. | 1.37% | 163,611,403 | -5,167,445 | 0 | 0 |
| CMW Asset Management – CMB – CMS Wealth – CMB – De Ying No. 1 Specialised Asset Management Plan | Funds, wealth management products, etc. | 1.20% | 142,987,520 | -3,268,300 | 0 | 0 |
| CLIC – Traditional – Ordinary Insurance Product-005L-CT001 Hu | Funds, wealth management products, etc. | 1.13% | 134,555,798 | +134,555,798 | 0 | 0 |
| China Securities Finance Corporation Limited | Domestic ordinary legal person | 1.11% | 132,669,394 | 0 | 0 | 0 |
| Ying'an Partnership Enterprise | Domestic ordinary legal person | 1.02% | 122,230,826 | 0 | 0 | 122,230,826 |
| Remarks on strategic investor or ordinary legal person becoming top 10 shareholders after placing of new shares | Not applicable | | | | | |

Change in Share Capital and Information on Shareholders

| | |
|---|---|
| Remarks on the related party relationship or action in concert of the aforementioned shareholders | “Yingjiazhong Enterprise Partnership” and “Ying’an Enterprise Partnership” are parties acting in concert. Other than the above, it is not known to the Company as to whether there are connections or persons deemed to be acting in concert under the Measures for the Administration of the Takeover of Listed Companies among the abovementioned shareholders. |
| Description of entrusting/being entrusted voting rights or waiving voting rights of the aforementioned shareholders | Not applicable |
| Shareholders involved in margin trading business description | The refinancing securities lending business carried out by SZMC since July 2022 lent a total of 5,018,000 A Shares of the Company held by it, accounting for 0.04% of the Company’s total share capital, which has been fully recovered. SZMC plans to continue to carry out the refinancing securities lending business, with its holding of no more than 97,241,965 A shares of the Company (no more than 1% of the Company’s A shares), accounting for approximately 0.815% of the Company’s total share capital, and the ownership of the lent shares will not be transferred. For details, please refer to the “Announcement on the Progress of the Refinancing and Securities Lending Business Carried Out by the Shareholders” disclosed by the Company on 24 July 2023. |
| Special explanation on the existence of repurchase dedicated accounts among the top ten Shareholders (if any) | Not applicable |

Section 7

Change in Share Capital and Information on Shareholders

| Shareholdings of the top 10 Shareholders | | |
|--|--------------------------------------|-----------------|
| Name of shareholder | Number of non-restricted shares held | Class of shares |
| SZMC | 3,242,810,791 | A Shares |
| HKSCC NOMINEES LIMITED | 2,206,365,516 | H Shares |
| Yingjiazhong Partnership Enterprise | 438,703,992 | A Shares |
| Hong Kong Securities Clearing Company Limited | 283,328,876 | A Shares |
| Central Huijin Asset Management Co., Ltd. | 185,478,200 | A Shares |
| New China Life Insurance Company Ltd. –Dividend – Personal Dividend-018L-FH002 SZ | 163,611,403 | A Shares |
| CMW Asset Management – CMB –CMS Wealth – CMB – De Ying No. 1 Specialised Asset Management Plan | 142,987,520 | A Shares |
| CLIC – Traditional – Ordinary Insurance Product-005L-CT001 Hu | 134,555,798 | A Shares |
| China Securities Finance Corporation Limited | 132,669,394 | A Shares |
| Ying'an Partnership Enterprise | 122,230,826 | A Shares |

Notes 1: HKSCC NOMINEES LIMITED is the nominal holder of shares held by the Company's non-registered shareholders of H Shares.

Notes 2: Hong Kong Securities Clearing Company Ltd. is the nominal holder of shares held by non-registered shareholders who hold A shares of the Company through Northbound Trading under Shenzhen-Hong Kong Stock Connect.

Notes 3: In the above table, the total number of A shareholders on 30 June 2023 and 31 July 2023 refers to the number of shareholders after combining margin trading accounts.

As at 30 June 2023, the total number of issued Shares amounted to 11,930,709,471 (including treasury shares), of which the numbers of A Shares and H Shares amounted to 9,724,196,533 and 2,206,512,938 respectively.

Change in Share Capital and Information on Shareholders

(II) Controlling shareholder and de facto controller

There were neither controlling shareholders nor de facto controllers in the Company, and this situation remained the same during the Reporting Period.

(III) Shareholding by substantial shareholders as required by the Securities and Futures Ordinance of Hong Kong

As of 30 June 2023, to the best knowledge of directors of the Company, in accordance with relevant requirements under the Securities and Futures Ordinance, other than directors, members of Supervisory Committee or chief executive, the interests and short positions of the Company held by substantial shareholders are as follows:

| Name of shareholder | Capacity (types of interest) | Number of shares held | Nature of Interest (shares) | Shares Types | Percentage | Percentage | Percentage |
|--|--|-----------------------|-----------------------------|--------------|---------------------------------|---------------------------------|-------------------------------|
| | | | | | of total issued A-Share capital | of total issued H-Share capital | of total issued share capital |
| SZMC | Beneficial owner | 3,242,810,791 | Long Position | A Shares | 33.35% | - | 27.18% |
| Shenzhen Ying'an Financial Advisory Co., Ltd. (深圳盈安財務顧問有限公司) | Interest of controlled corporations | 561,739,618 | Long Position | A Shares | 5.78% | - | 4.71% |
| | | 24,245,900 | Long Position | H Shares | - | 1.10% | 0.20% |
| JP Morgan Chase & Co. | Interest of controlled corporations | 34,689,379 | Long Position | H Shares | - | 1.57% | 0.29% |
| | Investment manager | 22,596,726 | Short Position | H Shares | - | 1.02% | 0.19% |
| | Person holding a guaranteed interest in shares | 32,881,316 | Long Position | H Shares | - | 1.49% | 0.28% |
| | Approved Lending Agent | 1,096,447 | Long Position | H Shares | - | 0.05% | 0.01% |
| BlackRock, Inc. | Interest of controlled corporations | 25,656,472 | Long Position | H Shares | - | 1.16% | 0.22% |
| | | 133,916,115 | Long Position | H Shares | - | 6.07% | 1.12% |
| | | 2,728,836 | Short Position | H Shares | - | 0.12% | 0.02% |

Save as disclosed above, the Company is not aware of any other person (other than the directors, supervisors, chief executives of the Company) who should disclose their interest or short position in accordance with the requirements of the the Securities and Futures Ordinance of Hong Kong and SEHK Listing Rules.

(IV) Purchase, disposal or redemption of the listed securities of the Company or its subsidiaries by the Company or its subsidiaries during the Reporting Period

During the Reporting Period, the Company or its subsidiaries did not purchase, dispose or redeem any listed securities of the Company or its subsidiaries.

Section 7

Change in Share Capital and Information on Shareholders

IV. Changes in shareholdings of directors, supervisors and senior management

During the Reporting Period, shareholdings of the current directors, supervisors and senior management in the Company were as follows:

| Name | Title | Number of shares held at the beginning of the Period (shares) | Change (shares) | Number of shares held as at the disclosure date of the report (shares) | Shares held as at the disclosure date of the report as a percentage of total number of shares |
|--------------|---|---|-----------------|--|---|
| YU Liang | Chairman of the Board | 7,394,945 | 0 | 7,394,945 | 0.0620% |
| XIE Dong | Chairman of Supervisory Committee | 1,652,645 | 0 | 1,652,645 | 0.0139% |
| ZHU Jiusheng | Director, President, Chief Executive Officer | 195,900 | 0 | 195,900 | 0.0016% |
| HAN Huihua | Executive Vice President, Finance Principal | 141,000 | 0 | 141,000 | 0.0012% |
| LIU Xiao | Executive Vice President, Chief Operation Officer | 157,600 | 0 | 157,600 | 0.0013% |
| ZHU Xu | Secretary to the Board | 138,800 | 0 | 138,800 | 0.0012% |
| Total | | 9,680,890 | 0 | 9,680,890 | 0.0811% |

Note: Save as abovementioned, other directors, supervisors and senior management did not hold shares of the Company.

All the shares held by the aforementioned persons in the Company were beneficially owned A shares, and they were all in long positions. Save for the aforementioned, the Company was not aware of any interests or short positions held by the Company's directors, supervisors, senior management and relevant associates recorded in the register required to be kept in accordance with section 352 of the SFO or interests or short positions held in the Company or associated corporations (as defined in Part XV of the SFO) required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the SEHK Listing Rules.

(V) Change of Controlling shareholders and de facto controllers

There were neither controlling shareholders nor de facto controllers in the Company.

