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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 2018

The board of directors (the "**Board**") of China Vanke Co., Ltd.* (the "**Company**") is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2018. This announcement, containing the full text of the 2018 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 2018 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 2018.

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. *
Zhu Xu
Company Secretary

Shenzhen, the PRC, 20 August 2018

As at the date of this announcement, the Board of the Company comprises Mr. YU Liang, Mr. WANG Wenjin and Mr. ZHANG Xu as executive directors; Mr. LIN Maode, Mr. XIAO Min, Mr. CHEN Xianjun and Mr. SUN Shengdian as non-executive directors; and Mr. KANG Dian, Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. LI Qiang as independent non-executive directors.

* *For identification purpose only*

Important Notice:

1. The board of directors (the "**Board**"), the supervisory committee and the directors, supervisors and senior management of the Company warrant that the information contained in the interim report for 2018 (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 fourteenth meeting of the eighteenth session of the Board held on 20 August 2018 Mr. KANG Dian, an independent non-executive director of the Company, was not able to attend the Board meeting in person due to business engagements and authorised Ms. LIU Shuwei, also an independent non-executive director of the Company to represent him and vote on his behalf at the Board meeting. All other directors of the Company attended the Board meeting in person.

3. There will be no distribution of dividend, equity dividend or capitalisation of equity reserve of the Company for the interim period of 2018.

4. The Company's 2018 interim financial report for the six months ended 30 June 2018 (the "**Period**" or the "**Reporting Period**") 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 Accounts.

5. Mr. YU Liang, Chairman of the Board, Mr. ZHU Jiusheng, President and Chief Executive Officer, and Mr. SUN Jia, Executive Vice President, Chief Financial Officer and Financial Principal declare that the interim 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 such as future plans, which do not constitute any specific undertakings by the Group to its investors. Investors are advised to 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

Definition

Term	Meaning
The Company	China Vanke Co., Ltd.
Vanke, the Group	China Vanke Co., Ltd. and its subsidiaries
The Board	The board of directors of the Company
The Supervisory Committee	The supervisory committee of the Company
Vanke Service	Vanke Service Co., Ltd.
SCPG	SCPG Holdings Co., Limited
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
SZMC	Shenzhen Metro Group Co., Ltd.
Jushenghua	Shenzhen Jushenghua Co., Ltd.
Company Law	Company Law of the People's Republic of China
Shenzhen Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
SEHK Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Articles of Association	Articles of Association of China Vanke Co., Ltd.
Reporting Period	1 January 2018 to 30 June 2018
RMB	Renminbi, unless otherwise specified

Section 1 Basic Corporate Information

1. Company Name (Chinese): 萬科企業股份有限公司
   Company Name (English): CHINA VANKE CO., LTD.

2. 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
   Principal place of business in Hong Kong: 55/F, Bank of China Tower, 1 Garden Road, Hong Kong
   Website address: http://www.vanke.com
   E-mail address: IR@vanke.com

3. Legal representative: YU Liang

4. Authorized representatives for SEHK: WANG Wenjin and ZHU Xu
   Alternate to authorized representative for SEHK: CHAN Wing Kit

5. Secretary to the Board and the 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: CHAN Wing Kit
   E-mail address: IR@vanke.com
   Contact address: 55/F, Bank of China Tower, 1 Garden Road, Hong Kong
   Telephone number: 00852-23098888
   Fax number: 00852-23288097

6. Stock exchange on which the Company's A shares are listed: Shenzhen Stock Exchange
   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 to the 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

7. 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
   Location where the Interim Report is available for inspection: The Office of the Company's Board

8. First registration date of the Company: 30 May 1984; location: Shenzhen
   Date of change in registration: 14 July 2017; location: Shenzhen

9. Unified social credit code: 91440300192181490G

Section 2 Accounting and Financial Highlights

1. Key accounting data and financial indicators

Unit: RMB'000

Items	30-Jun-2018	31-Dec-2017	Increase/ (decrease) over the beginning of the year
Current assets	1,144,875,363	1,017,645,288	12.50%
Current liabilities	969,761,721	847,355,430	14.45%
Total equity attributable to equity shareholders of the Company	134,892,180	132,675,315	1.67%
Share capital	11,039,152	11,039,152	–
Net assets per share attributable to equity shareholders of the Company (RMB)	12.22	12.02	1.67%

Items	Jan-Jun 2018	Jan-Jun 2017	Increase/ (decrease) over the same period of the previous year
Revenue	104,859,125	67,587,522	55.15%
Gross profit	35,370,829	20,551,903	72.10%
Profit before taxation	25,782,402	16,622,176	55.11%
Profit for the Period attributable to equity shareholders of the Company	9,123,743	7,302,724	24.94%
Basic earnings per share (RMB)	0.83	0.66	24.94%
Diluted earnings per share (RMB)	0.83	0.66	24.94%
Return on equity (fully diluted)	6.76%	6.48%	Increased by 0.28 percentage point
Return on equity (weighted average)	6.51%	6.22%	Increased by 0.29 percentage point
Net cash flow generated from operating activities	(4,255,093)	21,850,162	-119.47%

2. Differences between domestic accounting standards and overseas accounting standards

Unit: RMB'000

	PRC accounting standards	International Financial Reporting Standards
Net profit attributable to equity shareholders of the Company	9,123,743	9,123,743
Total equity attributable to equity shareholders of the Company	134,892,180	134,892,180
Explanations for the difference	Nil	

I. Management Discussion and Analysis of Operation

During the Reporting Period, the Group strategically positioned itself as "city and town development and services provider", insisted on taking customers as priority, and cash flow as fundamental, to continue to create true value while maintaining orderly development of its various business segments regarding the people's growing need for better life.

From January to June 2018, the Group realized a sales amount of RMB304.66 billion, representing a year-on-year increase of 9.9%. The Group reported a revenue of RMB104.86 billion, increased by 55.2% year-on-year, and a 24.9% upsurge year-on-year in profit attributable to equity shareholders of the Company, which amounted to RMB9.12 billion. The Group managed to maintain healthy financial and capital positions, while achieving steady growth in operations. As at the end of the Reporting Period, the Group held cash and cash equivalent including pledged and restricted deposits of RMB159.55 billion, and the net gearing ratio (interest-bearing liabilities less cash and cash equivalents including pledged and restricted deposits divided by net assets) was 32.7%, which was at a relatively low level when compared with the industrial average.

The Company ranked 332nd on the "Fortune Global 500" published by the Fortune Magazine.

(1) Property market

During the Reporting Period, the austerity measures on the industry were continuously deepened, in accordance with the principle of "housings are for accommodation, not for speculation", and certain third and fourth-tier cities where housing prices increased rapidly have been included in the scope of austerity measures. Meanwhile, under the orientation of the "encouraging both rental and purchasing" policy, the housing rental policies has been continuously optimized by local governments, and housing rental market is actively developed.

In the first half of 2018, sales area of the nation's commodity housing increased slightly year-on-year. According to information of the National Bureau of Statistics of the People's Republic of China, the sales area of China's commodity housing from January to June 2018 amounted to 669 million sq m, with a sales amount of RMB5.66 trillion, representing increases of 3.2% and 14.8% year-on-year respectively. The growth rates were 10.3 percentage points and 3.1 percentage points lower than those of the corresponding period in 2017 respectively.

Transactions in major cities continued to decline. In the 14 cities[1] closely monitored by the Group, area of commodity housing approved for pre-sale decreased by 8.0% year-on-year during the first half of the year. The area of commodity housing sold dropped by 20.4% year-on-year. As at the end of the Reporting Period, the depletion period of the available inventory of the above mentioned cities (area with permission for sale but not yet sold) was increased to 7.8 months.

During the first half of the year, about RMB3.9 trillion of residential development investments were committed, representing an increase of 13.6% year-on-year. The new construction area of residential property in China amounted to approximately 706 million sq m, up by 15% year-on-year. The growth rate was roughly the same as that of the corresponding period of 2017.

[1] Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi, Suzhou

The general increase in land supply led to upsurge in sold site area and fall of transaction premium rate. According to the data published by China Index Academy, in the 300 cities throughout the nation, site area of land supply for residential development and sold area increased by 30.4% and 23.5% year-on-year respectively during the first half of 2018. The average gross floor area selling price in residential land transactions increased by 4.4% year-on-year, with a land transaction premium rate of 23.3%, representing a decline of 20.1 percentage points when compared with that of the corresponding period of last year.

The financing environment of property market is continuously tightened. According to information of China's central bank, the balance of real estate loan as of the end of June 2018 increased by 20.4% year-on-year, and the growth rate dropped by 0.5 percentage point compared to the end of last year. The proportion of the increment of real estate loan to the increment of various loans in the first half of 2018 dropped by 1.9 percentage points compared to 2017.

The rental housing policies are being detailed and applied by local governments, which include increasing land supply for rental housing, enhancing support for the development of home-rental companies, establishing rental housing transaction service platform, and trial on "giving tenants and homeowners equal rights". The policies to support rental housing financing are also strengthened. Under the promotion of various favorable policies, the participants of housing rental market become more diversified.

(II) Major work during the Reporting Period

The Group has strategically positioned itself as an city and town development and services provider. Its principal businesses include property development and property services, meanwhile, the Group actively develops other businesses related to daily-life services.

In the first half of 2018, the Group achieved a revenue of RMB104.86 billion, representing a year-on-year increase of 55.2%; and profit attributable to equity shareholders of the Company of RMB9.12 billion, representing a year-on-year increase of 24.9%. Basic earnings per share amounted to RMB0.83, representing a year-on-year increase of 24.9%. Fully diluted return on equity was 6.76%, representing an increase of 0.28 percentage point as compared to that of the corresponding period of 2017.

There will be no cash dividend distribution, bonus share, or capitalization of equity reserve of the Group for the 2018 interim period.

By business segment, the booked revenue derived from the property development business accounted for 95.0% of the Group's total revenue for the first half of 2018.

Unit: RMB'000

Segment	Revenue Amount	Revenue Change year-on-year	Cost of sales Amount	Cost of sales Change year-on-year	Operating profit margin Value	Operating profit margin Change year-on-year
1. Core business	103,690,826	55.84%	69,183,478	47.76%	27.37%	1.97 Percentage Points
Including: Property development	99,576,887	56.97%	65,745,620	48.39%	27.83%	2.11 Percentage Points
Property services	4,113,939	32.66%	3,437,858	36.67%	16.43%	-2.45 Percentage Points
2. Other businesses	1,168,299	11.32%	304,818	42.30%	73.91%	-5.68 Percentage Points
Total	**104,859,125**	**55.15%**	**69,488,296**	**47.74%**	**27.89%**	**1.65 Percentage Points**

Note: The operating profit margin excluded taxes and surcharges.

By geographical regions, during the first half of 2018, the revenue (not included revenue from oversea market) from the Southern Region, Shanghai Region, Northern Region and Central and Western Region accounted for 28.85%, 35.83%, 15.75% and 19.57% of the booked revenue from the Group's property development business, respectively.

