From Development Dividend to Operation Dividend: Unique Path and Underlying Logic of China Resources Land Strategic Transformation

Chang Qian

Business Administration, School of Business, Jiangnan University, Wuxi, China
2648946573@qq.com

Abstract. China real estate industry is in a historic turning point. When the old model of "high leverage, high debt and high turnover" is unsustainable, head commercial real estate enterprises have sought strategic transformation. In this group action, China Resources Land took the lead in realizing the qualitative change of profit structure-in 2025, the core net profit of recurring business exceeded 50% for the first time, marking its official entry into a new stage of "two-wheel drive of development, sales and operation services". This paper takes China Resources Land as the research object, systematically traces its transformation motivation, deconstructs the strategic framework of "three growth curves", evaluates the transformation effect, and refines the reference experience and enlightenment. This case shows that the essence of the transformation of housing enterprises is not the simple superposition of business segments, but the systematic reconstruction of value creation logic; The winner of the transformation is not the speed of the transformation action, but the sooner or later the core competence is cultivated

Keywords: China Resources Land; Strategic transformation; Three growth curves; Regular business; City operator

1 Introduction

1.1 Industry Change and Transformation Pressure

The real estate market in China in 2025 continues the deep adjustment trend since 2021. The sales of new commercial housing in the whole year fell back to 8.39 trillion yuan, half of the high of 18 trillion yuan in 2021. More importantly, the change of market expectations is irreversible-the belief that "house prices will rise forever" has been broken, and the investment logic of "buying is earning" no longer exists.

This change is reflected in the financial data as the downward trend of gross profit margin of the whole industry. The gross settlement margin of housing enterprises with development and sales as their main business has generally dropped from more than 30% in the high point period to 15%-20%. It is difficult to support the sustained growth of enterprises simply by relying on the linear model of "taking land-building-selling houses". Some housing enterprises, such as Evergrande and Sunac, have fallen into

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debt default due to high leverage expansion, and the industry has been cleared quickly. The number of 100 billion housing enterprises has dropped sharply from 41 in 2021 to 8 in 2025.Industry consensus is forming: the future of real estate enterprises does not belong to the fastest building enterprises, but to the enterprises that can manage assets best. [1]

1.2 A Noteworthy Sample of Transformation

In the context of the pressure on the industry as a whole, China Resources Land handed over a striking report card. In 2025, the company achieved revenue of 281.44 billion yuan and core net profit of 22.48 billion yuan. But the most significant data is: the core net profit of recurring business is 11.65 billion yuan, up 13.1% year-on-year, accounting for 51.8% of the core net profit. [2] This means that the profits from regular business such as rent collection, property management and commercial operation of shopping centers have exceeded the traditional development and sales business for the first time. In 2025, the recurring business income of China Resources Land exceeded 40 billion yuan, of which the rental income of operating real estate business reached 22.94 billion yuan, a year-on-year increase of 12.8%; More crucially, the contribution of regular business to profits has exceeded 50%.

2026 coincides with the 30th anniversary of the listing of China Resources Land, and it is also the first year of the national "Tenth Five-Year Plan". At the performance communication meeting, Xin Li, Chairman of the Board of Directors of China Resources Land, said with great weight: "China Resources Land has completely got rid of the old development model of high leverage, high debt and high turnover." At the performance meeting, it was characterized as "a historic leap in profit structure". [3] At present, the whole real estate industry is talking about transformation, new mode and weight every day. The value of this transformation sample lies in that it proves that China real estate enterprises can complete the species evolution from "developers" to "operators". [4] And understanding how this evolution happened is of great reference significance for enterprises that are still exploring the road of transformation.

2 Second, the Motivation of Transformation: the Intersection of Internal and External Pressures

2.1 External Thrust: the Fundamental Change of Industry Logic

The transformation of China Resources Land did not begin today. If we trace back the track of its strategic adjustment, we can find a clear feature of "taking the initiative". However, it is undeniable that the change of external environment constitutes an important thrust of transformation.

The first is the change of economic environment. The slowdown of macroeconomic growth, the decline of residents' income expectations, the weakening of their ability and willingness to buy houses, and the overall contraction of real estate market demand

have forced housing enterprises to shift from relying on incremental development to stock operation or diversified business. [5]

The second is the reconstruction of profit model. With the rising cost of land, limited housing prices and the guidance of national macro-policies, the profit margin of development business has been continuously compressed. The gross settlement margin of China Resources Land's development and sales business will drop from over 30% in the peak period to 15.5% in 2025. If factors such as land value-added tax are deducted, the actual net profit rate is lower. [6] At this level, the development business is more like a "cash flow business"-providing scale and contributing cash, but it is no longer the main source of profits.