Section 8 Relevant Information on Bonds

I. Enterprise Bonds

Applicable Not applicable

II. Corporate Bonds

Applicable Not applicable

(I) Basic Information of Corporate Bonds

Unit: RMB'0000

| Name of bonds | Abbreviation of bonds | Code of bonds | Issue Date | Initial Date | Due Date | Balance of bonds | Interest rate | Repayment of capital with interest | Trading Floor |
|---|-----------------------|---------------|--------------------------------------|------------------|------------------|------------------|---------------|--|---------------|
| China Vanke Co., Ltd. 2020 corporate bonds to qualified investors in public (first tranche) (variety II) | 20 Vanke 02 | 149057 | 13 March 2020 to 16 March 2020 | 16 March 2020 | 16 March 2027 | 100,000 | 3.42% | The bonds pay a simple interest on an annual basis, instead of a compound interest. | SZSE |
| China Vanke Co., Ltd. 2020 corporate bonds to qualified investors in public (second tranche) (variety II) | 20 Vanke 04 | 149124 | 18 May 2020 to 19 May 2020 | 19 May 2020 | 19 May 2027 | 150,000 | 3.45% | Interest is paid annually and the principal will be returned on the due date, while the last interest payment will be paid together with the principal amount. | |
| China Vanke Co., Ltd. 2020 corporate bonds to qualified investors in public (third tranche) (variety II) | 20 Vanke 06 | 149142 | 18 June 2020 to 19 June 2020 | 19 June 2020 | 19 June 2027 | 120,000 | 3.90% | | |
| China Vanke Co., Ltd. 2020 corporate bonds to qualified investors in public (fourth tranche) (variety I) | 20 Vanke 07 | 149296 | 12 November 2020 to 13 November 2020 | 13 November 2020 | 13 November 2025 | 38,100 | 3.50% | | |
| China Vanke Co., Ltd. 2020 corporate bonds to qualified investors in public (fourth tranche) (variety II) | 20 Vanke 08 | 149297 | 12 November 2020 to 13 November 2020 | 13 November 2020 | 13 November 2027 | 160,000 | 4.11% | | |

Section 8

Relevant Information on Bonds

Unit: RMB'0000

| Name of bonds | Abbreviation of bonds | Code of bonds | Issue Date | Initial Date | Due Date | Balance of bonds | Interest rate | Repayment of capital with interest | Trading Floor |
|---|-----------------------|---------------|------------------------------------|-----------------|-----------------|------------------|---------------|--|---------------|
| China Vanke Co., Ltd. 2021 corporate bonds specialized in rental housing to qualified investors in public (first tranche) (variety II) | 21 Vanke 02 | 149358 | 21 January 2021 to 22 January 2021 | 22 January 2021 | 22 January 2028 | 110,000 | 3.98% | The bonds pay a simple interest on an annual basis, instead of a compound interest. Interest is paid annually and the principal will be returned on the due date, while the last interest payment will be paid together with the principal amount. | SZSE |
| China Vanke Co., Ltd. 2021 corporate bonds specialized in rental housing to qualified investors in public (second tranche) (variety I) | 21 Vanke 03 | 149477 | 19 May 2021 to 20 May 2021 | 20 May 2021 | 20 May 2026 | 100,000 | 3.40% | | |
| China Vanke Co., Ltd. 2021 corporate bonds specialized in rental housing to qualified investors in public (second tranche) (variety II) | 21 Vanke 04 | 149478 | 19 May 2021 to 20 May 2021 | 20 May 2021 | 20 May 2028 | 56,600 | 3.70% | | |
| China Vanke Co., Ltd. 2021 corporate bonds specialized in rental housing to professional investors in public (third tranche) (variety I) | 21 Vanke 05 | 149567 | 23 July 2021 to 26 July 2021 | 26 July 2021 | 26 July 2026 | 230,000 | 3.19% | | |
| China Vanke Co., Ltd. 2021 corporate bonds specialized in rental housing to professional investors in public (third tranche) (variety II) | 21 Vanke 06 | 149568 | 23 July 2021 to 26 July 2021 | 26 July 2021 | 26 July 2028 | 70,000 | 3.49% | | |
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (first tranche) (variety I) | 22 Vanke 01 | 149814 | 3 March 2022 to 4 March 2022 | 4 March 2022 | 4 March 2025 | 89,000 | 3.14% | | |

Section 8 Relevant Information on Bonds

Unit: RMB'0000

| Name of bonds | Abbreviation of bonds | Code of bonds | Issue Date | Initial Date | Due Date | Balance of bonds | Interest rate | Repayment of capital with interest | Trading Floor |
|---|-----------------------|---------------|------------------------------------|-----------------|-----------------|------------------|---------------|--|---------------|
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (first tranche) (variety II) | 22 Vanke 02 | 149815 | 3 March 2022 to 4 March 2022 | 4 March 2022 | 4 March 2027 | 110,000 | 3.64% | The bonds pay a simple interest on an annual basis, instead of a compound interest. | SZSE |
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (second tranche) (variety I) | 22 Vanke 03 | 149930 | 2 June 2022 to 6 June 2022 | 6 June 2022 | 6 June 2027 | 35,000 | 2.90% | Interest is paid annually and the principal will be returned on the due date, while the last interest payment will be paid together with the principal amount. | |
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (second tranche) (variety II) | 22 Vanke 04 | 149931 | 2 June 2022 to 6 June 2022 | 6 June 2022 | 6 June 2029 | 65,000 | 3.53% | | |
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (third tranche) (variety I) | 22 Vanke 05 | 149975 | 7 July 2022 to 8 July 2022 | 8 July 2022 | 8 July 2027 | 290,000 | 3.21% | | |
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (third tranche) (variety II) | 22 Vanke 06 | 149976 | 7 July 2022 to 8 July 2022 | 8 July 2022 | 8 July 2029 | 50,000 | 3.70% | | |
| China Vanke Co., Ltd. 2022 corporate bonds to professional investors in public (fourth tranche) | 22 Vanke 07 | 148099 | 28 October 2022 to 31 October 2022 | 31 October 2022 | 31 October 2027 | 250,000 | 3.45% | | |
| China Vanke Co., Ltd. 2023 corporate bonds to professional investors in public (first tranche) (variety I) | 23 Vanke 01 | 148380 | 21 July 2023 to 24 July 2023 | 24 July 2023 | 24 July 2026 | 200,000 | 3.10% | | |

Section 8

Relevant Information on Bonds

Qualified investors arrangement (if any) The bonds are issued publicly to professional investors in compliance with Administrative Measures for the Issuance and Trading of Corporate Bonds (《公司債券發行與交易管理辦法》) and having a qualified account of A share securities in the Shenzhen branch of the China Securities Depository and Clearing Corporation Limited.

Trading mechanisms applicable Centralized bidding and block trading methods

Whether there is a risk of termination of listing and trading (if any) and countermeasures Not applicable

(II) Overdue bonds

Applicable Not applicable

No default on principal or interest of bonds of the Company.

(III) Triggering and implementing of issuer or investor option terms and investor protection terms

Applicable Not applicable

During the Reporting Period, based on the actual situation of the Company and the current market environment, the Company exercised the 21 Vanke 01, 20 Vanke 01, 20 Vanke 03 and 20 Vanke 05 issuer's redemption option, and delisted the aforesaid corporate bonds from the SZSE.

(IV) Adjustments to credit rating results during the Reporting Period

Applicable Not applicable

As of the date of release of the Report, the Company maintain stable credit rating. S&P and Fitch maintain "BBB+" credit rating of the Group, Moody's maintain "Baa1" credit rating of the Group, and all three agencies give the Group "stable" outlook. Amongst domestic rating agencies, China Chengxin International Credit Rating Co., Ltd. and China Lianhe Credit Rating Co., Ltd. maintain "AAA" entity credit rating of the Group, and give the Group "stable" outlook.

(V) The implementation of and changes to the guarantees, debt repayment plans and debt repayment guarantee measures during the Reporting Period and the impact on the interests of bond investors

Applicable Not applicable

During the Reporting Period, no guarantee was provided for the corporate bonds issued by the Company.

The funds to be used to repay the corporate bonds issued by the Company mainly come from the cash flows generated from the Group's daily operations. During the Reporting Period, the Group maintained a healthy financial structure, with adequate cash and cash equivalents to meet its short-term debt obligations. The steady cash inflows had provided a strong guarantee to the repayment of the principal amount and interest of the Company's corporate bonds.

During the Reporting Period, there had not been any material change in the debt repayment plans and debt repayment guarantee measures for corporate bonds.