Revenue and profit by region

	Recognized area (sq m)	Proportion	Revenue (RMB'000)	Proportion	Net profit attributable to Vanke's equity holding (RMB'000)	Proportion
Southern Region	1,465,123	20.89%	28,732,208	28.85%	3,418,788	27.53%
Shanghai Region	1,885,547	26.88%	35,680,044	35.83%	6,580,466	52.98%
Northern Region	1,622,929	23.14%	15,682,047	15.75%	1,524,746	12.28%
Central and Western Region	2,039,999	29.09%	19,482,588	19.57%	895,933	7.21%
Total	**7,013,598**	**100.00%**	**99,576,887**	**100.00%**	**12,419,933**	**100.00%**

Note: During the Reporting Period, with regard to the cities with booked revenue, Southern Region included Shenzhen, Guangzhou, Dongguan, Foshan, Zhuhai, Zhongshan, Changsha, Xiamen, Quanzhou, Fuzhou, Sanya, Huizhou, Qingyuan, Putian and Nanning; Shanghai Region included Shanghai, Hangzhou, Suzhou, Wuxi, Changzhou, Yangzhou, Hefei, Nanjing, Zhenjiang, Ningbo, Nanchang, Wuhu, Nantong, Jiaxing, Xuzhou, Kunshan and Wenzhou; Northern Region included Beijing, Tangshan, Tianjin, Shenyang, Anshan, Fushun, Dalian, Changchun, Jilin, Qingdao, Yantai, Taiyuan, Qinhuangdao and Jinan; Central and Western Region included Chengdu, Chongqing, Nanchong, Wuhan, Xi'an, Guiyang, Kunming, Urumqi and Zhengzhou.

1. Property development business overview

(1) Sales and recognition of property development business

"Building quality housing for ordinary people, developing premises for accommodation". Among the products sold by the Group in the first half of 2018, residential properties, commercial and office properties and other ancillary facilities accounted for 85.9%, 10.9% and 3.2% respectively. Of all housing products, small and medium-sized units under 144 sq m accounted for 91%.

Persisted with proactive sales. During the Reporting Period, the Group realized a sales area and sales amount of 20.354 million sq m and RMB304.66 billion, representing year-on-year increases of 8.9% and 9.9% respectively, and ranked top 3 in 34 cities in terms of local sales amount.

Strengthened cash flow management. Facing continuously deepened regulation of the industry and increasingly tightening of financing conditions, the Group insisted on taking cash flow as fundamental and intensifying capital control. The rolling sales proceeds recovery rate stayed at above 93%.

Sales of the Group by geographical region are as follows:

	Sales area ('0000 sq m)	Proportion	Sales amount (RMB hundred million)	Proportion
Southern Region	297.5	14.61%	585.0	19.20%
Shanghai Region	577.7	28.39%	1,001.7	32.89%
Northern Region	625.5	30.73%	817.5	26.83%
Central and Western Region	533.9	26.23%	633.8	20.80%
Other areas	0.8	0.04%	8.6	0.28%
Total	**2,035.4**	**100.00%**	**3,046.6**	**100.00%**

Note: Cities in which sales were realised during the first half of the year included Shenzhen, Guangzhou, Qingyuan, Dongguan, Huizhou, Foshan, Zhuhai, Zhongshan, Xiamen, Fuzhou, Zhangzhou, Quanzhou Putian, Sanya, Nanning, Changsha, Jinjiang and Shishi in Southern Region; Shanghai, Hangzhou, Jiaxing, Suzhou, Kunshan, Changshu, Wuxi, Nanjing, Nanchang, Ningbo, Hefei, Yangzhou, Wenzhou, Wuhu, Xuzhou, Nantong, Zhenjiang, Changzhou, Taizhou, Suqian, Haining and Ma'anshan in Shanghai Region; Beijing, Qinhuangdao, Tianjin, Shenyang, Fushun, Dalian, Changchun, Harbin, Jilin, Qingdao, Jinan, Yantai, Taiyuan, Tangshan, Anshan, Shijiazhuang and Langfang in Northern Region; Chengdu, Nanchong, Wuhan, Xi'an, Zhengzhou, Chongqing, Kunming, Guiyang, Urumqi, Lanzhou and Yuxi in Central and Western Region; others including Hong Kong, New York, San Francisco and London.

The booked revenue increased by 57.0% year-on-year. In the first half of 2018, the Group realised a booked area of 7.014 million sq m and booked revenue of RMB99.58 billion, representing year-on-year increases of 20.2% and 57.0% respectively. The average booked price of the property development business was RMB14,349 per sq m.

The amount of area sold but not booked continued to increase. As at the end of the Reporting Period, the Group's area sold but not completed for recognition in the consolidated financial statements was 36.930 million sq m, with a contract amount of approximately RMB520.05 billion, representing increases of 24.7% and 25.5% respectively, as compared to those at the end of last year.

(2) *Property development and investment*

There was a fast growth in new construction floor area and completed floor area. In the first half of 2018, the Group realized a new construction floor area of 23.211 million sq m, representing a year-on-year increase of 40.2% and accounting for 65.5% of that planned for the full year (2017 first half: 56.6%). The floor area completed amounted to 9.172 million sq m, representing a year-on-year increase of 44.1% and accounting for 34.9% of that planned for the full year (2017 first half: 26.0%). The floor area to be completed for the full year is expected to be approximately the same as that planned at the beginning of the year.

Sound investment and rational strategic planning. The Group adhered to its rational investment strategies and, actively explored various potential market opportunities to timely replenish project resources based on reasonable prices. For the first half of the year, the Group acquired 117 new projects with a planned gross floor area ("**GFA**") of 20.491 million sq m and planned GFA attributable to the Company's equity holding of 11.439 million sq m. The total land premium attributable to the Company's equity holding amounted to approximately RMB57.82 billion, and the average land premium was RMB5,054 per sq m. In terms of GFA, 90.8% of the new projects were acquired through cooperation. The Group insisted on focusing on city circles, in addition to intensified development of the cities where the Group had presence, the Group also tapped into cities such as Zhuozhou, Yancheng and Yinchuan in the first half of the year.

Project resources met the requirements for ongoing development. As of the end of the Reporting Period, the Group's projects under construction and planning had a GFA of approximately 143 million sq m in aggregate and amongst them, projects under construction had a GFA of approximately 81.876 million sq m and a GFA attributable to the Company's equity holding of approximately 50.980 million sq m; projects under planning had a GFA of approximately 60.816 million sq m and a GFA attributable to Vanke's equity holding of approximately 37.673 million sq m. In addition, the Group also participated in certain urban renewal projects; based on the current planning conditions, the aggregate GFA of such projects attributable to Vanke's equity holding was approximately 2.824 million sq m as at the end of the Reporting Period.

For details on the projects newly 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 introduction of cooperation parties for the joint development of some of these projects. The current percentages of shareholdings are for investors' reference at this stage only.

Unit: sq m

No.	City	Project Name	Location	Percentage of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
1	Dongguan	Taibao Road Public Land Project	Humen Town	78.6%	20,050	60,136	47,255	Pre-construction
2	Dongguan	Zhongwuwei Follow-up Project	Dongcheng District	50.4%	32,196	90,540	45,668	Pre-construction
3	Foshan	City Garden	Sanshui District	67.3%	35,271	98,757	66,503	Under construction
4	Foshan	Xingduhui	Shunde District	90.6%	23,200	120,664	109,358	Under construction
5	Foshan	Jingduhui	Shunde District	91.7%	7,708	56,038	51,409	Pre-construction
6	Foshan	Feicuilanwan	Nanhai District	99.1%	76,956	230,869	228,699	Pre-construction
7	Fuzhou	Zhenmao Mansion	Cangshan District	16.8%	81,400	152,073	25,503	Pre-construction

Unit: sq m

No.	City	Project Name	Location	Percentage of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
8	Fuzhou	Sky City	Jin'an District	9.0%	75,944	184,239	16,665	Pre-construction
9	Nanning	Jinyubinjiang	Yongning District	28.0%	69,104	172,847	48,397	Pre-construction
10	Shanghai	Kangqiao Zhonglong Project	Pudong New District	100.0%	221,000	221,000	221,000	Pre-construction
11	Shanghai	Qibao ecological business district Land Lot 19-04	Minghang District	65.7%	34,000	99,000	65,043	Pre-construction
12	Nantong	Zhongchuang Metropolis	Economical & Technological Development Area	11.6%	47,963	94,573	10,970	Under construction
13	Suzhou	Feicuisiji Park	Suzhou New District	20.0%	34,683	46,768	9,354	Pre-construction
14	Suzhou	Zuo'an Project	Industrial Park District	69.3%	22,826	199,358	138,155	Pre-construction
15	Suzhou	Jiangling East Road Land Lot	Wujiang District	22.5%	105,924	264,810	59,529	Under construction
16	Wuxi	Xiadianqiao Project	Liangxi District	100.0%	81,834	188,218	188,218	Pre-construction
17	Yangzhou	833 Land Lot	Hanjiang District	16.1%	47,137	82,976	13,367	Pre-construction
18	Xuzhou	Maocun 2018-5# Land	Tongshan District	93.7%	72,878	145,756	136,632	Pre-construction
19	Hangzhou	Jinbei Project	Lin'an District	43.4%	31,300	56,264	24,390	Pre-construction
20	Hangzhou	Canal Vanke Centre	Gongshu District	40.5%	36,592	128,072	51,869	Under construction
21	Hangzhou	Xurunhefu	Gongshu District	36.5%	34,400	86,000	31,390	Pre-construction
22	Hangzhou	Shangtangfu	Gongshu District	36.5%	42,400	84,000	30,660	Pre-construction
23	Ningbo	Yaojiang North Project	Jiangbei District	51.0%	86,835	180,834	92,225	Pre-construction
24	Ningbo	Beilun Archive Project	Beilun District	18.6%	45,108	81,250	15,096	Pre-construction
25	Ningbo	Weilaili	Beilun District	96.4%	79,956	177,348	170,910	Pre-construction
26	Ningbo	North of Yungu Project	Jiangbei District	98.3%	60,556	166,787	164,002	Pre-construction
27	Ningbo	South of Yungu Project	Jiangbei District	96.7%	149,306	228,256	220,609	Pre-construction
28	Ningbo	Vanke Yin	Haishu District	24.6%	42,515	95,646	23,548	Under construction
29	Wenzhou	Yunzhu	Ouhai District	24.1%	24,848	74,544	17,952	Under construction
30	Wenzhou	Feicuiyuefu	Ruixiang New District	6.1%	56,250	158,478	9,667	Under construction
31	Hefei	Duhui Shangcheng	Changfeng County	24.3%	109,852	209,742	51,009	Under construction