2.2 Internal Pull: the Awakening of Strategic Initiative

The strategic transformation of China Resources Land has a remarkable feature: being ahead of schedule. When most housing enterprises began to look for the "second curve" after the industry went down, the commercial real estate layout of China Resources Land had gone through 20 years. The opening of Shenzhen Luohu Vientiane City in 2004 marked its official entry into commercial real estate. At that time, China residential real estate was at the beginning of the golden age, and commercial real estate was considered as "slow turnover, low capital and low return". TWhen the downward cycle of the industry comes, the stable financial structure gives it room for "counter-cyclical operation"-when others shrink, it can increase the investment in commercial real estate. [7]

Since the landing of Vientiane City in Shenzhen in 2004, it has been laid out steadily for more than 20 years. China Resources does not blindly advance, does not follow the trend of expansion, and makes the commercial chassis extremely stable step by step.

3 Third, the Transformation Path: the Deconstruction of "Three Growth Curves"

3.1 Formation and Upgrading of Strategic Framework

During the Tenth Five-Year Plan period, China Resources Land implemented a "3+1" business model-selling properties, investing in properties, light assets business, and ecosystem factor business. At the beginning of the Tenth Five-Year Plan, the company defined its upgrade as a "three growth curves" framework.

This upgrade is not a simple name change, but a deepening of strategic logic. "3+1" is more about the classification and listing of business types, while "three growth curves" clarify the role positioning and evolution relationship of each business:

The first curve (developing sales-oriented business): the basic performance disk, which is responsible for revenue scale and cash flow.

The second curve (operating real estate rental business): a stable growth engine, responsible for profit contribution and asset value.

The third curve (light asset management fee business): strong growth pole, responsible for high valuation and light asset expansion.

The ingenuity of this framework lies in the fact that the three curves are not mutually substituted, but co-evolved. [8] The first curve provides asset base and cash flow support for the second curve, the second curve transports funds for the first curve, and the third curve enhances the value of the assets of the first two through operational services.

4 Fourth, the Transformation Effect: The Structural Nature Behind the Data Has Changed

4.1 The Critical Point of Profit Structure Crossing

The core indicator of the transformation effect of China Resources Land is that the core net profit of recurring business accounts for 51.8%, which is 11.2 percentage points higher than 40.7% in 2024.

From the perspective of income structure, recurring business income accounts for 15.4%. This shows that the recurring business contributes more than half of the profits with a small income share, which reflects its high profit margin. [9]

The operating profit rate of the shopping center is 63.1%, while the net profit rate of the development business is about 10%. This feature of "small income and large profit contribution" is an important embodiment of the transformation quality of China Resources Land.

4.2 Consolidation of Financial Security Boundary

Transformation is often accompanied by financial risks-new business investment needs funds, while the contraction of old business may affect cash flow. However, China Resources Land has maintained a sound financial structure in this process.

For commercial real estate, a long-term and asset-oriented business, the cost of capital is one of the core competitive factors. Taking holding 10 billion yuan of commercial assets as an example, the difference of financing cost between 2.72% and 4% means that the financial expense difference of 128 million yuan per year is directly converted into operating profit. [10]

5 Discussion: Enlightenment of China Resources Land Transformation

5.1 The Winners and Losers of Transformation: Strategic Strength and Core IP Accumulation

The layout of China Resources can be traced back to more than ten years ago, when the industry was in a period of arrogance. Most housing enterprises were frantically adding leverage, striving for high turnover and rushing sales scale, taking "making quick money and making quick money" as their core goal. China Resources Land has built

commercial IP into a deep moat with core assets all over the country. It has more than 100 shopping centers, all of which are located in the core areas of first-and second-tier cities. Since the first Vientiane City was laid out in Shenzhen in 2004, IP reputation and competitiveness have been gradually cultivated. This is why the transformation path of China Resources Land is difficult to be simply imitated. Competitors can learn its strategic framework, benchmark its operating indicators, try REITs and other tools, but they can't shorten the time required for capacity accumulation. This "asymmetric barrier formed by time" is the core moat of China Resources Land.

6 Conclusion

The strategic transformation of China Resources Land is a landmark case of China real estate industry moving from "incremental era" to "stock era". The analysis of this paper shows that the core feature of this transformation is to change from "development and sales" single-wheel drive to "development, sales and operation services" two-wheel drive, and its path framework is the coordinated evolution of "three growth curves"-the first curve maintains scale and cash flow, the second curve contributes to stable profits and asset value, and the third curve realizes light asset expansion and value promotion.The success of China Resources has completely broken the misunderstanding of "scale first": in the commercial real estate track, it is never who runs fast, but who lives long and steadily. More importantly, times have changed. The industry as a whole entered the shrinking cycle, and the incremental era ended completely. This also indicates that the competition of housing enterprises in the future is no longer a scale competition, but a contest of the operation ability of stock assets. Who can revitalize the stock and make a steady income can live and live well in the industry. Anyway, it has provided a sample worthy of in-depth study for the transformation of the real estate industry in China.

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