Section 8 Relevant Information on Bonds

III. Debt financing instruments of non-financial enterprises

✓ Applicable □ Not applicable

(I) Basic information on debt financing instruments of non-financial enterprises

Unit: RMB'0000

| Name of bonds | Abbreviation of bonds | Code of bonds | Issue Date | Initial Date | Due Date | Balance of bonds | Interest rate | The way of repay capital with interest | Trading Floor |
|--|-----------------------|---------------|--|-------------------|-------------------|------------------|---------------|--|--|
| China Vanke Co., Ltd. medium-term notes in 2021 (first tranche) | 21 Vanke MTN001 | 102100209 | 27 January 2021 to 29 January 2021 | 29 January 2021 | 29 January 2024 | 200,000 | 3.76% | The bonds pay a simple interest on an annual basis, instead of a compound interest. Interest is paid annually and the principal will be returned on the due date, while the last interest payment will be paid together with the principal amount. | the National Association of Financial Market Institution Investors |
| China Vanke Co., Ltd. medium-term notes in 2021 (second tranche) | 21 Vanke MTN002 | 102100912 | 28 April 2021 to 29 April 2021 | 29 April 2021 | 29 April 2024 | 200,000 | 3.52% | | |
| China Vanke Co., Ltd. medium-term notes in 2021 (third tranche) | 21 Vanke MTN003 | 102101821 | 2 September 2021 to 3 September 2021 | 6 September 2021 | 6 September 2024 | 200,000 | 3.08% | | |
| China Vanke Co., Ltd. medium-term notes in 2022 (first tranche) | 22 Vanke MTN001 | 102280222 | 25 January 2022 to 26 January 2022 | 27 January 2022 | 27 January 2025 | 300,000 | 2.95% | | |
| China Vanke Co., Ltd. medium-term notes in 2022 (second tranche) | 22 Vanke MTN002 | 102280265 | 14 February 2022 to 15 February 2022 | 16 February 2022 | 16 February 2025 | 300,000 | 2.98% | | |
| China Vanke Co., Ltd. medium-term notes in 2022 (third tranche) | 22 Vanke MTN003 | 102280364 | 23 February 2022 to 24 February 2022 | 25 February 2022 | 25 February 2025 | 200,000 | 3.0% | | |
| China Vanke Co., Ltd. Green medium-term notes in 2022 (first tranche) | 22 Vanke GN001 | 132280068 | 19 July 2022 to 20 July 2022 | 21 July 2022 | 21 July 2025 | 300,000 | 3.0% | | |
| China Vanke Co., Ltd. Green medium-term notes in 2022 (second tranche) | 22 Vanke GN002 | 132280075 | 10 August 2022 to 11 August 2022 | 12 August 2022 | 12 August 2025 | 200,000 | 2.9% | | |
| China Vanke Co., Ltd. Green medium-term notes in 2022 (third tranche) | 22 Vanke GN003 | 132280088 | 19 September 2022 to 20 September 2022 | 21 September 2022 | 21 September 2025 | 200,000 | 3.2% | | |

Section 8

Relevant Information on Bonds

Unit: RMB'0000

| Name of bonds | Abbreviation of bonds | Code of bonds | Issue Date | Initial Date | Due Date | Balance of bonds | Interest rate | The way of repay capital with interest | Trading Floor |
|--|-----------------------|---------------|--------------------------------------|------------------|------------------|------------------|---------------|--|--|
| China Vanke Co., Ltd. medium-term notes in 2022 (forth tranche) | 22 Vanke MTN004 | 102282715 | 13 December 2022 to 14 December 2022 | 15 December 2022 | 15 December 2025 | 200,000 | 3.0% | The bonds pay a simple interest on an annual basis, instead of a compound interest. Interest is paid annually and the principal will be returned on the due date, while the last interest payment will be paid together with the principal amount. | the National Association of Financial Market Institution Investors |
| China Vanke Co., Ltd. medium-term notes in 2022 (fifth tranche) | 22 Vanke MTN005 | 102282785 | 26 December 2022 to 27 December 2022 | 28 December 2022 | 28 December 2025 | 370,000 | 3.0% | | |
| China Vanke Co., Ltd. medium-term notes in 2023 (first tranche) | 23 Vanke MTN001 | 102381014 | 20 April 2023 to 21 April 2023 | 23 April 2023 | 23 April 2026 | 200,000 | 3.11% | | |
| China Vanke Co., Ltd. medium-term notes in 2023 (second tranche) | 23 Vanke MTN002 | 102381172 | 10 May 2023 to 11 May 2023 | 12 May 2023 | 12 May 2026 | 200,000 | 3.10% | | |
| China Vanke Co., Ltd. medium-term notes in 2023 (third tranche) | 23 Vanke MTN003 | 102381399 | 13 June 2023 to 14 June 2023 | 15 June 2023 | 15 June 2026 | 200,000 | 3.07% | | |
| China Vanke Co., Ltd. medium-term notes in 2023 (forth tranche) | 23 Vanke MTN004 | 102381621 | 5 July 2023 to 6 July 2023 | 7 July 2023 | 7 July 2026 | 200,000 | 3.07% | | |

Qualified investors arrangement (if any) Medium-term notes are issued to institutional investors in the national interbank bond market (except for those whose purchase is prohibited by national laws and regulations)

Trading mechanisms applicable Price-enquiry transaction, Requests for Quote and click-to-trade

Whether there is a risk of termination of listing and trading (if any) and countermeasures Not applicable

(II) Overdue bonds

Applicable Not applicable

(III) Triggering and implementing of issuer or investor option terms and investor protection terms

Applicable Not applicable

(IV) Adjustments to credit rating results during the Reporting Period

Applicable Not applicable

(V) The implementation of and changes to the guarantees, debt repayment plans and debt repayment guarantee measures during the Reporting Period and the impact on the interests of bond investors

Applicable Not applicable

During the Reporting Period, no guarantee was provided for the debt financing instruments of nonfinancial enterprises issued by the Company.

The funds to be used to repay the debt financing instruments of non-financial enterprises issued by the Company mainly come from the cash flows generated from the Group's daily operations. During the Reporting Period, the Group maintained a healthy financial structure, with adequate cash and cash equivalents to meet its short-term debt obligations. The steady cash inflows had provided a strong guarantee to the repayment of the principal amount and interest of the Company's debt financing instruments of non-financial enterprises. During the Reporting Period, there had not been any material change in the debt repayment plans and debt repayment guarantee measures relating to the debt financing instruments of non-financial enterprises.

IV. Convertible corporate bonds

Applicable Not applicable

The Company did not have convertible corporate bonds during the Reporting Period.

V. Losses in scope of the consolidated financial statements in excess of 10% of net assets at the end of the previous year during the Reporting Period

Applicable Not applicable

Section 9 Interim Financial Report Independent Review Report



Review report to the board of directors of China Vanke Co., Ltd.
(incorporated in the People's Republic of China with joint stock limited liability)

Introduction

We have reviewed the interim financial report of China Vanke Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) which set out on pages 67 to 104, which comprises the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
30 August 2023

Interim Financial Report Section 9

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023 – unaudited

| | Note | Six months ended 30 June | |
|---|------|--------------------------|-------------------|
| | | 2023 | 2022 |
| | | RMB'000 | RMB'000 |
| Revenue | 3(a) | 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 | 4 | 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 |
| Lease liability charges | | (445,072) | (459,714) |
| Finance costs | 5(a) | (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 | 6 | (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 | 7 | 0.84 | 1.05 |

The accompanying notes form part of this interim financial report.

Section 9 Interim Financial Report

Condensed Consolidated Statement of profit or loss and other comprehensive income

For the six months ended 30 June 2023 – unaudited

| | Six months ended 30 June | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Profit for the period | 15,168,214 | 18,130,911 |
| Other comprehensive income for the period | | |
| <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 reserves (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 |

The accompanying notes form part of this interim financial report.

Interim Financial Report Section 9

Condensed Consolidated Statement of Financial Position

For the six months ended 30 June 2023-unaudited

| | | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|---|----|----------------------------------|--------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 8 | 36,120,479 | 35,133,670 |
| Investment properties | 9 | 127,009,102 | 119,407,195 |
| Intangible assets and goodwill | | 9,993,815 | 10,309,985 |
| Interests 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 assets | 11 | 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 | 12 | 843,806,534 | 913,730,553 |
| Contract assets | | 12,221,819 | 10,927,515 |
| Trade and other receivables | 13 | 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 | 14 | 119,705,899 | 134,424,670 |
| | | 1,325,070,729 | 1,415,395,430 |
| Current liabilities | | | |
| Trade and other payables | 15 | 437,734,312 | 473,072,657 |
| Contract liabilities | | 429,514,993 | 465,580,958 |
| Bank loans and borrowings from financial institutions | 16 | 30,340,471 | 48,146,286 |
| Bonds payable | 17 | 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 |

The accompanying notes form part of this interim financial report.

Section 9 Interim Financial Report

Condensed Consolidated Statement of Financial Position

For the six months ended 30 June 2023-unaudited

| | Note | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--|------|----------------------------------|--------------------------------------|
| Non-current liabilities | | | |
| Bank loans and borrowings from financial institutions | 16 | 215,187,493 | 180,773,281 |
| Bonds payable | 17 | 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 | 18 | 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 |

Approved and authorised for issue by the board of directors on 30 August 2023.

Zhu Jiusheng
Director

Wang Yun
Director

The accompanying notes form part of this interim financial report.