Unit: sq m

No.	City	Project Name	Location	Percentage of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
32	Hefei	Hongjun Phase II Project	Feidong County	90.3%	20,890	52,224	47,163	Under construction
33	Wuhu	Jiangdongfu	Jinghu District	40.6%	84,372	118,120	48,007	Pre-construction
34	Haining	Xucun 17242 Land Lot	Xucun Town	98.0%	64,000	147,000	144,060	Under construction
35	Haining	Xucun 17241 Land Lot	Xucun Town	32.5%	38,000	84,000	27,275	Under construction
36	Zhuji	Hanggang Vanke Zijingshoufu	Jiyang Street	36.5%	88,000	195,000	71,175	Pre-construction
37	Maanshan	Chunhuiyuefu	Yushan District	36.6%	48,700	74,435	27,243	Under construction
38	Jiaxing	Dongling Gem Mansion	Nanhu District	57.5%	179,696	215,843	124,110	Under construction
39	Jiaxing	Ziyuanshangcheng	Economical & Technological Development Zone	36.5%	75,259	165,020	60,232	Under construction
40	Zhenjiang	Gelinmingjun	Dagang New District	42.5%	133,100	320,770	136,231	Pre-construction
41	Zhenjiang	Zhonghongpinshu Phase II Project	Runzhou District	40.8%	61,236	101,065	41,184	Pre-construction
42	Zhenjiang	Lingyu Garden	Jingkou District	40.1%	83,500	113,540	45,552	Under construction
43	Zhenjiang	R1806 Land Lot	Runzhou District	99.0%	112,889	248,400	245,891	Pre-construction
44	Haimen	CR17027 Land Lot South of Huizhi Road	High-tech District	47.1%	92,886	180,581	85,090	Under construction
45	Haimen	CR17026 Land Lot East of Zhujiang Road	High-tech District	20.8%	141,257	284,874	59,368	Under construction
46	Taizhou	Ziyindongjun Project	Linhai City	35.0%	33,334	73,275	25,646	Pre-construction
47	Taizhou	Luqiao District Land Lot	Luqiao District	100.0%	48,490	121,225	121,225	Pre-construction
48	Pinghu	Shengtangjingyuan	Danghu Town	46.0%	42,348	84,696	38,969	Under construction
49	Changzhou	Huakeyuan Project	Jintan District	100.0%	374,008	747,880	747,880	Pre-construction
50	Suqian	S19 & S20 Project	Industrial District	41.0%	123,848	196,612	80,611	Under construction
51	Yancheng	Wanyue Garden	City South New District	32.5%	126,022	264,646	86,010	Pre-construction
52	Yancheng	Yueda City Plaza	Tinghu District	50.0%	54,203	96,657	48,329	Pre-construction
53	Yancheng	Chongwenyuan Project	Tinghu District	50.0%	39,251	78,502	39,251	Pre-construction
54	Tangshan	Lanshan Project	High-tech Industrial Zone	51.0%	80,103	197,683	100,818	Pre-construction
55	Tianjin	Hujiayuan Project	Binhai New District	48.5%	90,778	196,849	95,551	Pre-construction
56	Tianjin	Ninghe Industrial Park Project	Dongli District	69.1%	166,735	183,034	126,422	Pre-construction
57	Tianjin	Chengjian University Project	Xiqing District	57.8%	181,504	297,627	172,088	Pre-construction
58	Tianjin	Minhehuayuan	Dongli District	87.0%	76,888	148,650	129,326	Under construction

Unit: sq m

No.	City	Project Name	Location	Percentage of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
59	Shenyang	Jibao Project	Hunnan New District	100.0%	73,638	186,295	186,295	Pre-construction
60	Shenyang	Jade Four Seasons	Hunnan District	72.8%	60,148	142,097	103,446	Under construction
61	Shenyang	Anshan Iron & Steel Group Sheet Plan Project	Tiexi District	67.6%	61,217	140,799	95,236	Under construction
62	Shenyang	Manrong Project	Heping District	99.2%	79,763	159,526	158,321	Pre-construction
63	Shenyang	Jade College	Hunnan New District	30.1%	56,325	122,881	36,942	Under construction
64	Dalian	East Port Aotai Project	Zhongshan District	70.0%	42,400	166,400	116,480	Pre-construction
65	Dalian	Shanghai Road Project	Zhongshan District	100.0%	2,968	33,000	33,000	Pre-construction
66	Dalian	Daxiangsu Project	Ganjingzi District	100.0%	25,636	44,232	44,232	Pre-construction
67	Dalian	Cherry Blossom Late Stage	High-tech Industrial Zone	76.1%	193,112	177,840	135,372	Pre-construction
68	Changchun	Yuanjing Ducheng Project	Jingyue District	91.9%	80,000	120,000	110,280	Under construction
69	Changchun	Xichen Light	Auto Economical & Technological Development Zone	40.0%	154,246	308,500	123,400	Pre-construction
70	Qingdao	Zitainan Project	Shibei District	50.0%	5,043	17,649	8,825	Pre-construction
71	Weihai	Baishengyuan Project	Economic & Technological Development Area	58.7%	176,746	312,390	183,404	Pre-construction
72	Yantai	Seattle Project	Zhifu District	41.1%	61,499	120,300	49,491	Under construction
73	Yantai	South of City Light	Fushan District	51.6%	55,711	150,600	77,755	Pre-construction
74	Yantai	Tricyclic Lock Factory Land Lot	Fushan District	24.9%	58,514	109,477	27,293	Pre-construction
75	Yantai	Kongjiatan Urban Renewal A & B Land Lot	Laishan District	24.1%	189,041	460,414	111,098	Pre-construction
76	Jinan	Suncun Feiyue Avenue Project	Innovation Zone	100.0%	133,532	352,077	352,077	Under construction
77	Jinan	Feicuiyipin	Zhangqiu District	28.4%	23,856	38,170	10,848	Under construction
78	Jinan	Luneng Project	Zhangqiu District	24.8%	201,116	402,942	99,970	Under construction
79	Jinan	Nanbeikang Project	Shizhong District	25.0%	120,618	576,478	144,120	Under construction
80	Taiyuan	Chunhejingming	Wanbolin District	44.7%	239,977	575,945	257,332	Pre-construction
81	Taiyuan	Dongtaibu Phase 1.3 Land Lot	Yinze District	90.1%	30,960	75,984	68,446	Pre-construction
82	Shijiazhuang	Fengshou Road No.40 Yard Project	Chang'an District	48.3%	30,867	92,800	44,795	Pre-construction

Unit: sq m

No.	City	Project Name	Location	Percentage of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
83	Bazhou	Wanhong Niuyezhuang Project	Bazhou City	33.6%	44,442	111,104	37,342	Pre-construction
84	Langfang	Dongjianta Project	Nanjianta Town	39.0%	38,714	71,790	27,998	Pre-construction
85	Langfang	Jiangxin Village 73 Mu Land	Xianghe County	50.0%	49,040	98,081	49,041	Pre-construction
86	Langfang	Yongqing Project Phase II	Yongqing County	20.5%	32,202	57,963	11,906	Pre-construction
87	Qianhuangdao	Shuishou Project	Beidaihe New District	16.4%	89,811	97,872	16,051	Pre-construction
88	Zhuozhou	High Speed Train New Town Project	Zhuozhou City	93.0%	67,392	269,500	250,554	Pre-construction
89	Jinzhong	Aolinbaihe Project	Yuci District	60.0%	29,143	58,285	34,971	Pre-construction
90	Jinzhong	Zhongkaijia Project	Yuci District	50.0%	93,947	187,894	94,022	Pre-construction
91	Jinan	Industrial Town Industry Land Lot	Jiyang District	51.0%	176,075	176,671	90,102	Under construction
92	Zibo	Chuzhang No.004 Land Lot Development Project	Zhangdian District	17.2%	128,501	321,245	55,351	Under construction
93	Chengdu	Yixin Lake 122 Mu Lot	Shuangliu District	49.9%	81,356	220,803	110,181	Pre-construction
94	Chengdu	Yixin Lake 133 Mu Lot	Shuangliu District	49.9%	88,336	265,009	132,239	Pre-construction
95	Chengdu	Xinchuan 49 Mu Lot	High-tech Industrial Development Zone	98.5%	32,637	123,470	121,655	Pre-construction
96	Chengdu	Feicuiheyue	Tianfu New District	32.5%	55,926	82,600	26,845	Under construction
97	Chengdu	Chuanshang Project	High-tech Industrial Development Zone	69.6%	20,939	100,505	69,987	Pre-construction
98	Chengdu	Taiyi 156 Mu Lot	Qingbaijiang District	51.0%	104,624	418,494	213,432	Pre-construction
99	Wuhan	Baoshan Village No. 083 Land Lot	Jiangxia District	16.0%	65,548	190,088	30,414	Pre-construction
100	Wuhan	Baoshan Village No. 082 Land Lot	Jiangxia District	40.0%	64,726	181,234	72,494	Pre-construction

Unit: sq m

No.	City	Project Name	Location	Percentage of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
101	Chongqing	Central Park 306 Mu Lot	Liangjiang New District	99.5%	204,218	408,434	406,514	Pre-construction
102	Xi'an	Vanke Metropolis	Fengxi New Town	90.0%	225,056	513,300	461,970	Pre-construction
103	Xi'an	Fengxi New Town 62 Mu Lot	Fengxi New Town	90.0%	60,071	132,300	119,070	Pre-construction
104	Xi'an	Vanke Feicuiwan	Chan-Ba Ecological District	41.0%	75,406	178,256	73,085	Pre-construction
105	Xi'an	Vanke Anke	Yanta District	78.7%	31,569	47,338	37,255	Pre-construction
106	Xi'an	Vanke Park Avenue	Yanta District	40.0%	49,898	140,000	56,000	Pre-construction
107	Zhengzhou	Min'anpuyue	Huiji District	50.0%	62,000	248,000	124,000	Pre-construction
108	Zhengzhou	U67 Project	High & New Technology Industries Development Zone	41.0%	7,893	21,688	8,892	Pre-construction
109	Zhengzhou	Changjiyunlu	Zhongmou County	40.8%	146,726	146,319	59,698	Under construction
110	Kunming	Feicuibinjiang	Guandu District	30.6%	161,266	532,713	163,010	Under construction
111	Kunming	Gangtou Village A5 Land Lot	Wuhua District	62.7%	43,053	168,433	105,607	Pre-construction
112	Urumqi	Metropolitan	Shuimogou District	90.8%	36,086	162,470	147,588	Under construction
113	Urumqi	Gongyuanli	High-tech Industrial Development Zone	62.0%	61,148	171,214	106,153	Under construction
114	Meishan	Dream Light	Renshou County	50.3%	42,293	93,041	46,781	Under construction
115	Yinchuan	City Light Chuxinyuan	Xingqing District	22.6%	89,837	152,717	34,529	Under construction
116	Yinchuan	City Light Chenxingyuan	Xingqing District	33.7%	106,121	180,402	60,741	Under construction
117	Yichang	Yiling District No. G[2018]11 Lot	Yiling District	90.0%	32,000	50,861	45,775	Under construction
Total					9,406,222	20,490,941	11,439,470	–

From the end of the Reporting Period to the date of publication of the Report, the Group acquired following new projects:

Unit: sq m

No.	City	Project Name	Location	% of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
1	Dongguan	Vanke Shifu Golden Home	Liaobu Town	20.0%	52,758	184,983	36,997	Under-construction
2	Dongguan	Jade Garden	Nancheng District	33.0%	67,477	236,168	77,936	Pre-construction
3	Dongguan	Fumin Road Project	Dalang Town	20.0%	56,981	126,498	25,300	Under-construction
4	Dongguan	Huanhu Road Project	Songshanhu District	30.0%	17,686	44,216	13,265	Pre-construction
5	Zhongshan	Jade Bay	Huoju Developemnt Zone	80.0%	77,974	233,923	187,138	Pre-construction
6	Quanzhou	No. 2018-7 Land Lot in Beifeng Area	Fengze District	100.0%	40,201	72,361	72,361	Pre-construction
7	Shanghai	33-01 Land Lot Project North of Songze Avenue in Xujing North Large Community	Qingpu District	100.0%	49,500	89,000	89,000	Pre-construction
8	Nanjing	Project West of Tianyin Avenue	Jiangning District	24.0%	153,261	392,593	94,222	Pre-construction
9	Nanjing	Greenland Vanke Yunduhui	Qixia District	30.0%	119,891	237,300	71,190	Pre-construction
10	Nanjing	G27 Land Lot South of Yuhua South Road	Yuhuatai District	30.0%	52,532	131,319	39,396	Pre-construction
11	Wuxi	West of Jade East	Binhu District	100.0%	66,829	153,707	153,707	Pre-construction
12	Yangzhou	Land lot north of Tonghu Road	Gaoyou City	50.0%	200,001	400,002	200,001	Pre-construction
13	Xuzhou	Maocun 2018-8# Land Lot	Tongshan District	43.7%	59,137	147,843	64,666	Pre-construction
14	Xuzhou	Maocun 2018-6# Land Lot	Tongshan District	43.7%	103,670	259,175	113,363	Pre-construction
15	Xuzhou	Jingyue	Yunlong District	26.6%	19,634	49,084	13,080	Pre-construction
16	Xuzhou	Jielu	Gulou District	30.8%	181,244	284,395	87,597	Pre-construction
17	Hangzhou	Xianhucheng Project	Lin'an District	18.0%	808,000	949,000	170,820	Under-construction
18	Ningbo	Huaishu Road 6# Synthesis Land Lot	Jiangbei District	100.0%	29,516	82,645	82,645	Pre-construction