Interim Financial Report Section 9

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 – unaudited

| | Attributable to equity shareholders of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|--|---------------|-----------------|---------------|--------------------|------------------|-----------------|--------------------|----------------|------------------|-------------|---------------------------|--------------|
| | Note | Share capital | Treasury shares | Share premium | Statutory reserves | Exchange reserve | Hedging reserve | Fair value reserve | Other reserves | Retained profits | Total | | |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | | |
| Balance at 1 January 2023 | | 11,630,709 | (1,291,800) | 22,632,579 | 117,743,677 | (4,475,876) | (313,054) | (846,718) | 231,965 | 97,379,860 | 242,691,342 | 162,300,164 | 404,991,506 |
| Impact on amendments to IAS 12 | | - | - | - | - | - | - | - | - | 634,033 | 634,033 | 11,291 | 645,324 |
| Balance at 1 January 2023 | | 11,630,709 | (1,291,800) | 22,632,579 | 117,743,677 | (4,475,876) | (313,054) | (846,718) | 231,965 | 98,013,893 | 243,325,375 | 162,311,455 | 405,636,830 |
| Changes in equity for the six months ended 30 June 2023 | | | | | | | | | | | | | |
| Profit for the period | | - | - | - | - | - | - | - | - | 9,870,472 | 9,870,472 | 5,297,742 | 15,168,214 |
| Other comprehensive income | | - | - | - | - | 2,171,179 | 28,643 | (285,282) | - | - | 1,914,540 | 586,367 | 2,500,907 |
| Total comprehensive income | | - | - | - | - | 2,171,179 | 28,643 | (285,282) | - | 9,870,472 | 11,785,012 | 5,884,109 | 17,669,121 |
| Dividends approved in respect of the previous period | 18(b) | - | - | - | - | - | - | - | - | (8,063,273) | (8,063,273) | - | (8,063,273) |
| Capital contribution from non-controlling interests | | - | - | - | - | - | - | - | - | - | - | 4,973,403 | 4,973,403 |
| Acquisitions of subsidiaries | 24 | - | - | - | - | - | - | - | - | - | - | 602,129 | 602,129 |
| Acquisitions of additional interests in subsidiaries | | - | - | - | - | - | - | - | (1,209,576) | - | (1,209,576) | (51,570) | (1,261,146) |
| Disposals of partial interests in subsidiaries | | - | - | - | - | - | - | - | 24,945 | - | 24,945 | (18,363) | 6,582 |
| Disposals of subsidiaries | 25 | - | - | - | - | - | - | - | - | - | - | (135,419) | (135,419) |
| Dividends declared to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | (5,168,591) | (5,168,591) |
| Capital reduction of subsidiaries of non-controlling interests | | - | - | - | - | - | - | - | - | - | - | (15,079,339) | (15,079,339) |
| Issuance of shares | 18(a) | 300,000 | - | 3,164,186 | - | - | - | - | - | - | 3,464,186 | - | 3,464,186 |
| Others | | - | - | - | - | - | - | 13,143 | - | (13,143) | - | - | - |
| Balance at 30 June 2023 | | 11,930,709 | (1,291,800) | 25,796,765 | 117,743,677 | (2,304,697) | (284,411) | (1,118,857) | (952,666) | 99,807,949 | 249,326,669 | 153,317,814 | 402,644,483 |

The accompanying notes form part of this interim financial report.

Section 9 Interim Financial Report

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023 – unaudited

| Note | Attributable to equity shareholders of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|--|-----------------|---------------|--------------------|------------------|-----------------|--------------------|----------------|------------------|--------------|-------------|---------------------------|--------------|
| | Share capital | Treasury shares | Share premium | Statutory reserves | Exchange reserve | Hedging reserve | Fair value reserve | Other reserves | Retained profits | Total | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | | |
| Balance at 1 January 2022 | 11,625,383 | - | 22,555,066 | 111,186,520 | (65,894) | 136,741 | (208,853) | (1,974,273) | 92,698,444 | 235,953,134 | 156,819,643 | 392,772,777 | |
| Impact on amendments to IAS 12 | - | - | - | - | - | - | - | - | 563,259 | 563,259 | 20,415 | 583,674 | |
| Balance at 1 January 2022 | 11,625,383 | - | 22,555,066 | 111,186,520 | (65,894) | 136,741 | (208,853) | (1,974,273) | 93,261,703 | 236,516,393 | 156,840,058 | 393,356,451 | |
| Changes in equity for the six months ended 30 June 2022 | | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 12,251,269 | 12,251,269 | 5,879,642 | 18,130,911 | |
| Other comprehensive income | - | - | - | - | (649,717) | (363,925) | (251,806) | - | - | (1,265,448) | 476,063 | (789,385) | |
| Total comprehensive income | - | - | - | - | (649,717) | (363,925) | (251,806) | - | 12,251,269 | 10,985,821 | 6,355,705 | 17,341,526 | |
| Dividends approved in respect of the previous period | 18(b) | - | - | - | - | - | - | - | (11,276,621) | (11,276,621) | - | (11,276,621) | |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | 2,021,188 | 2,021,188 | |
| Acquisitions of subsidiaries | - | - | - | - | - | - | - | - | - | - | 2,761,197 | 2,761,197 | |
| Acquisitions of additional interests in subsidiaries | - | - | - | - | - | - | - | (39,349) | - | (39,349) | (1,018,098) | (1,057,447) | |
| Disposals of partial interests in subsidiaries | - | - | - | - | - | - | - | (67,698) | - | (67,698) | 1,545,821 | 1,478,123 | |
| Disposals of subsidiaries | - | - | - | - | - | - | - | - | - | - | (22,646) | (22,646) | |
| Dividends declared to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (4,457,223) | (4,457,223) | |
| Repurchase of shares | - | (1,291,800) | - | - | - | - | - | - | - | (1,291,800) | - | (1,291,800) | |
| Capital reduction of subsidiaries of non-controlling interests | - | - | - | - | - | - | - | - | - | - | (6,532,342) | (6,532,342) | |
| Balance at 30 June 2022 | 11,625,383 | (1,291,800) | 22,555,066 | 111,186,520 | (715,611) | (227,184) | (460,659) | (2,081,320) | 94,236,351 | 234,826,746 | 157,493,660 | 392,320,406 | |

The accompanying notes form part of this interim financial report.

Interim Financial Report Section 9

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2023 – unaudited

| | Note | Six months ended 30 June | |
|---|------|--------------------------|--------------------|
| | | 2023 | 2022 |
| | | RMB'000 | RMB'000 |
| Operating activities | | | |
| Cash generated from operations | | 21,716,680 | 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)/generated from financing activities | | (1,615,959) | 3,109,257 |
| Net cash used in 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 | 14 | 134,424,670 | 140,708,459 |
| Cash and cash equivalents at 30 June | 14 | 119,705,899 | 137,907,722 |

The accompanying notes form part of this interim financial report.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

1 Basis of preparation

China Vanke Co., Ltd. (the “**Company**”) is a company established and domiciled in the People’s Republic of China (the “**PRC**”). This condensed consolidated interim financial reports (“**interim financial reports**”) as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interests in associates and joint ventures. The Group’s principal activities are development and sale of properties in the PRC.

The interim financial reports have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), including compliance with International Accounting Standard (“**IAS**”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issue by the Company’s Board of Director on 30 August 2023.

The interim financial reports have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial reports contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). KPMG’s independent review report to the Board of Directors is included on page 66.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Group’s annual consolidated financial for that financial year but is derived from those financial statements. The annual financial statements for the year ended 31 December 2022 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report date 30 March 2023.

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

2 Changes in accounting policies

(a) New and amended IFRSs

The Group has applied the following amendments to IFRSs issued by IASB to these financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 1, *Classification of liabilities as current or non-current*
- Amendments to IAS 1, *Disclosure of accounting policies*
- Amendments to IAS 8, *Definition of accounting estimates*
- Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *International tax reform – Pillar Two model rules*

The HKICPA has also issued a new HKICPA guidance on the accounting implication of the mandatory provident fund and long service payment offsetting mechanism in July 2023. The HKICPA guidance provides specific guidance on a Hong Kong fact pattern under a financial reporting framework that is consistent with IFRSs, as the Group has not completed its assessment, further impacts may be identified in due course.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by IAS 12 in relation to the recognition of deferred tax arising from a single transaction, and the details of the change in the accounting policy are discussed in note 2(b).

(b) Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

2 Changes in accounting policies (continued)

(b) Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction* (continued)

(i) The impact of the changes on financial statements for the current period

The following table summarises the impact of amendments to IAS 12 on the condensed consolidated financial position as at 30 June 2023.

| | Increase/(decrease) to the account captions applying amendments to IAS 12 at 30 June 2023 RMB'000 |
|--|--|
| Deferred tax assets | 95,558 |
| Interests in associates and joint ventures | 5,972 |
| Deferred tax liabilities | 14,671 |
| Reserves | 88,106 |
| Non-controlling interests | (1,247) |

There is no impact to the Company's financial position.