Unit: sq m

No.	City	Project Name	Location	% of shareholding	Site area	Planned GFA	GFA attributable to Vanke's equity holding	Progress
19	Hefei	Industry-Finance Centre Project	Economic & Technological Development Area	24.5%	163,503	418,619	102,436	Under-construction
20	Hefei	Feiyu Mansion	Baohe District	24.8%	154,111	357,632	88,621	Under-construction
21	Tongxiang	Feicuitianyu	Zhendong New District	100.0%	42,027	75,649	75,649	Pre-construction
22	Changshu	Zhen Wanyazhu	Yushan Town	28.8%	90,004	171,009	49,251	Under-construction
23	Tangshan	Jinyuhuafu	Fengrun District	32.0%	50,879	126,801	40,576	Pre-construction
24	Jinan	Vanke Youshan	Innovation Zone	33.0%	215,391	356,148	117,529	Pre-construction
25	Taiyaun	Jinyang Lake West Bank Project	Jinyuan District	50.0%	127,040	254,079	127,040	Pre-construction
26	Guiyang	Feicui Park	Guanshanhu District	51.0%	354,037	885,093	451,398	Pre-construction
27	Urumqi	Tianshan Fu	Tianshan District	49.4%	124,667	278,042	137,297	Pre-construction
28	Urumqi	Metropolis Legand Phase II	Saybag District	48.3%	38,204	92,975	44,925	Pre-construction
29	Urumqi	Park No.5	Midong District	100.0%	85,938	300,782	300,782	Pre-construction
30	Meishan	Chongli 937 Mu Lot	Dongpo District	100.0%	624,700	1,022,800	1,022,800	Pre-construction
Total					4,226,793	8,413,841	4,150,988	–

2. *Property services*

The contracted area of the Group's property services amounted to over 470 million sq.m. in aggregate, and realized a revenue of RMB4.11 billion in the first half of 2018, represented a year-on-year increase of 32.7%. In order to allow more customers to experience the charm of property services, Vanke Service continuously optimizes service quality, deeply explores customers' demands, established the first second-hand house specialist shop operated by a property service company, and the trial of "property management city" with Hengqin in Zhuhai together. In the contest for the top 100 property services enterprises in China in 2018, Vanke Service has been awarded "Top 1 in Top 100 Property Services Enterprises in China" for the ninth year, and "Leading Featured Property Services Enterprises in China in 2018 – Enterprise Headquarter" for two years in a row.

3. Rental housing

The Group has devoted to become global leading rental housing enterprise. It entered the long-term rental housing market in 2014, and positioned rental housing as core business in 2018. As at the end of the Reporting Period, the long-term housing rental business has covered 30 major cities, and in aggregate, has acquired over 160,000 units and has over 40,000 units in operation. The average occupancy rate for projects in operation for more than 6 months reached approximately 92%. The rental housing business of the Group currently has formed three types of products, which are apartment for youth ("**Port Apartment**"), apartment for family, and service apartment, to provide long-term rental solutions to customers at different stage.

After the end of the Reporting Period, the Group has completed the issuance of RMB1.5 billion corporate bonds specialized in rental housing, which has provided fund support for the development of rental housing business of the Group.

4. Business expansion

(1) Commercial development and operation

The Group uses SCPG as its commercial property development and operation platform, focusing on investment, development and operation and management of domestic commercial properties. SCPG focuses on intense development of core districts and surrounding conurbations. Through self-development and asset acquisition, SCPG strives to become China's leading commercial property platform. In January 2018, the Group together with SCPG and others acquired 20 shopping centers located in China from CapitaLand Group, the stock of which is listed in Singapore. As at the end of the Reporting Period, the SCPG commercial platform managed 126 projects, with a total GFA of 9.15 million sq m; 79 self-owned projects in operation, including 53 shopping centers.

(2) Logistics warehousing services

The Group has positioned its logistics warehousing services business as intelligent logistics park and industrial park integrated service provider. As at the end of the Reporting Period, the Group's logistics warehousing services business has established a presence in 32 major cities across China, servicing more than 60 clients, and had obtained a total of 84 projects, with a total GFA (GFA of leaseable properties) of 6.26 million sq m. Among the projects obtained, 41 projects were completed and in operation, with an average occupancy rate of projects with stable operation of 95%.

In order to expedite the strategic layout for the cold chain business across China and service upgrade, in July 2018, the Group acquired seven cold chain logistics facilities in Shanghai, Guangzhou, Nanjing, Chengdu, Xiamen, Langfang, and Ningbo under Swire Industrial Ltd., and has completed the coverage of cold chain logistics business in first-tier cities and inland core port cities in China.

(3) Other businesses

The Group responded to the State's call of winter sports. Jilin Vanke Songhua Lake Resort and Beijing Shijinglong Skiing Resort had accumulated over 550,000 visits in the 2017/18 snow season. In July 2018, the Group succeeded in launching the Vanke Songhua Lake Trust Earning Rights Asset Support Special Project.

To achieve "accessibility to elderly care", the Group's elderly care business has operations in 15 cities. To realise "accessibility to childcare", the Group's education business is currently operating more than 20 whole-day schools in China, more than 100 community campuses, and more than 10 outdoor campuses.

5. *Energize of technology*

In the field of business development, after initial completion of informatization construction in 2017, the Group continued to apply new technologies such as BIM and intelligent construction site to conduct optimal iteration on information products for investment, funds, cost, operation planning, sales, customer service and other scenarios, in order to enhance product quality, optimize cost management, and improve operation management efficiency. In the field of new businesses, the Group provided the plan of online and offline solutions to assist the development of businesses by IOT, face recognition, intelligent hardware, and other new technologies and products. In the meantime, the Group has built Vanke data platform-as-a-service to provide precisely personalized service to various customers through data insight based on integrated customer and product data obtained from various business platforms.

6. *Social responsibilities*

The Group continuously paid attention to the development of stakeholders and practically fulfilled its social responsibilities. In 2018, Vanke stepped up its efforts in precise poverty alleviation and village revitalisation, and joined hands with Guangcai Program Foundation to establish Guangcai · Vanke Precise Poverty Alleviation & Village Revitalisation Special Fund, and in Shanwei and Heyuan of Guangdong province, Baise of Guangxi province, Nujiang of Yunnan province and Ningde of Fujian province, we help the State to tackle the toughest challenges in poverty alleviation and village revitalization. During the progress of poverty alleviation, Vanke actively utilized its advantage. In June 2018, the Intangible Cultural Heritage Museum established in Tibet on the back of the Group's donation was completed and handed over, which has actively contributed to the protection, inheritance and innovation of intangible cultural heritage. In order to establish stable capability of and strengthen the results of poverty alleviation, the Group has actively engaged in education for poverty alleviation, and has helped over 60,000 children in poverty in the west part of the country to enjoy good quality education.

(III) Operational and financial condition analysis

1. *Profit*

During the Reporting Period, the Group realized a net profit of RMB13.52 billion, representing a year-on-year increase of 34.5%, and a net profit attributable to equity shareholders of the Company of RMB9.12 billion, representing a year-on-year increase of 24.9%. In the first half of the year, the Group realised a gain on share of profits of joint ventures and associates of RMB765 million.

During the Reporting Period, the Group's booked gross profit margin of property development business was 27.8%, representing an increase of 2.1 percentage points when compared with that of the same period of 2017; the fully diluted return on equity was 6.76%, representing an increase of 0.28 percentage points when compared with that of the same period of 2017.

2. Capital position

As at the end of the Reporting Period, the Group had cash and cash equivalents including pledged and restricted deposits of RMB159.55 billion, which was much higher than the sum of short-term borrowings and long-term liabilities due within one year of RMB60.98 billion. Among the cash and cash equivalents including pledged and restricted deposits, Renminbi accounted for 93.1%, while US dollar, Hong Kong dollar and other currencies accounted for 6.9%.

3. Liabilities

(1) Gearing ratio

As at the end of the Reporting Period, the Group's net gearing ratio (interest-bearing liabilities less cash and cash equivalents including pledged and restricted deposits divided by net assets) was 32.7%, which was at a relatively low level when compared with the industry's average level.

(2) Interest-bearing liabilities and their composition

As at the end of the Reporting Period, the Group's total interest-bearing liabilities amounted to RMB226.9 billion, representing 16.9% of the total assets. The interest-bearing liabilities were mainly medium and long-term liabilities. Short-term borrowings and interest-bearing liabilities due within one year together amounted to RMB60.98 billion, representing 26.9% of the interest-bearing liabilities; interest-bearing liabilities of more than one year amounted to RMB165.92 billion, representing 73.1% of the interest-bearing liabilities.

By source of financing, bank borrowings, bonds payable and other borrowings accounted for 60.4%, 21.3% and 18.3% respectively.

By type of interest rate, among interest-bearing liabilities, liabilities with fixed interest rates and liabilities with floating interest rates accounted for 36.6% and 63.4% respectively. Pledged interest-bearing liabilities amounted to RMB4.36 billion, accounting for 1.9% in the overall interest-bearing liabilities.

By location, domestic liabilities and international liabilities accounted for 67.9% and 32.1% respectively. Renminbi liabilities and foreign currency liabilities accounted for 68.4% and 31.6% respectively.

(3) *Interest expenses*

During the Reporting Period, the Group's total amount of actual interest expenses was RMB5.63 billion, of which capitalized interests amounted to RMB1.96 billion in total.

(4) *Issue and rating of bonds*

The Group insisted on a prudent operation approach, and continued to maintain a leading credit rating in the industry. During the Reporting Period, international credit rating agencies S&P, Moody's and Fitch maintained "BBB+", "Baa1" and "BBB+" long-term corporate credit ratings for the Company, respectively with a "stable" rating outlook.

The 2018 first extraordinary general meeting of 2018 considered and approved the Company's issue (one-off or multiple issuances) of debt financing facilities not more than RMB35 billion. As of the date of publication of the Report, the Group had completed the issuance of five tranches of ultra-short-term financial notes, with coupon rate range between 3.25% and 4.60%, which were at relatively low levels when compared with the interest rates of debt instruments issued during the same period; in July 2018, the Group completed the issuance of medium term notes with an amount of RMB3 billion and a issuance rate of 4.60%; in August 2018, the Group completed the issuance of corporate bonds specialized for rental housing with an amount of RMB1.5 billion and a coupon rate of 4.05%, which was a record low for corporate bonds issued by property development enterprises since 2017.

4. *Analysis of inventory*

As at the end of the Reporting Period, the Group's inventory amounted to RMB642.04 billion, representing an increase of 7.5% compared to that at the end of 2017, of which, properties held for development amounted to RMB168.41 billion, accounting for 26.2%; properties under development amounted to RMB410.82 billion, accounting for 64.0%; completed properties for sale amounted to RMB58.10 billion, accounting for 9.1%.

5. *Contingent liabilities*

In accordance with industry practice, the Group will provide provisional guarantee for mortgage loans taken by purchasers of the Company's properties. The terms of the provisional guarantee commenced on the day when the guarantee agreement becomes effective up to the day on which the customers obtain the ownership certificates of the properties purchased by the customers being obtained and the registration procedures of mortgage loans are completed, and such mortgage loan is delivered to the bank for custody. As of the end of the Reporting Period, the aggregate guarantees provided by the Group for mortgage loans taken by its customers amounted to approximately RMB157.52 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.

6. *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 RMB.

To cope with the Group's overall strategic advancement, domestic business development and cross-border mergers and acquisitions of various businesses in China, the Group raised funds abroad through various ways.

In the first half of the year, the exchange rates of RMB against the US dollar and the Hong Kong dollar fluctuated significantly, and depreciated sharply against the aforementioned currencies especially in the second quarter which led to exchange losses of approximately RMB878 million for the Group during the Reporting Period.

In order to constantly control the medium to long-term exchange risk, the Group persisted with dynamic management of currency matching of asset and liability, duration of borrowing and offshore liquidity risk, and used various hedging instruments to cover exchange rate fluctuation risk in a timely manner. To lock up the risks arising from movement in exchange rates of foreign currency loans, the Group entered into deliverable forward ("**DF**") contracts to hedge foreign currency loans of US$1.53 billion as at the end of the Reporting Period. During the Reporting Period, DF contracts for foreign currency loans of US$500 million expired. While the DF was held by the Company, the change in DF value had no impact on the Group's profit and loss.

7. *Comparison of major assets and liabilities and operating indicators during the Reporting Period*

Unit: RMB'000

Item	30-Jun-2018	31-Dec-2017	Change	Description
Property, plant and equipment	**17,117,172**	10,734,770	59.46%	Increase in land use right
Interest in associates and joint ventures	**111,927,374**	81,224,305	37.80%	Increase in investment
Trade and other receivables	**334,176,250**	238,404,911	40.17%	Increase in pre-paid land premium, payment to partners and investment in joint ventured or associated projects
Deferred tax liabilities	**1,069,048**	357,755	198.82%	Effect of change in accounting policies
Other current assets	**463,042**	721,893	-35.86%	
Trade and other payables	**371,357,988**	760,383,146	-51.16%	
Contract assets	**1,893,091**	–	N/A	
Contract liabilities	**514,285,165**	–	N/A	

Item	Jan-Jun 2018	Jan-Jun 2017	Change	Remarks
Revenue	**104,859,125**	67,587,522	55.15%	Increase in settlement scale
Cost of sales	**(69,488,296)**	(47,035,619)	47.74%	Increase in settlement scale
Selling and marketing expenses	**(2,808,312)**	(2,102,697)	33.56%	Effect of change in accounting policies
Administrative expenses	**(4,730,733)**	(2,805,922)	68.60%	Extension of operation scale of the Company
Other operating expenses	**(828,511)**	(225,499)	267.41%	Increase in impairment of prepayment
Finance costs	**(3,673,662)**	(1,603,525)	129.10%	Increase in interest expense
Share of profits less losses of associates and joint ventures	**764,544**	1,472,533	-48.08%	Effect of equity method of associates and joint ventures
Income tax	**(12,259,801)**	(6,569,187)	86.63%	Increase in taxable profit

(IV) Future development prospects

The external environment changed rapidly, and the operation of economy are facing new problems and challenges. The meeting of Political Bureau of the Central Committee of the CPC on 13 July 2018 has declared determination to solve the issues in property market. The Group aims to create future-orientated competitive advantage based on secured operation and through continuous adjustment and optimization of development strategy, operation arrangement and management system, in line with the requirements of the era.

The Group will insist on placing customers in the central point, return to origin of operation, focus on "serve more customers, serve more aspects of customers, and serve customers better", put customers' demand as the start and finish of each work, in order to continuously enhance the management and service level.

The Group will insist on the principle of quality first to optimize product quality, maintain the leading position of green building and promote industrial development model.

The Group will focus on cash flow as fundamental, extend investing and financing platform and channel that match with business model. On the one hand, the Group promotes active sales and payment collection, to enhance the fund utilization efficiency. On the other hand, the Group will continue to insist on stable investment, control the investment rhythm on core businesses, maintain a reasonable project resource scale, in order to satisfy the development demands in the next two to three years; actively focus on potential merger and acquisition opportunities of various businesses in the market, and extend investing and financing platform and channel that match with business model.

The Group will insist on the energize of technology, and utilize the data platform and technology to enhance the productivity and serve customers better.

The Group will continue to explore the business partnership mechanism, and establish organizational structure and remuneration system that match with business partners, to continuously inspire the energy of organization and strivers to create real value.

II. Investment analysis

1. Overview

☐ Applicable ✓ Not applicable

2. Significant equity investment gained during the Report Period

☐ Applicable ✓ Not applicable

3. Significant ongoing non-equity investment during the Reporting Period

☐ Applicable ✓ Not applicable

4. Investment in Financial Assets

(1) *Securities investment*

Unit:'0000

Type of Securities	Stock Code	Short Name of Stock	Initial Investment Cost	Accounting Measurement Model	Book Value at the beginning of the Period	Gain or Loss on Fair Value during the Period	Accumulated fair value change recorded in equity	Amount Purchased during the Period	Amount Sold during the Period	Gain or Loss during the Period	Book Value at the end of Period	Accounting Subjects	Source of Funds
Stocks	0267.HK	CITIC	29,841	Fair Value	29,399	(361)	--	16,101	--	(361)	45,139	Other financial assets	Internal funds
Total			29,841		29,399	(361)		16,101		(361)	45,139		

(2) Derivatives investment

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.)

In order to mitigate the risk arising from the movement in exchange rates of foreign currency loan and bond, the Group entered into deliverable forward ("**DF**") contracts to hedge foreign currency loan of USD1.53 billion as of the end of the Reporting Period. In terms of the term and amount of the foreign currency loan, DF limits the risk of fluctuations of exchange rate through fixed forward exchange rate. Besides, the DF signed for foreign currency loan of USD500 million expired during the Reporting Period, and the change in value of DF had no impact on the Group's profit and loss during the period of holding.

In order to mitigate the risk associated with the fluctuations of interest rate, the Group entered into interest rate swap ("**IRS**") contracts to hedge floating rate loans of HKD5 billion respectively. The Company would charge the counterparty an interest according to the floating rate, to pay the floating interest receivable by creditor, and pay interest to the counterparty according to a fixed rate. In terms of the term and amount of the HKD borrowings, IRS reduce the risk of fluctuations of interest rate through fixed forward interest rate.

In order to use the interest rate spreads between the US dollar (USD) and the Hong Kong dollar (HKD) under the Hong Kong's linked exchange rate system to reduce financing costs, the Group signed the corresponding Cross Currency Swap (CCS) for USD1.22 billion of fixed rate bonds. The Group collected partial interest and principal of the USD financing from the counterparty at fixed interest rate to pay the bondholders part of interest and principal of the USD financing. Meanwhile, the Company paid part of HKD interest and principal to the counterparty at the fixed rate. CCS optimized financing costs through currency swaps within the maturity and amount of USD bonds.

With regard to change in market price or fair value of the derivatives invested during the Reporting Period, specific method, related assumptions and parameters for analysis of the fair value of derivatives should be disclosed

The change in the fair value of DF and IRS did not affect the Group's profit and loss. The fair value of DF and IRS at the end of the Reporting Period is determined with reference to the prevailing spot rate of products on the delivery date.

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 of independent non-executive Directors on derivative investment and risk control of the Company

The independent non-executive Directors of the Company are of the view that DF, IRS and CCS and other financial derivatives mitigate possible losses associated with foreign currency loans in the event of significant change in exchange rates or interest rates. The relevant arrangements 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 Company's net assets as at the end of the reporting period
IRS	416,850.00	422,850.00	–	2.05%
CCS	794,744.60	809,555.40	339.31	3.93%
DF	1,319,145.75	1,011,944.25	–	4.92%
Total	**2,530,740.35**	**2,244,349.65**	**339.31**	**10.90%**

III. Disposal of material assets and equity interest

1. Disposal of material assets

The Company did not dispose of any material assets.

2. Disposal of material equity interest

☐ Applicable ✓ Not applicable

IV. Analysis of principal subsidiaries and associates

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. Forecast on the operating results for the period from January to September 2018

Warning and explanation regarding forecast for possible loss or significant change in accumulated net profit for the period from the beginning of the year to the end of the next reporting period, as compared with that of the corresponding period of last year.

☐ Applicable ✓ Not applicable

VII. Actual operating results for the Reporting Period and compared with those planned at the beginning of the Period

During the Reporting Period, the Company realized a new construction floor area of 23.211 million sq.m. accounting for 65.5% of the annual new construction plan. The Group also realized a completed construction floor area of 9.172 million sq.m., accounting for 34.9% of annual completion construction plan.

VIII. Events after the Reporting Period

No.	Date of Announcement	Item
1	2018-07-02	Anbang Insurance Group Co., Ltd. internally transferred A shares of Vanke it held
2	2018-07-12	The Company issued medium and term note in the amount of RMB3 billion and with an issuance rate of 4.6% a term of three years
3	2018-07-19	The relevant asset management plans with Jushenghua as their trustor, together with Foresea Life Insurance Co., Ltd., in aggregate, sold 551,957,669 A shares of the Company by block transactions and centralized bidding through transaction system of Shenzhen Stock Exchange respectively, representing 5.00% of total issued share capital of the Company.
4	2018-07-24	The First-Trust Value No.1 Special Customer Asset Management Plan, with Jushenghua as its trustor, sold 44,109,200 A shares of the Company by block transactions, representing 0.40% of issued share capital of the Company.
5	2018-07-30	The Company issued super short-term commercial paper in the amount of RMB3 billion and with a coupon rate of 3.58% and a term of 180 days
6	2018-07-31	The Company issued super short-term commercial paper in the amount of RMB3 billion and with a coupon rate of 3.53% and a term of 180 days

No.	Date of Announcement	Item
7	2018-08-09	The Company issued "18 Vanke 01" corporate bonds specialized in rental housing in the amount of RMB1.5 billion, and with a term of five years (attached with option for the Company to adjust coupon rate and option for investors to sell back at the end of the third year), and a coupon rate of 4.05%
8	2018-08-13	The Company issued super and short-term commercial paper in the amount of RMB2 billion and with a coupon rate of 3.25% and a term of 180 days

IX. Capital commitments

For details of capital commitments of the Group outstanding as of the end of the Reporting Period, please refer to "20 Commitments" of "Notes to the Interim Financial Report" in "Section 8 Interim Financial Report".

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 23 February 2018, the Company held the first extraordinary general meeting of 2018. The investors of A shares and H shares of the Company participated in the general meeting via on-site meeting and internet voting (only applicable to holders of A shares), with shareholding representing 71.23% of the total issued share capital of the Company. For details, please refer to the Announcement on Resolutions of the First Extraordinary General Meeting of 2018 issued on 23 February 2018.

On 29 June 2018, the Company held the 2017 annual general meeting. The investors of A shares and H shares of the Company participated in the annual general meeting via on-site meeting and internet voting (only applicable to holders of A shares), with shareholding representing 56.84% of the total issued share capital of the Company. For details, please refer to the Announcement on Resolutions of the Annual General Meeting of 2017 issued on 29 June 2018.

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

☐ Applicable ✓ Not applicable

II. Proposal of Profit Distribution and Capitalisation of Equity Reserve during the Reporting Period

There will be no distribution of dividend, equity dividend or capitalisation of equity reserve of the Company for the interim period of 2018.

III. 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

SZMC, after became the largest shareholder of the Group, has publicly expressed its firmly supports on the mixed ownership structure of Vanke, the urban ancillary services provider strategy, the business partner mechanism of Vanke, the operation and management undertaken by Vanke's management team in accordance with pre-determined strategic objective, and the deepening of the "Railway + Property" development model. 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:

"I. *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 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 entities of the listed company

1. The listed company shall legally establish a sound corporate governance structure and an independent and complete organizational structure which are completely separated from the entities of SZMC. The listed company shall not share business entities 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.