The following table summarises the impact of amendments to IAS 12 on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2023.

| | Increase/(decrease) to the account captions applying amendments to IAS 12 For six months ended 30 June 2023 RMB'000 |
|---|---|
| Share of profits less losses of associates and joint ventures | 5,972 |
| Income tax | (80,887) |
| Profit for the period | 86,859 |
| Attributable to: | |
| Equity shareholders of the Company | 88,106 |
| Non-controlling interests | (1,247) |
| Total comprehensive income for the period | |
| Attributable to: | |
| Equity shareholders of the Company | 88,106 |
| Non-controlling interests | (1,247) |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

2 Changes in accounting policies (continued)

(b) Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction* (continued)

(ii) The impact of the changes on financial statements for the comparative period

The following table summarises the impact of amendments to IAS 12 on the condensed consolidated profit for the period ended 30 June 2022 and the consolidated total equity at 1 January 2022 and 31 December 2022, respectively.

| | Profit for the period ended 30 June 2022 RMB'000 | Total equity at 31 December 2022 RMB'000 | Total equity at 1 January 2022 RMB'000 |
|--|---|---|--|
| The amount of account captions before adjustment | 18,102,741 | 404,991,506 | 392,772,777 |
| The impact of the deferred tax related to assets and liabilities arising from a single transaction | 28,170 | 645,324 | 583,674 |
| The amount of account captions after adjustment | 18,130,911 | 405,636,830 | 393,356,451 |

The following table summarises the impact of amendments to IAS 12 on the consolidated financial position as 31 December 2022.

| | The amount before adjustment RMB'000 | The effect of the adjustment RMB'000 | The amount after adjustment RMB'000 |
|--|---|--|--|
| Deferred tax assets | 35,485,475 | 655,458 | 36,140,933 |
| Interests in associates and joint ventures | 129,486,468 | 25,034 | 129,511,502 |
| Deferred tax liabilities | 1,179,389 | 35,168 | 1,214,557 |
| Reserves | 232,352,433 | 634,033 | 232,986,466 |
| Non-controlling interests | 162,300,164 | 11,291 | 162,311,455 |

There is no impact to the Company's financial position.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

2 Changes in accounting policies (continued)

(b) Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction* (continued)

(ii) The impact of the changes on financial statements for the comparative period (continued)

The following table summarises the impact of amendments to IAS 12 on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022.

| | The amount before adjustment RMB'000 | The effect of the adjustment RMB'000 | The amount after adjustment RMB'000 |
|--|---|--|--|
| Share of profits less losses of associates and joint ventures | (276,922) | 1,131 | (275,791) |
| Income tax | (13,064,227) | 27,039 | (13,037,188) |
| Profit for the period | 18,102,741 | 28,170 | 18,130,911 |
| Attributable to: | | | |
| Equity shareholders of the Company | 12,222,659 | 28,610 | 12,251,269 |
| Non-controlling interests | 5,880,082 | (440) | 5,879,642 |
| Total comprehensive income for the period | 17,313,356 | 28,170 | 17,341,526 |
| Attributable to: | | | |
| Equity shareholders of the Company | 10,957,211 | 28,610 | 10,985,821 |
| Non-controlling interests | 6,356,145 | (440) | 6,355,705 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

2 Changes in accounting policies (continued)

(b) Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction* (continued)

(iii) The consolidated financial position as at 1 January 2022 after the retrospective application of the amendments to IAS 12.

| | At 1 January 2022 RMB'000 |
|---|---------------------------------|
| <hr/> | |
| Non-current assets | |
| Property, plant and equipment | 32,631,565 |
| Investment properties | 108,521,492 |
| Intangible assets and goodwill | 8,542,126 |
| Interests in associates and joint ventures | 144,452,255 |
| Other financial assets | 2,874,594 |
| Other non-current assets | 7,832,794 |
| Deferred tax assets | 34,128,488 |
| | <hr/> |
| | 338,983,314 |
| | ----- |
| Current assets | |
| Inventories and other contract costs | 1,083,598,314 |
| Contract assets | 10,390,002 |
| Trade and other receivables | 356,067,288 |
| Other current assets | 22,482 |
| Pledged and restricted deposits | 8,643,985 |
| Cash and cash equivalents | 140,708,459 |
| Assets held for sale | 892,423 |
| | <hr/> |
| | 1,600,322,953 |
| | ----- |
| Current liabilities | |
| Trade and other payables | 541,059,314 |
| Contract liabilities | 636,858,514 |
| Bank loans and borrowings from financial institutions | 53,842,277 |
| Bonds payable | 6,576,207 |
| Lease liabilities | 1,925,950 |
| Current taxation | 71,184,205 |
| | <hr/> |
| | 1,311,446,467 |
| | ----- |
| Net current assets | 288,876,486 |
| | <hr/> |
| Total assets less current liabilities | 627,859,800 |
| | <hr/> |

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

2 Changes in accounting policies (continued)

(b) Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction* (continued)

(iii) The consolidated financial position as at 1 January 2022 after the retrospective application of the amendments to IAS 12. (continued)

| | At 1 January 2022 RMB'000 |
|---|---------------------------------|
| Non-current liabilities | |
| Bank loans and borrowings from financial institutions | 154,322,279 |
| Bonds payable | 53,020,572 |
| Lease liabilities | 24,309,642 |
| Deferred tax liabilities | 1,374,351 |
| Provisions | 275,163 |
| Other non-current liabilities | 1,201,342 |
| | 234,503,349 |
| NET ASSETS | 393,356,451 |
| CAPITAL AND RESERVES | |
| Share capital | 11,625,383 |
| Reserves | 224,891,010 |
| | 236,516,393 |
| Total equity attributable to equity shareholders of the Company | 236,516,393 |
| Non-controlling interests | 156,840,058 |
| | 393,356,451 |
| TOTAL EQUITY | 393,356,451 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are development and sale of properties in the PRC.

The amount of each significant category of revenue is as follows:

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Sales of properties | 174,173,679 | 181,469,803 |
| Property management and related services | 14,037,337 | 12,192,347 |
| Construction contracts | 6,201,256 | 6,593,913 |
| Other services | 2,101,179 | 2,717,071 |
| | 196,513,451 | 202,973,134 |
| Revenue from other sources | | |
| Gross rentals from investment properties | 4,379,139 | 3,943,155 |
| | 200,892,590 | 206,916,289 |

The Group's customer base is diversified and does not have a customer with whom transactions have exceeded 10% of the Group's revenue.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (continued)

(b) Segment reporting

(i) Segment results and assets

| | Property development | | | | | | | | Total RMB'000 |
|---------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------|
| | Beijing region RMB'000 | Northeastern region RMB'000 | Southern region RMB'000 | Shanghai region RMB'000 | Central region RMB'000 | Northwestern region RMB'000 | Southwestern region RMB'000 | Property management RMB'000 | |
| | For six months ended | | | | | | | | |
| 30 June 2023 | | | | | | | | | |
| Revenue from external customers | 25,224,880 | 6,645,682 | 37,828,735 | 70,810,808 | 9,425,108 | 9,962,128 | 21,143,924 | 14,037,337 | 195,078,602 |
| Inter-segment revenue | 11,597 | 3,188 | 26,385 | 7,091 | 1,373 | 15,188 | 2,902 | 2,067,910 | 2,135,634 |
| Reportable segment revenue | 25,236,477 | 6,648,870 | 37,855,120 | 70,817,899 | 9,426,481 | 9,977,316 | 21,146,826 | 16,105,247 | 197,214,236 |
| Reportable segment profit | 276,553 | 58,389 | 6,963,995 | 9,901,395 | 970,854 | 1,412,532 | 1,967,774 | 1,033,435 | 22,584,927 |
| As at 30 June 2023 | | | | | | | | | |
| Reportable segment assets | 264,821,449 | 80,947,127 | 386,553,384 | 390,918,709 | 137,895,383 | 87,912,210 | 155,913,081 | 35,515,074 | 1,540,476,417 |
| For six months ended | | | | | | | | | |
| 30 June 2022 | | | | | | | | | |
| Revenue from external customers | 23,623,476 | 11,158,674 | 43,885,705 | 63,755,760 | 13,630,038 | 14,778,676 | 18,313,752 | 12,192,347 | 201,338,428 |
| Inter-segment revenue | 13,594 | 1,244 | 122,703 | 21,841 | 3,020 | 3,127 | 3,757 | 2,158,089 | 2,327,375 |
| Reportable segment revenue | 23,637,070 | 11,159,918 | 44,008,408 | 63,777,601 | 13,633,058 | 14,781,803 | 18,317,509 | 14,350,436 | 203,665,803 |
| Reportable segment profit | 1,745,402 | 1,085,420 | 4,583,203 | 11,342,392 | 1,777,434 | 2,846,636 | 552,275 | 807,063 | 24,739,825 |
| As at 30 June 2022 | | | | | | | | | |
| Reportable segment assets | 304,506,906 | 102,912,757 | 431,502,581 | 473,019,111 | 142,019,739 | 102,934,852 | 185,624,579 | 26,896,236 | 1,769,416,761 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results and assets (continued)

| Beijing region: | Northeastern region: | Southern region: | Shanghai region: | Central region: | Northwestern region: | Southwestern region: |
|---|--|--|---|---|--|--|
| Beijing, Tianjin, Qingdao, Jinan, Yantai, Taiyuan, Shijiazhuang, Tangshan, Qinhuangdao, Zhangjiakou, Jinzhong, Linyi, Zibo, Weihai and Xiongan, etc | Baotou, Dalian, Shenyang, Anshan, Fushun, Yingkou, Panjin, Changchun, Jilin and Harbin, etc | Shenzhen, Guangzhou, Dongguan, Foshan, Fuzhou, Xiamen, Zhuhai, Jiangmen, Zhongshan, Qingyuan, Huizhou, Nanning, Liuzhou, Sanya, Putian, Quanzhou, Jinjiang and Zhangzhou, etc | Shanghai, Hangzhou, Suzhou, Nanjing, Ningbo, Xuzhou, Nantong, Wuxi, Zhenjiang, Changshu, Yangzhou, Kunshan, Shaoxing, Yancheng, Changzhou, Jiaxing, Haining, Jingjiang, Rui'an, Taicang, Gaoyou, Suqian, Haimen, Taizhou, Jinhua, Ma'anshan, Huzhou, Jiangyin, Wenzhou, Wuhu and Hefei, etc | Nanchang, Changsha, Zhengzhou, Wuhan, Yichang, Ezhou and Zhoukou, etc | Xi'an, Lanzhou, Xining, Yinchuan, Xianyang, Weinan and Urumqi, etc | Chongqing, Chengdu, Guiyang, Nanchong, Kunming, Yuxi, Xishuangbanna, Dali, Yongchuan, Xichang and Meishan, etc |