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 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, regulation, 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, 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.

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 listed companies, 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.

3. SZMC and companies controlled by it will not use the funds of the listed company through borrowing, debt repayment (on their behalf), 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, regulation, 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 or 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."

IV. Appointment and termination of certified public accountants

Was the interim financial report audited?

☐ Yes ✓ No

The Interim Report of the Company was not audited, but 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

During the Reporting Period, there were no incidents of bankruptcy or reorganization event of the Company.

VIII. Litigation matters

During the Reporting Period, there were no material litigation or arbitration or other litigations of the Company.

IX. Penalties and rectification

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

X. Credit status of the Company and its largest shareholder

The Company and its largest shareholder SZMC had not failed to comply with any valid court order or fulfill any significant payment obligations that fell due during the Reporting Period.

XI. The implementation of share option incentive scheme, employee shareholding plans or other employee incentives of the Company

During the Reporting Period, there was no implementation of share option incentive scheme, employee shareholding plans or other employee incentives of the Company.

XII. Major related party transactions

1. Related party transactions related to daily operations

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

2. Related party transactions involving asset or equity acquisition or disposal

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

3. Related party transactions involving investment in third parties

During the Reporting Period, the Company had no major related party transaction of joint and external investment.

4. Amounts due to or from related parties

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

5. Other major related party transactions

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

XIII. Non-operational use of capital of the listed company by the controlling shareholder or other related parties

☐ Applicable ✓ Not applicable

XIV. Major contracts and their implementation

1. 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.

2. Major guarantees

(1) Guarantees

unit: RMB'0000

No.	Principal of the guarantee (% of equity interest held by Vanke)	Guarantor (% of equity interest held by Vanke)	Guaranteed Amount	The type of guarantee	Date when the guarantee began	Due date of the guarantee
1	Gain Pioneer Limited (100%)	China Vanke Co., Ltd.	422,850.00	Joint liability guarantee	2015/10/30	2020/10/30
2	Vanke Best Gain Holdings Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	167,161.22	Joint liability guarantee	2014/12/23	2019/12/23
3	Alliance Grace Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	178,828.55	Joint liability guarantee	2016/2/19	2010/4/19
4	Fozter Limited (100%)	China Vanke Co., Ltd.	75,377.28	Joint liability guarantee	2016/4/14	2021/4/14
5	Allied Glory Development Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	58,834.24	Joint liability guarantee	2016/10/5	2021/4/19
6	C Plaza Co., Ltd. (100%)	V Capital Limited (100%)	124,487.04	Joint liability guarantee	2016/9/21	2019/10/28
7	Shanghai Central Land Estate Ltd. (100%)	V Capital Limited (100%)	5,790.00	Joint liability guarantee	2016/9/21	2019/10/28
8	22-12 JACKSON AVENUE OWNER LLC (70%)	VANKE HOLDINGS USA LLC (100%)	5,687.89	Joint liability guarantee	2017/6/30	2020/6/30
9	Champ Shine Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	65,592.54	Joint liability guarantee	2016/12/21	2018/12/21
10	Sinobird Holding Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	15,680.00	Joint liability guarantee	2018/3/28	2019/6/30
11	Hybest (BVI) Company Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	16,320.00	Joint liability guarantee	2018/3/29	2019/6/30
12	Guangzhou Huangpu Wenchong Urban Village Property Development Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	36,000.00	Joint liability guarantee	2014/6/13	2019/6/12
13	Guangzhou Huangpu Wenchong Urban Village Property Development Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	2,700.00	Joint liability guarantee	2016/2/29	2019/6/12
14	Guangzhou Huangpu Wenchong Urban Village Property Development Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	125,000.00	Joint liability guarantee	2017/5/9	2020/5/8
15	Shanghai Shenyang Investment Management Co., Ltd. (41%)	Shanghai Vanke Investment Company Limited (100%)	2,050.00	Joint liability guarantee	2016/12/16	2024/12/15
16	Shenzhen Vanke Binhai Real Estate Co., Ltd (50%)	Shenzhen Vanke Real Estate Company (100%)	44,900.00	Joint liability guarantee	2017/2/22	2019/2/20
17	Guangzhou Huangpu Wenzhong Urban Village Property Development Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	4,700.00	Joint liability guarantee	2017/3/1	2019/6/12

unit: RMB'0000

No.	Principal of the guarantee (% of equity interest held by Vanke)	Guarantor (% of equity interest held by Vanke)	Guaranteed Amount	The type of guarantee	Date when the guarantee began	Due date of the guarantee
18	Guangzhou Wanxi Real Estate. Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	353,485.70	Joint liability guarantee	2017/7/4	–
19	Guangzhou Huangpu Wenchong Urban Village Property Development Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	80,000.00	Joint liability guarantee	2017/8/4	2020/8/3
20	Shenzhen Senmao Land Co., Ltd. (30%)	Shenzhen Vanke Real Estate Co., Ltd. (100%)	36,000.00	Joint liability guarantee	2017/9/15	2022/9/15
21	Shanghai Minhang District Vanke Bilingual School (100%)	Shanghai Vanke Real Estate Co. Ltd. (100%)	3,000.00	Joint liability guarantee	2017/12/27	2021/6/27
22	Shanghai Pudong New Area Private Vanke School (100%)	Shanghai Vanke Real Estate Co., Ltd. (100%)	10,000.00	Joint liability guarantee	2017/12/27	2021/6/27
23	Yunnan Chengjiang Eagle Tourist Resort Co., Ltd. (36%)	Kunming Vanke Property Development Co., Ltd. (100%)	124,884.00	Joint liability guarantee	2017/12/29	2022/12/28
24	Hefei Xinhui Haochen Real Estate Co., Ltd. (40%)	Hefei Vanke Property Co., Ltd. (100%)	29,814.00	Joint liability guarantee	2017/12/22	2019/12/22
25	Hefei Xinhui Haochen Real Estate Co., Ltd. (40%)	Hefei Xinhui Yuxiang Real Estate Co., Ltd. (100%)		Joint liability guarantee	2017/12/22	2019/12/22
26	Guangzhou Wanjin Real Estate Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	55,900.00	Joint liability guarantee	2018/1/18	2021/1/18
27	Changchun Ruizhida Far East Real Estate Development Co., Ltd. (100%)	Changchun Vanke Real Estate Co., Ltd. (100%)	7,809.71	Joint liability guarantee	2018/3/20	2019/1/7
28	Vanke Service (Hong Kong) Co., Limited (63%)	Vanke Property Development Co, Ltd. (63%)	1,060.00	Joint liability guarantee	2018/5/24	2021/5/24
29	Hefei Bihe Real Estate Co., Ltd. (25%)	Hefei Vanke Property Co., Ltd. (100%)	3,250.00	Joint liability guarantee	2018/6/28	2021/6/28

During the Reporting Period, the Company did not provide new guarantees, and its majority-owned subsidiaries provided RMB968 million guarantees to other majority-owned subsidiaries, and RMB33 million guarantees to associates and joint ventures. The aforementioned entities all performed strict approval procedures pursuant to CSRC's Notice of Regulating the External Guarantees of Listed Companies (Zhengjianfa[2005]No. 120).

As of 30 June 2018, the outstanding amount of guarantees provided by the Company was RMB20.572 billion, accounting for 15.51% of the audited net assets attributable to equity shareholders of the Company as at the end of 2017. The outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries for other majority-owned subsidiaries was RMB18.106 billion, while the outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries for associates and joint companies was RMB2.466 billion. The Company and its majority-owned subsidiaries did not provide external guarantees. The Company also had no overdue guarantee or guarantees involving with litigations.

(2) *Illegal external guarantees*

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

3. Other major contracts

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

XV. Explanation of other significant events

Nil.

XVI. Corporate Governance

Provision A.2.1 of Corporate Governance Code set out in Appendix 14 of SEHK Listing Rules (the "**Corporate Governance Code**") states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company elected Mr. YU Liang as the chairman of the Board, president and chief executive officer of the Company at the first meeting of the 18th session of the Board held on 30 June 2017. The Company appointed Mr. ZHU Jiusheng as the president and chief executive officer of the Company on 31 January 2018. Mr. YU Liang, chairman of the Board, ceased to act as the president and chief executive officer of the Company. As such, the Company has re-complied with the provision A.2.1 of the Corporate Governance Code since then.

Provision A.6.7 of the Corporate Governance Code states that independent non-executive directors should attend general meetings and develop an unbiased understanding of the views of shareholders.

Mr. KANG Dian, Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. LI Qiang, all being independent non-executive directors of the Company, did not attend the first extraordinary general meeting of 2018 held by the Company on 23 February 2018 due to business engagements. Mr. YU Liang, being the chairman of the Board, and Mr. WANG Wenjin and Mr. ZHANG Xu, being the executive directors of the Company, attended the meeting and had adequate communication and exchange with the shareholders of the Company. The minutes of abovementioned general meeting has been provided to directors for review.

Mr. KANG Dian, an independent non-executive director of the Company, did not attend the annual general meeting of 2017 held by the Company on 29 June 2018 due to business engagements. Mr. YU Liang, being the chairman of the Board, Mr. WANG Wenjin and Mr. ZHANG Xu, being the executive directors of the Company, and Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. LI Qiang, all being independent non-executive directors of the Company, attended the meeting and had adequate communication and exchange with the shareholders of the Company. The minutes of abovementioned general meeting has been provided to directors for review.

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

The Company has adopted the standards prescribed in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the SEHK Listing Rules as the code of conduct in dealing with 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 for Securities Transactions by Directors of Listed Issuers during the Reporting Period.

The Report was reviewed by the audit committee of the Board. Other than those disclosed in the Report, during the period from 1 January 2018 to 30 June 2018, no 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.

XVII. Significant events of the Company's subsidiaries

Nil.

XVIII. Details on the Company's investor meetings

Type of meeting	Date	Location	Approach	Types of investors	Issues discussed and information provided
BNP meeting	2018.1	Hong Kong	Face to face	Investors including securities companies, funds, etc.	(I) Major issues discussed: 1) The Company's daily operations; 2) The Company's development strategies; 3) The Company's opinions about the changes of the industry
UBS Securities meeting	2018.1	Shanghai	Face to face	Investors including securities companies, funds, etc.	
Deutsche Bank meeting	2018.1	Beijing	Face to face	Investors including securities companies, funds, etc.	
DBS meeting	2018.1	Singapore	Face to face	Investors including securities companies, funds, etc.	
Nomura Securities meeting	2018.1	Hong Kong	Face to face	Investors including securities companies, funds, etc.	
Essence International meeting	2018.1	Shenzhen	Face to face	Investors including securities companies, funds, etc.	
Guangfa Securities meeting	2018.1	Shenzhen	Face to face	Investors including securities companies, funds, etc.	
Merill-Lynch Securities meeting	2018.1	New York	Face to face	Investors including securities companies, funds, etc.	
Citi Securities meeting	2018.1	Shenzhen	Face to face	Investors including securities companies, funds, etc.	
Annual results presentation	2018.3	Shenzhen (Shanghai, Beijing), Hong Kong	Face to face	Investors including securities companies, funds, individual investors, etc.	
CLSA Securities meeting	2018.3	Hong Kong	Face to face	Investors including securities companies, funds, etc.	(II) Major information provided: published information including the Company's regular reports.
Citi meeting	2018.3	Hong Kong	Face to face	Investors including securities companies, funds, etc.	
Credit Suisse Securities meeting	2018.3	Hong Kong	Face to face	Investors including securities companies, funds, etc.	
Credit Suisse Securities meeting	2018.4	Hong Kong	Face to face	Investors including securities companies, funds, etc.	
CCB International meeting	2018.4	Hong Kong	Face to face	Investors including securities companies, funds, etc.	
JP Morgan meeting	2018.4	London	Face to face	Investors including securities companies, funds, etc.	
Credit Suisse Securities meeting	2018.4	Hong Kong	Face to face	Investors including securities companies, funds, etc.	
CRE Securities meeting	2018.4	Hong Kong	Face to face	Investors including securities companies, funds, etc	
Guosen Securities meeting	2018.4	Shanghai	Face to face	Investors including securities companies, funds, etc.	
Guangfa Securities meeting	2018.4	Beijing	Face to face	Investors including securities companies, funds, etc.	
Haitong Securities meeting	2018.4	Hangzhou	Face to face	Investors including securities companies, funds, etc.	
Guangfa Securities meeting	2018.4	Shanghai	Face to face	Investors including securities companies, funds, etc.	
Guangfa Securities meeting	2018.5	Beijing	Face to face	Investors including securities companies, funds, etc.	
JP Morgan meeting	2018.5	Beijing	Face to face	Investors including securities companies, funds, etc.	
Guangfa Securities meeting	2018.5	Shanghai	Face to face	Investors including securities companies, funds, etc.	
Credit Suisse Securities meeting	2018.5	Shenzhen	Face to face	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.