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment revenue, profit or loss and assets

| | Six months ended 30 June | |
|---|--------------------------|----------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Revenue | | |
| Reportable segment revenue | 197,214,236 | 203,665,803 |
| Elimination of inter-segment revenue | (2,135,634) | (2,327,375) |
| Unallocated revenue | 5,813,988 | 5,577,861 |
| Consolidated revenue | 200,892,590 | 206,916,289 |
| Profit | | |
| Reportable segment profit | 22,584,927 | 24,739,825 |
| Elimination of inter-segment profit | (275,057) | (250,383) |
| Share of profits less losses of associates and joint ventures | 637,489 | (275,791) |
| Dividend income | 9,302 | 14,086 |
| Other net (expense)/income | (2,253,979) | 132,594 |
| Land appreciation tax ("LAT") | 7,014,832 | 6,807,768 |
| Consolidated profit before taxation | 27,717,514 | 31,168,099 |
| Assets | | |
| Reportable segment assets | 1,540,476,417 | 1,769,416,761 |
| Elimination of inter-segment receivables | (638,666,410) | (673,006,196) |
| Unallocated assets | 782,413,322 | 783,444,047 |
| Consolidated assets | 1,684,223,329 | 1,879,854,612 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

4 Other net income

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Interest income | 1,287,094 | 1,902,667 |
| Dividend income | 9,302 | 14,086 |
| Forfeited deposits and compensation from customers | 224,478 | 347,287 |
| Net gain on disposals of subsidiaries, joint ventures and associates | 753,648 | 652,972 |
| Net gain/(loss) on disposals of other financial assets | 349,049 | (270) |
| Net gain on disposal of other current assets | 44,372 | 14,817 |
| Net (loss)/gain on disposals of property, plant and equipment | (21,122) | 8,300 |
| Fair value changes | 248,193 | 18,535 |
| Net exchange (loss)/gain | (436,743) | 1,062,993 |
| Gain on previously held interest in associate upon taking control | – | 215,563 |
| Others | 319,351 | 306,984 |
| | 2,777,622 | 4,543,934 |

5 Profit before taxation

Profit before taxation is arrived at after (charging)/crediting:

(a) Finance costs

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Borrowings costs | 7,218,730 | 6,289,881 |
| Less: Borrowing costs capitalised into inventories, investment properties and construction in progress | (4,616,028) | (3,826,227) |
| | 2,602,702 | 2,463,654 |

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

5 Profit before taxation (continued)

(b) Staff costs

| | Six months ended 30 June | |
|---|--------------------------|------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Salaries, wages and other benefits | 8,682,423 | 9,742,084 |
| Contributions to defined contribution plans | 736,869 | 729,114 |
| | 9,419,292 | 10,471,198 |

(c) Other items

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Depreciation and amortisation | 4,966,892 | 4,311,811 |
| Cost of inventories | 142,733,110 | 145,347,213 |
| Project management fee charged to associates and joint ventures | (196,362) | (270,528) |

6 Income tax in the consolidated statement of profit or loss

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Current tax | | |
| Provision for Corporation income tax ("CIT"), Hong Kong Profits Tax and U.S. income tax | 7,642,567 | 7,517,054 |
| Provision for LAT | 7,026,963 | 6,822,921 |
| Withholding tax | 43,840 | 27,815 |
| | 14,713,370 | 14,367,790 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (2,164,070) | (1,330,602) |
| | 12,549,300 | 13,037,188 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

6 Income tax in the consolidated statement of profit or loss (continued)

(a) Pillar Two income tax

The Group operates in China, which has recently enacted new tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”). The new tax laws take effect from 1 January 2024. When these laws take effect, the Group expects to be subject to a new top-up tax in China in relation to its operations in U.S., where the local statutory tax rate is lower than 15% or the additional tax deductions in connection with government support would result in an effective tax rate of lower than 15%. As the new tax laws are not yet effective, the Group does not expect any current tax impact for the year ending 31 December 2023 (2022: nil). The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

7 Earnings per share (“EPS”)

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB9,870,472,000 (six months ended 30 June 2022: RMB12,251,269,000) and weighted average of 11,707,753,000 ordinary shares (six months ended 30 June 2022: 11,624,807,000 ordinary shares) in issue during the period, calculated as follows:

| | Six months ended 30 June | |
|---|--------------------------|-------------------|
| | 2023 | 2022 |
| | No. of shares | No. of shares |
| | ('000) | ('000) |
| Issued ordinary shares at 1 January* | 11,557,753 | 11,625,383 |
| Effect of newly issued shares | 150,000 | – |
| Effect of repurchased shares | – | (576) |
| Weighted average number of ordinary shares | 11,707,753 | 11,624,807 |

* The 72,955,992 shares repurchased had been deducted from the issued ordinary shares at 1 January 2023 used for calculation of weighted average number of ordinary shares.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

8 Property, plant and equipment

During the six months ended 30 June 2023, the Group’s property, plant and equipment increased RMB986,809,000 (six months ended 30 June 2022: increased RMB1,854,627,000) due to addition of construction cost.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

9 Investment properties

Movements of investment properties are analysed as follows:

| | Completed properties RMB'000 | Properties under development RMB'000 |
|---------------------------------------|------------------------------------|---|
| Cost: | | |
| At 1 January 2023 | 118,593,829 | 17,923,999 |
| New leases | 580,629 | – |
| Additions of construction costs | – | 486,510 |
| Change in consolidation scope | (323,660) | – |
| Transfer from inventories and others | 9,695,982 | – |
| Transfer upon completion | 956,907 | (956,907) |
| Disposals | (474,378) | – |
| Lease termination | (229,814) | – |
| Exchange adjustment | 121,223 | – |
| At 30 June 2023 | 128,920,718 | 17,453,602 |
| Accumulated depreciation: | | |
| At 1 January 2023 | 16,979,493 | – |
| Change in consolidation scope | (100,750) | – |
| Charge for the period | 2,724,310 | – |
| Disposals | (205,696) | – |
| Lease termination | (182,205) | – |
| Exchange adjustment | 18,926 | – |
| At 30 June 2023 | 19,234,078 | – |
| Impairment: | | |
| At 1 January 2023 and 30 June 2023 | 131,140 | – |
| Net book value at 30 June 2023 | 109,555,500 | 17,453,602 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

10 Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | Notes | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--|-------|----------------------------------|--------------------------------------|
| Property, plant and equipment, carried at depreciated cost | | | |
| – leasehold land | (i) | 6,735,683 | 6,552,671 |
| – leased properties for own use | (ii) | 1,390,117 | 1,347,755 |
| | | 8,125,800 | 7,900,426 |
| Investment properties, carried at depreciated cost | | | |
| – leasehold land | (i) | 43,073,994 | 41,171,959 |
| – leased properties to earn rental income | (ii) | 19,885,680 | 20,834,802 |
| | | 62,959,674 | 62,006,761 |
| | | 71,085,474 | 69,907,187 |

Notes:

(i) Leasehold land

The principal activities of the Group are development and sale of properties in the PRC. The acquisition cost of interests in leasehold land for property development for sale in the ordinary course of business are presented in 'inventory' (see note 12). The interests in leasehold land which are held to earn rental income and/or for capital appreciation are presented in 'investment properties'. The Group presents interests in leasehold land that do not meet the definition of inventory or investment property in 'property, plant and equipment'.

(ii) Leased properties

The Group has obtained the right to use properties for its own use or earn rental income through tenancy agreements. The leases typically run for an initial period of 10 to 20 years.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

11 Other non-current assets

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Prepayments for acquisitions and properties development (Note) | 4,176,997 | 4,137,093 |
| Others | 2,335,057 | 2,356,977 |
| | 6,512,054 | 6,494,070 |

Note: The balance mainly included payments for land development projects for the purpose of acquisition of land and other properties development.

12 Inventories and other contract costs

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|---------------------------------|----------------------------------|--------------------------------------|
| Properties held for development | 112,808,866 | 111,704,959 |
| Properties under development | 622,001,544 | 695,301,171 |
| Completed properties for sale | 99,560,187 | 98,070,445 |
| Others | 2,683,742 | 2,019,405 |
| Contract costs | 6,752,195 | 6,634,573 |
| | 843,806,534 | 913,730,553 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

13 Trade and other receivables

| | Notes | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--|-------|----------------------------------|--------------------------------------|
| Trade receivables, net of loss allowance | (a) | 9,113,718 | 7,511,245 |
| Other receivables, net of loss allowance | | 117,949,366 | 118,792,438 |
| Prepayments, net of loss allowance | | 74,646,718 | 73,260,608 |
| Amounts due from associates | (b) | 46,296,106 | 49,744,066 |
| Amounts due from joint ventures | (b) | 98,547,311 | 104,158,174 |
| Derivative financial instruments | | 293,692 | 45,054 |
| | | 346,846,911 | 353,511,585 |

Notes:

- (a) As at the end of the reporting period, the ageing analysis of trade receivables, based on the date the trade recognised and net of loss allowance, is as follows:

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|---------------|----------------------------------|--------------------------------------|
| Within 1 year | 7,269,117 | 6,413,684 |
| 1 to 2 years | 1,259,418 | 545,512 |
| 2 to 3 years | 194,337 | 215,363 |
| Over 3 years | 390,846 | 336,686 |
| | 9,113,718 | 7,511,245 |

- (b) The amounts due from associates and joint ventures as at 30 June 2023 include amounts of RMB17,767 million (31 December 2022: RMB20,848 million) which are interest-bearing at market rate, unsecured and repayable on demand. The gross interest income from these associates and joint ventures amounted to RMB399 million during the reporting period (six months ended 30 June 2022: RMB792 million). The remaining amounts due from associates and joint ventures are unsecured, interest-free and repayable on demand.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

14 Cash and cash equivalents

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--------------------------|----------------------------------|--------------------------------------|
| Cash at bank and on hand | 119,705,899 | 134,424,670 |

As at the end of the reporting period, bank deposit balances amounted RMB161.16 million (31 December 2022: RMB23.60 million) were held with Huishang Bank, an associate of the Group.

15 Trade and other payables

| | Notes | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|-----------------------------------|-------|----------------------------------|--------------------------------------|
| Trade creditors and bills payable | (a) | 258,922,653 | 289,241,525 |
| Other payables and accruals | (b) | 121,525,546 | 122,397,187 |
| Amounts due to associates | (c) | 21,037,076 | 24,361,700 |
| Amounts due to joint ventures | (c) | 34,576,868 | 35,426,814 |
| Receipts in advance | | 1,578,158 | 1,260,189 |
| Derivative financial instrument | | 94,011 | 193,450 |
| Contingent consideration | | – | 191,792 |
| | | 437,734,312 | 473,072,657 |

Notes:

- (a) Ageing analysis of trade creditors and bills payables included in trade and other payables as at the end of the reporting period, based on due date, is as follows:

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|------------------------------|----------------------------------|--------------------------------------|
| Current or payable on demand | 250,978,473 | 281,532,695 |
| Due after one year | 7,944,180 | 7,708,830 |
| Total | 258,922,653 | 289,241,525 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

15 Trade and other payables (continued)

Notes: (continued)

- (b) Other payables and accruals include advances from non-controlling interests of subsidiaries and other parties for the respective property development projects. These balances, except for an amount of RMB233 million (31 December 2022: RMB1,035 million) which are interest-bearing at market rate, are interest-free, unsecured and repayable on demand.
- (c) The amounts of RMB227 million (31 December 2022: RMB243 million) due to associates and joint ventures are interest-bearing at market rate, unsecured and repayable on demand. The interest expenses for the period amounted to RMB1 million (six months ended 30 June 2022: RMB20 million). The remaining amounts due to associates and joint ventures are unsecured, interest-free and repayable on demand.

16 Bank loans and borrowings from financial institutions

| | At 30 June 2023 | | |
|--------------------|------------------------------|-------------------|--------------------|
| | Borrowings from financial | | Total |
| | Bank loans | institutions | |
| | RMB'000 | RMB'000 | RMB'000 |
| Current | | | |
| Secured | 2,710,659 | – | 2,710,659 |
| Unsecured | 25,272,773 | 1,962,373 | 27,235,146 |
| Interest payables | 394,666 | – | 394,666 |
| | 28,378,098 | 1,962,373 | 30,340,471 |
| Non-current | | | |
| Secured | 17,028,867 | – | 17,028,867 |
| Unsecured | 155,446,626 | 42,712,000 | 198,158,626 |
| | 172,475,493 | 42,712,000 | 215,187,493 |

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

16 Bank loans and borrowings from financial institutions (continued)

| | At 31 December 2022 | | |
|--------------------|-----------------------|---|--------------------|
| | Bank loans RMB'000 | Borrowings from financial institutions RMB'000 | Total RMB'000 |
| Current | | | |
| Secured | 2,364,109 | – | 2,364,109 |
| Unsecured | 38,010,857 | 7,350,000 | 45,360,857 |
| Interest payables | 421,320 | – | 421,320 |
| | 40,796,286 | 7,350,000 | 48,146,286 |
| Non-current | | | |
| Secured | 12,715,556 | – | 12,715,556 |
| Unsecured | 137,275,725 | 30,782,000 | 168,057,725 |
| | 149,991,281 | 30,782,000 | 180,773,281 |

The secured bank loans are secured with certain inventories, investment properties, pledge deposit and property, plant and equipment with aggregate carrying value of RMB22,621 million (2022: RMB17,637 million) or pledged by the shares of equity interest or the receivables under the future lease agreement and tuition fee in certain subsidiaries.

At 30 June 2023 and 31 December 2022, non-current interest-bearing loans and borrowings were repayable as follows:

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|----------------------------------|----------------------------------|--------------------------------------|
| After 1 year but within 2 years | 84,668,326 | 58,223,605 |
| After 2 years but within 5 years | 86,959,579 | 87,159,745 |
| After 5 years | 43,559,588 | 35,389,931 |
| | 215,187,493 | 180,773,281 |

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

17 Bonds payable

| | Notes | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|------------------------------------|-------|----------------------------------|--------------------------------------|
| Current | | | |
| Bonds issued under | | | |
| Medium Term Note (“MTN”) Programme | (a) | 10,373,737 | 11,214,848 |
| RMB Corporate Bonds | (b) | 1,379,412 | 5,577,300 |
| RMB MTN Programme | (c) | 3,997,694 | – |
| Interest payables | | 1,007,921 | 1,158,393 |
| | | 16,758,764 | 17,950,541 |
| Non-current | | | |
| Bonds issued under MTN Programme | (a) | 12,986,108 | 22,328,886 |
| RMB Corporate Bonds | (b) | 18,830,696 | 19,825,940 |
| RMB MTN Programme | (c) | 28,657,216 | 26,660,744 |
| | | 60,474,020 | 68,815,570 |
| | | 77,232,784 | 86,766,111 |

Notes:

- (a) Vanke Real Estate Hong Kong (“VREHK”), a wholly-owned subsidiary of the Group, established an MTN Programme (“the Programme”) which is listed on the Stock Exchange of Hong Kong. These bonds are unsecured and interest-bearing at 3.15% to 5.35% per annum. At 30 June 2023, RMB3,579 million of non-current bonds issued under the Programme are repayable after 1 year but within 2 years, RMB7,246 million of non-current bonds issued under the Programme are repayable after 2 years but within 5 years, and RMB2,162 million of which are repayable after 5 years.
- (b) The Company was approved by the China Securities Regulatory Commission (“CSRC”) for public issuance of corporate bonds not exceeding RMB31 billion to qualified investors. These bonds are unsecured and interest-bearing at 2.90% to 4.11% per annum. At 30 June 2023, RMB7,231 million of non-current bonds are repayable after 1 year but within 2 years, and RMB11,599 million of which are repayable after 2 years but within 5 years.
- (c) The Group issued notes under the Medium Term Note programme which are listed on the National Association of Financial Market Institution Investors. These bonds are unsecured and interest-bearing at 2.90% to 3.76% per annum. At 30 June 2023, RMB9,989 million of non-current bonds issued under the programme are repayable after 1 year but within 2 years, and RMB18,668 million of which are repayable after 2 years but within 5 years.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

18 Capital, reserves and dividends

(a) Share capital

Issued share capital

| | No. of shares (‘000) | Share capital RMB’000 |
|---|-------------------------|--------------------------|
| A shares issued and fully paid of RMB1 each: | | |
| At 1 January and 30 June 2023 | 9,724,197 | 9,724,197 |
| H shares issued and fully paid of RMB1 each: | | |
| At 1 January 2023 | 1,906,512 | 1,906,512 |
| Issuance of shares | 300,000 | 300,000 |
| At 30 June 2023 | 2,206,512 | 2,206,512 |
| Total issued shares | | |
| At 1 January 2023 | 11,630,709 | 11,630,709 |
| At 30 June 2023 | 11,930,709 | 11,930,709 |

Included in the A shares are 7,529,318 shares (31 December 2022: 7,529,318 shares) with restriction to transfer and 72,955,992 shares repurchased (31 December 2022: 72,955,992 shares). The repurchased shares will all be used for resale. If the Company fails to implement the purpose within 36 months after the completion of the share repurchase, the unused repurchased shares will be cancelled.