Type of meeting	Date	Location	Approach	Types of investors	Issues discussed and information provided
Securities companies	During the Reporting Period	Shenzhen, Dongguan, Guangzhou, Zhongshan, Zhuhai, Xiamen, Fuzhou, Changsha, Shanghai, Nanjing, Suzhou, Wuxi, Yangzhou, Xuzhou, Hangzhou, Ningbo, Hefei, Beijing, Tianjin, Tangshan, Shenyang, Jinan, Qingdao, Chengdu, Wuhan, Chongqing, Xi'an, etc.	Small group or one-on-one	Nomura Securities, Citigroup, CRE Securities, UBS Securities, CIFM Asset Management (Hong Kong), JP Morgan, Daiwa Securities, Mizuho Securities, Okasan Securities, Merrill Lynch, CICC, Guotai Junan, China Merchant Securities, Deutsche Bank, Shenwan Hongyuan, BOC International, Changjiang Securities, Goldman Sachs, Shanxi Securities, Tianfeng Securities, KGI Securities, Ping An Securities, Guangfa Securities, Southwest Securities, Zhongtai Securities, CLSA, Mitsubishi UFJ Securities, Northeast Securities, Deutsche Bank, Founder Securities, Orient Securities, Credit Suisse, Barclays, Industrial Securities, Haitong Securities, Dongxing Securities, Essence Securities, First Shanghai Securities, BNP etc.	(I) Major issues discussed: 1) The Company's daily operations; 2) The Company's development strategies; 3) The Company's opinions about the changes of the industry (II) Major information provided: published information including the Company's regular reports.

Type of meeting	Date	Location	Approach	Types of investors	Issues discussed and information provided
Funds and other investment companies and individual investors	During the Reporting Period	Shenzhen, Dongguan, Guangzhou, Zhongshan, Zhuhai, Xiamen, Fuzhou, Changsha, Shanghai, Nanjing, Suzhou, Wuxi, Yangzhou, Xuzhou, Hangzhou, Ningbo, Hefei, Beijing, Tianjin, Tangshan, Shenyang, Jinan, Qingdao, Chengdu, Wuhan, Chongqing, Xi'an, etc.	Small group or one-on-one	Harvest Fund, Taikang Asset Management (Hong Kong) Company Limited, Sumitomo Mitsui Asset Management Company, Limited, Sumitomo Mitsui Trust Bank, Limited, Fukoku Capital Management, Inc, Fukoku Mutual Life Insurance Company, Da Cheng International Asset Management Company Limited, Chang Xin Asset Management Corp Ltd, China CITIC Bank, BOC Schroder Fund Management Co., Ltd., Golden Eagle, China Asset Management Co., Ltd., Bosera Asset Management (International) Co., Limited, PICC Asset Management Company Limited, CITIC Capital Partners, HFT Investment Management (HK) Limited, Greenwoods Capital Partners, Guotai Asset Management Co., Ltd., Zhongyin International Fund Management Limited Company, Penghua Fund Management Co., Ltd., Lion Fund Management Co., Ltd., China Southern Asset Management Co., Ltd., Ping An of China Asset Management (Hong Kong) Co., Ltd., China Universal Asset Management Co., Ltd., CIB Investment Fund Management Co., Ltd., AEGON-INDUSTRIAL Fund Management Co., Ltd., Credit Suisse Asset Management, LLC, National Council for Social Security Fund, Anbang Asset Management (Hong Kong) Co. Limited, China Life Asset Management Company Ltd., CCB Principal Asset Management Company, LTD, ICBC Credit Suisse Asset Management (International) Company Limited, HuaAn Asset Management (Hong Kong) Limited, Fullgoal Asset Management (HK) Limited, Taiping Asset Management Company Limited, Yinhua Fund Management Co., Ltd., UBS SDIC Fund Management Co., Ltd., Zhong Rong Fund, Cathay United Bank, GTJA Allianz Funds, GTS Fund, Huashang Fund Management Limited Company, CITIC-Prudential Fund Management Company Ltd., Ocean Global Capital Management Limited, Orient Fund, China Orient Asset Management Co., Ltd., Springs Capital Limited, Shenwan Lingxin Fund Management Co., Ltd., New China Asset Management Limited, Perseverance Asset Management, Zeal Asset Management Ltd., JP Morgan Asset Management, GSA Capital, Norges Bank, Mondrian, Wellington, Prime Capital, Fidelity, Contrarian Capital, Flowering Tree IM, Och-Ziff, Point 72, Cathay Life, Adage Capital, Balyasny, Caxton Associates, GLG, Millennium, Point, Yarra Capital Management, Wavestone Capital, T Rowe Price, IFM, Pictet Asset Manager, Nissay Asset Management, Ilmarinen Mutual Pension Insurance Co, Firetrail Investments, Wilson Asset Management, Ruffer LLC, APG, APS, ARGA Investment Management, LP, Athena Capital, Morningstar Investment Management Asia Limited, Investec Asset Management, etc.	(I) Major issues discussed: 1) The Company's daily operations; 2) The Company's development strategies; 3) The Company's opinions about the changes of the industry (II) Major information provided: published information including the Company's regular reports.

I. Change in share capital

(1) Change in share capital (as of 30 June 2018)

Unit: Share

Classification of Share	30 June 2018 Quantity (shares)	30 June 2018 Percentage of shareholding	Changes (+, -) Other	31 December 2017 Quantity (shares)	31 December 2017 Proportion
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	9,026,490	0.08%	0	9,026,490	0.08%
4. Shares held by foreign investors					
Total number of restricted shares	9,026,490	0.08%	0	9,026,490	0.08%
II. Non-restricted Shares					
1 RMB-denominated ordinary shares	9,715,170,043	88.01%	0	9,715,170,043	88.01%
2. Overseas listed foreign shares	1,314,955,468	11.91%	0	1,314,955,468	11.91%
Total number of non-restricted shares	11,030,125,511	99.92%	0	11,030,125,511	99.92%
III. Total Number of Shares	11,039,152,001	100.00%	0	11,039,152,001	100.00%

(2) Change in Restricted Shares during the Reporting Period

Unit: Share

Name of shareholder	Number of restricted shares held at the end of the previous year	Number of restricted shares with restrictions lifted 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	5,479,684	–	–	5,479,684	Director, senior management staff	The Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to regulations, imposed or lifted the selling restrictions on shares held by directors, members of the Supervisory Committee and senior management staff
Wang Wenjin	1,735,718	–	–	1,735,718	Director, senior management staff	
Zhang Xu	678,029	–	–	678,029	Director, Senior management staff	
Xie Dong	1,118,059	–	–	1,118,059	Member of Supervisory Committee	
Zhou Qingping	15,000	–	–	15,000	Member of Supervisory Committee	
Total	9,026,490	–	–	9,026,490	–	–

(3) Issue and listing of securities

☐ Applicable ✓ Not applicable

The Company did not issue securities during the Reporting Period.

On 3 August 2018, the Company has disclosed the prospectus and issuance announcement regarding corporate bonds (tranche one) of 2018 specialized in rental housing to qualified investors in public with plan to issue RMB1.5 billion (RMB1.5 billion inclusive), with a term of five years (attached with option for the Company to adjust coupon rate and option for investors to sell back at the end of the third year). The credit rating of the Company and bonds are both AAA. Upon the end of issuance on 9 August 2018, the actual issuance amount was RMB1.5 billion at coupon rate of 4.05%.

II. Information on Shareholders (As of 30 June 2018)

(1) Information on shareholders

Unit: Share

Total number of Shareholders as at 30 June 2018	279,688 (including 279,652 A Shareholders and 36 H Shareholders)	Total number of Shareholders as at 31 July 2018	282,203 (including 282,167 A Shareholders and 36 H Shareholders)

Shareholdings of the top 10 shareholders

Name of shareholder	Classification of Shareholder shareholding	Percentage of shareholding	Total number of shares held	Change in shares during the Reporting Period	Number of restricted shares held	Number of pledged or lock-up shares
SZMC	State-owned legal person	29.38%	3,242,810,791	0	0	0
HKSCC NOMINEES LIMITED[2]	Foreign shareholder	11.91%	1,314,915,538	+7,699	0	0
Jushenghua	Domestic legal person	8.39%	926,070,472	0	0	926,070,376
Guosen Securities – Industrial and Commercial Bank of China – Guosen Jinpeng No.1 Classified Collective Asset Management Plan	Others	4.14%	456,993,190	0	0	0
Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	Others	3.11%	343,829,742	-5,946,699	0	0
CMS Wealth – CMB – De Ying No. 1 Specialised Asset Management Plan	Others	2.98%	329,352,920	0	0	0
AnBang Property & Casualty Insurance Co., Ltd – Traditional Products	Others	2.34%	258,167,403	0	0	0
AnBang Life Insurance Co., Ltd. – Conservative Investment Portfolio	Others	2.21%	243,677,851	0	0	0
Western Leadbank FMC – China Construction Bank – Western Leadbank Jingyu No. 1 Asset Management Plan	Others	2.04%	225,494,379	0	0	0
Foresea Life Insurance Co., Ltd. – Ju Fu Product	Others	1.98%	218,081,383	0	0	0
Remarks on strategic investor or ordinary legal person becoming top 10 shareholders after placing of new shares	Nil					

Shareholdings of the top 10 shareholders of non-restricted shares		
Name of shareholder	Number of non-restricted shares held	Class of shares
SZMC	3,242,810,791	Ordinary RMB-denominated Shares (A shares)
HKSCC NOMINEES LIMITED[Note 1]	1,314,915,538	Overseas listed foreign Shares (H Shares)
Jushenghua	926,070,472	Ordinary RMB-denominated Shares (A shares)
Guosen Securities – Industrial and Commercial Bank of China – Guosen Jinpeng No.1 Classified Collective Asset Management Plan	456,993,190	Ordinary RMB-denominated Shares (A shares)
Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	343,829,742	Ordinary RMB-denominated Shares (A shares)
CMS Wealth – CMB – De Ying No. 1 Specialised Asset Management Plan	329,352,920	Ordinary RMB-denominated Shares (A shares)
AnBang Property & Casualty Insurance Co., Ltd – Traditional Products	258,167,403	Ordinary RMB-denominated Shares (A shares)
AnBang Life Insurance Co., Ltd. – Conservative Investment Portfolio	243,677,851	Ordinary RMB-denominated Shares (A shares)
Western Leadbank FMC-China Construction Bank – Western Leadbank Jingyu No. 1 Asset Management Plan	225,494,379	Ordinary RMB-denominated Shares (A shares)
Foresea Life Insurance Co., Ltd. – Ju Fu Product	218,081,383	Ordinary RMB-denominated Shares (A shares)

Remarks on the related party relationship or action in concert of the aforementioned shareholders	1. Jushenghua holds 51% equity of Foresea Life Insurance Co., Ltd, and is also the principal of "Western Leadbank FMC – China Construction Bank – Western Leadbank Jingyu No. 1 Asset Management Plan" which will exercise the voting right attached to its equity interests in the Company in accordance to the instructions of Jushenghua pursuant to their agreement. 2. AnBang Property & Casualty Insurance Co. Ltd. and AnBang Life Insurance Co. Ltd. are subsidiaries of AnBang Insurance Group Co., Ltd. There are connections between "AnBang Property & Casualty Insurance Co., Ltd – Traditional Products" and "AnBang Life Insurance Co., Ltd. – Conservative Investment Portfolio". 3. Save as the aforesaid, 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.
Shareholders involved in margin trading business	Nil
Shareholders involved in contracted repurchase transactions	Nil

Notes: The number of shares held by HKSCC NOMINEES LIMITED is the sum of shares held in the accounts of the Company's H shareholders who traded through the trading platform of HKSCC NOMINEES LIMITED.