On 9 March 2023, the Company issued 300,000,000 new H shares under general mandate through a placement. The aggregate gross proceeds from the placing are approximately RMB3,475 million and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the placing are approximately RMB3,464 million. The share capital has increased by RMB300 million, while RMB3,164 million were credited to share premium.

The holders of A and H shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All A and H shares rank equally with regard to the Company’s residual assets.

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

18 Capital, reserves and dividends (continued)

(b) Dividends

Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period/year

| | Six months ended 30 June | |
|--|--------------------------|------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Final dividend in respect of the previous financial year, approved during the period, of RMB0.68 per share (31 December 2022: RMB0.97 per share) | 8,063,273 | 11,276,621 |

19 Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-levels fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial instruments.
- Level 2 valuations: fair value measured using level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.

Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: fair value measured using significant unobservable inputs.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

19 Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

30 June 2023

| Items | Fair value at | Fair value measurements as at | | |
|---|----------------------------|-------------------------------|--------------------|--------------------|
| | 30 June 2023 RMB'000 | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| Derivative financial instruments | | | | |
| – CCS contracts | 293,692 | – | 293,692 | – |
| Unlisted equity securities | 1,164,387 | 2,854 | – | 1,161,533 |
| Trading listed equity securities | 1,020,422 | 1,020,422 | – | – |
| Non-trading listed securities | 1,047,311 | 1,047,311 | – | – |
| Other current assets* | 14,586 | – | – | 14,586 |
| Recurring fair value measurement assets | 3,540,398 | 2,070,587 | 293,692 | 1,176,119 |
| Derivative financial instruments | | | | |
| – CCS contracts | (94,011) | – | (94,011) | – |
| Recurring fair value measurement liabilities | (94,011) | – | (94,011) | – |

Interim Financial Report Section 9 Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

19 Financial instruments measured at fair value (continued)

31 December 2022

| Items | Fair value at 31 December 2022 RMB'000 | Fair value measurements as at 31 December 2022 categorised into | | |
|---|---|--|--------------------|--------------------|
| | | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| Derivative financial instruments | | | | |
| – CCS contracts | 45,054 | – | 45,054 | – |
| Unlisted equity securities | 1,155,472 | 2,881 | – | 1,152,591 |
| Non-trading listed securities | 1,254,300 | 1,254,300 | – | – |
| Trading listed equity securities | 2,722,036 | 2,722,036 | – | – |
| Other current assets* | 18,142 | – | – | 18,142 |
| Recurring fair value measurement assets | 5,195,004 | 3,979,217 | 45,054 | 1,170,733 |
| Derivative financial instruments | | | | |
| – CCS contracts | (193,450) | – | (193,450) | – |
| Contingent consideration | (191,792) | – | – | (191,792) |
| Recurring fair value measurement liabilities | (385,242) | – | (193,450) | (191,792) |

* Other current assets measured at fair value represents the Group's investments in wealth management products, which were measured at fair value through profit and loss, and the fair value is determined by calculating based on the discounted cash flow method.

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: nil).

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2023 and 31 December 2022.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

20 Commitments

Capital commitments outstanding at 30 June 2023 not provided for in the financial statements were as follows:

| | At 30 June 2023 RMB'000 | At 31 December 2022 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Construction and development contracts | 149,784,832 | 156,385,821 |
| Land agreements | 5,965,558 | 2,568,748 |
| | 155,750,390 | 158,954,569 |

Commitments mainly related to land and development costs for the Group's properties under development.

21 Contingent Liabilities

As at the end of the reporting period, the Group has issued guarantees to banks to secure the mortgage arrangement of property buyers. The outstanding guarantees to the banks amounted to RMB226,154 million (31 December 2022: RMB224,365 million), which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties.

The directors do not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors.

In addition, the Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

22 Material related party transactions

Except for transactions disclosed in other parts of the interim financial report, the details of other material related party transactions are as follows:

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group is as follows:

| | Six months ended 30 June | |
|------------------------------|--------------------------|---------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Short-term employee benefits | 5,603 | 5,536 |

(b) Malls management fee paid by the Group

During the six months ended 30 June 2023, the Group paid associates malls management fee amounted to RMB53 million (six months ended 30 June 2022: RMB17 million).

(c) Financial guarantees issued

As at 30 June 2023, the Group provided certain guarantees to secure the loans borrowed by certain joint ventures. The outstanding guarantees amounted to RMB26 million (31 December 2022: RMB28 million).

The directors do not consider it probable that a claim will be made against the Group under any of these guarantees. Accordingly, the Group did not recognise any deferred income in this respect.

(d) Transactions with a shareholder

In 2015, the Group cooperated with the Shenzhen Metro Group Co., Ltd. (“**Shenzhen Metro Group**”) to jointly develop Mangrove Bay and Shenzhen North Station Project (“**the Projects**”). The Group’s investment in the Projects amounted to RMB5,993 million. At 30 June 2023, the outstanding payables balances was RMB8,747 million (31 December 2022: RMB8,747 million).

In 2020, the Group set up Foshan Nanhai Wantie Property Development Co., Ltd. Together with Shenzhen Metro Property Co., Ltd., a wholly-owned subsidiary of Shenzhen Metro Group, as a non-controlling shareholder, to jointly develop Foshan Nanhai New Transport Depot Upper Cover Project. The Group’s investment in the project amounted to RMB2.8 billion. At 30 June 2023, the outstanding receivable balance was RMB142 million (31 December 2022: the outstanding payable balance was RMB225 million).

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

22 Material related party transactions (continued)

(d) Transactions with a shareholder (continued)

In 2020, the Group and Shenzhen Metro Group set up a joint venture, Shenzhen Metro Vanke Industrial Development Co., Ltd., to jointly acquire and develop transit-oriented development projects in the Greater Bay Area and other major cities. The Group subscribed for the registered capital in proportion to its 50% equity interest in the joint venture amounted to RMB500 million. At 30 June 2023, the Group's investment in the Projects amounted to RMB25 million.

(e) Security service, electromechanical and outsourcing fees paid by the Group

During the period, the Group paid security service, electromechanical and outsourcing fees amounted to RMB2,342 million (six months ended 30 June 2022: RMB2,641 million) to Shenzhen Wanyu Security Service Technology Co., Ltd. and Hainan Wanjing Environmental Sanitation Technology Service Co., Ltd., associates of the Group.

23 Non-adjusting events after the reporting period

(a) Issuance of bonds

In July 2023, the Group completed the public issuance of RMB2 billion corporate bonds to eligible investors, including RMB2 billion of the 3-year term with a coupon rate of 3.10%.

In July 2023, the Group completed the issuance of the forth tranche of medium-term notes of RMB2 billion, of 3-year term with a coupon rate of 3.07%.

(b) Dividend payments

On 30 June 2023, the Group's Annual General Meeting of 2022, the first A Shareholders Class Meeting of 2023 and the first H Shareholders Class Meeting of 2023 considered and approved the Company's dividend distribution plan of 2022, the total amount of cash dividends for distribution of 2022 is RMB8,063,272,000 (inclusive of tax). The Company completed the 2022 dividend distribution on 25 August 2023, distributed cash dividend of RMB8,063,272,000.

Interim Financial Report Section 9

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

24 Acquisitions of subsidiaries

The acquisitions of these subsidiaries had the following combined effect on the Group's assets and liabilities upon the dates of acquisitions:

| | At acquisition date RMB'000 |
|--|-----------------------------------|
| Current assets | 16,460,905 |
| Non-current assets | 502,470 |
| Current liabilities | (14,733,729) |
| Non-current liabilities | (260) |
| Non-controlling interests | (602,129) |
| Net assets acquired attributable to the Group | 1,627,257 |
| | |
| Total consideration | 1,627,257 |
| Consideration paid in prior years for the acquisitions | (718,225) |
| Consideration to be paid subsequent to current period | (34,522) |
| | |
| Consideration paid during the period | 874,510 |
| Total cash and cash equivalents acquired | (204,343) |
| Consideration paid for prior years' acquisitions | 170,931 |
| | |
| Net cash outflow | 841,098 |

The acquired subsidiaries' major assets are properties held for development, properties under development and completed properties for sale. The directors consider that the purpose of acquiring those subsidiaries is solely to acquire the underlying properties.

Section 9 Interim Financial Report

Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

25 Disposal of subsidiaries

During the period, the Group has disposed certain subsidiaries which held property development projects. Subsequent to the disposals, these entities are no longer subsidiaries of the Group and certain of these subsidiaries became joint ventures or associates of the Group respectively.

The combined effect of such disposals on the Group's assets and liabilities is set out below:

| | At disposal date RMB'000 |
|--|--------------------------------|
| Current assets | 1,212,090 |
| Non-current assets | 746,080 |
| Current liabilities | (1,230,285) |
| Non-current liabilities | (224,703) |
| Non-controlling interests | (135,419) |
| Remaining interests after disposal as interests in joint ventures and associates | (5,855) |
| Net assets attributable to the Group disposed of | 361,908 |
| Total consideration | 434,041 |
| Consideration received in prior years for the disposals | (175,829) |
| Consideration received, satisfied in cash | 258,212 |
| Cash and cash equivalents disposed of | (34,454) |
| Net cash inflow | 223,758 |