The number of "A shareholders" is the number of shareholders after combining margin trading accounts.

(2) 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.

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

To the best knowledge of the Company's directors and supervisors, as of 30 June 2018, in accordance with the relevant requirements of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), 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/ Number of underlying shares	Nature of Interest	Types of Shares	Percentage of total issued A-Share capital	Percentage of total issued H-Share capital	Percentage of total issued share capital
SZMC	Beneficial owner	3,242,810,791	Long Position	A	33.35%	–	29.38%
Jushenghua	Beneficial owner	926,070,472	Long Position	A	9.52%	–	8.39%
	Interest of controlled corporations	728,030,746	Long Position	A	7.49%	–	6.59%
	Trustee	654,006,829	Long Position	A	6.73%	–	5.93%
	Total	2,308,108,047	Long Position	A	23.74%	–	20.91%
Anbang Insurance Group Co., Ltd.	Interest of controlled corporations	743,106,220	Long Position	A	7.64%	–	6.73%
BlackRock, Inc.	Interest of controlled corporations	103,531,802	Long Position	H	–	7.87%	0.94%
JP Morgan Chase & Co.	Beneficial owner	16,779,011	Long Position	H	–	1.28%	0.15%
	Beneficial owner	1,947,317	Short Position	H	–	0.21%	0.02%
	Investment manager	30,265,329	Long Position	H	–	3.30%	0.27%
	Custodian corporation/ approved lending agent	58,528,756	Shares Held for Lending	H	–	4.45%	0.53%
Citigroup Inc.	Beneficial owner	2,725,509	Long Position	H	–	0.21%	0.02%
	Beneficial owner	750,196	Short Position	H	–	0.06%	0.01%
	corporation/approved lending agent	79,691,700	Shares Held for Lending	H	–	6.06%	0.72%

Save as disclosed above, the Company is not aware of any other person (other than the directors, supervisors, senior management of the Company) who should disclose their interest or short position in accordance with the requirements of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and SEHK Listing Rules.

(4) 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 and its subsidiaries did not purchase, dispose or redeem any listed securities of the Company or its subsidiaries.

1. Shareholding of directors, supervisors and senior management during the Reporting Period

Unit: Share

Name	Title	Number of shares held at the beginning of the Period	Number of shares held as at the end of the Period	Shares held at the end of Reporting Period as a percentage of total number of shares	Reasons for the change	Number of stock options granted	Number of stock options exercised during the Reporting Period	Number of stock options not yet exercised at the end of the Reporting Period
Yu Liang	Chairman of the Board and an Executive Director	7,306,245	7,306,245	0.0662%	–	0	0	0
Wang Wenjin	Executive Director and Executive Vice President	2,314,291	2,314,291	0.0210%	–	0	0	0
Zhang Xu	Executive Director and Executive Vice President	904,039	904,039	0.0082%	–	0	0	0
Xie Dong	Chairman of Supervisory Committee	1,490,745	1,490,745	0.0135%	–	0	0	0
Zhou Qingping	Supervisor	20,000	20,000	0.0002%	–	0	0	0
Total		12,035,320	12,035,320	0.1090%	–	0	0	0

Note:

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

2. Ms. Yuchi Wangheng, the spouse of Mr. Sun Jia, an executive vice president, chief financial officer and financial principal, held 2,800 A shares, Mr Zhao Gang, the spouse of Ms. Zhu Xu, secretary to the Board, held 9,600 A shares in the Company. During the Reporting Period, there was no change in the aforesaid shareholding.

All the shares held by the aforementioned persons in the Company were beneficially owned A shares, and they were all in long position. 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 Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) or interests or short positions held in the Company or associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong)) 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.

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

On 31 January 2018, as considered and approved at the 6th meeting of the 18th session of the Board, the Board decided to appoint Zhu Jiusheng as the Company's president and chief executive officer. His term of office shall take effect from the date of passing the resolutions by the Board to the expiry of the term of the 18th session of the Board. Yu Liang, the chairman of the Board and an executive director of the Company, ceased to act as the president and chief executive officer of the Company.

During the Reporting Period, the particulars of the following directors, supervisors and chief executive changed and were required to be disclosed in accordance with Rule 13.51B(1) of SEHK Listing Rules:

Name of directors, members of the Supervisory Committee and chief executive	Effective Date	Change of Particulars
ZHU Jiusheng	29 June 2018	resigned as an independent director of Shenzhen Kondarl (Group) Co., Ltd. (a company listed on SZSE, stock code: 000048)
ZHU Jiusheng	16 March 2018	appointed as a non-executive director of E-house (China) Enterprise Holdings Limited (a company listed on SEHK from 20 July 2018, stock code: 02048)

The first extraordinary general meeting of 2018 of the Company considered and approved the proposal on adjustment of the remuneration scheme of directors and supervisors of the Company, details of which can be referred in the circular of the Company in the title of "MANDATE OF ISSUANCE OF DEBT FINANCING INSTRUMENTS ADJUSTMENT OF THE REMUNERATION SCHEME OF DIRECTORS AND SUPERVISORS AND SECOND NOTICE OF THE FIRST EGM OF 2018" dated 5 February 2018, and ANNOUNCEMENT ON RESOLUTIONS OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2018 dated 23 February 2018.

3. Employees

As of 30 June 2018, there were 92,764 employees on the Group's payroll. The average age of the employees was 30.99 and the average year of service was 2.13 years. Among which 61,935 employees were male, and 30,829 employees were female. Using the business divisions to view, it constituted as follows:

There were 9,234 employees engaged in the property development division. The average age of the staff working for this division was 31.73 and the average year of service was 3.42 years. In terms of education level, 0.5% held doctorate degree, 22.6% held master's degree, 66.1% held bachelor's degree. 10.8% had education below bachelor's degree, when 89.2% had education level or above bachelor's degree.

There were 72,529 employees engaged in property services. The average age was 31.05 and the average year of service was 2.04 years. In terms of education level, 0.001% held doctorate degree, 0.36% held master's degree, 11.6% held bachelor's degree. 88.04% had education below bachelor's degree, when 11.96% had education on or above bachelor's degree.

There were 11,001 employees engaged in the other division. The average age was 29.09 and the average year of service was 1.6 years. In terms of education level, 0.05% held doctorate degree, 7.1% held master's degree, 37.6% held bachelor's degree. 55.25% had education below bachelor's degree, when 44.75% had education on or above bachelor's degree.

The Group continued to uphold the principle of its remuneration policy, which is "to offer competitive salaries according to market principles to retain and attract high-calibre professionals". The remuneration of the Group's senior management members was determined not only with reference to market level but also in accordance with the growth in the overall operating results of the Company. During the Reporting Period, the aggregate staff wages and benefits appropriated by the Group amounted to RMB6.12 billion.

The Group has established a multi-tier and multi-level employee training plans. The training of the employees in the headquarter is focused on corporate culture and management capability, and training projects such as the Vanke lectures, new employees training, new power training, training camp for the youth strivers, Mount Everest action projects were organized regularly. The training of middle and base level employees in business departments and front-tier companies is focused on the training of professional abilities and management abilities, and training projects such as apprentice class, star battle unit and KunPeng class were organized regularly. The Group will continue to commit itself to providing development opportunities and creating a pleasant work environment for high caliber persons.

1. Basic information on corporate bonds

Name of bonds	Abbreviation of bonds	Code of bonds	Issue Date	Due Date	Balance of bonds (RMB'0000)	Interest rate	The way of repaying principal with interest
China Vanke Co., Ltd corporate bonds in 2015 (first tranche)	15Vanke 01	112285	25 September 2015 to 28 September 2015	25 September 2020	500,000	3.50%	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.
China Vanke Co., Ltd. corporate bonds in 2017 (first tranche)	17Vanke 01	112546	14 July 2017 to 18 July 2017	18 July 2022	300,000	4.50%	
China Vanke Co., Ltd. corporate bonds in 2017 (second tranche)	17Vanke 02	112561	3 August 2017 to 4 August 2017	4 August 2022	100,000	4.54%	

Trading floor of corporate bonds for listing and trading	The Shenzhen Stock Exchange
Qualified investors arrangement	The bonds are issued publicly to qualified 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.
Payment of interest and the principal amount of the corporate bonds during the Reporting Period	Interests paid in full and on time.
Implementation of the special terms including the embedded options attached to the bonds given to the issuer or investors or exchangeable terms of the bonds during the Reporting Period (if applicable)	N/A

2. Bond trustee and credit rating institution

Bond trustee:

Name	CITIC Securities Co., Ltd.	**Business address**	Zhuoyue Time Square (Phase 2) North Tower, No. 8 Zhongxin 3rd Rd, Futian District, Shenzhen	**Contact**	Nie Lei, Yang Fang, Zhu Ge	**Tel**	010-60838888

Credit rating institution which rate for the Company during the Reporting Period:

Name	China Chengxin Securities Rating Co., Ltd.	**Business address**	8th Floor, Anji Building, No. 760 South Xizang Road, Huangpu District, Shanghai
During the Reporting Period, the changes in bond trustee and credit rating agencies appointed by the Company, the reasons of the changes, the procedures performed and the impacts on the interest of investors (if applicable)		N/A	

3. Use of proceeds from corporate bonds

Use of proceeds from corporate bonds and its compliance	The Company's use of proceeds strictly complies with the relevant regulations and requirements under the agreement of the prospectus for the issuance of the Bonds, the Administrative Measures for the Issuance and Trading of Corporate Bonds (《公司債券發行與交易管理辦法》), the Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (《上市公司監管指引第2號-上市公司募集資金管理和使用的監管要求》), Rules Governing the Listing of Securities on the Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》), the Guidelines of the Shenzhen Stock Exchange for the Standardised Operation of Companies Listed on the Main Board (《深圳證券交易所主板上市公司規範運作指引》). The disclosed information relating to the Company's use of proceeds were true, accurate, complete, and provided in a timely manner and there were no violations regarding the use and management of proceeds.
The remaining balance at the end of the Period (RMB'0000)	0
The operating condition of the special account for the proceeds	In compliance with the Guidelines of the Shenzhen Stock Exchange for the Standardised Operation of Companies Listed on the Main Board (《深圳證券交易所主板上市公司規範運作指引》) the Company deposited the proceeds in the special account, performed strict internal approval procedures to the use of proceeds, to ensure its designated use.
Whether the use of proceeds is in compliance with the use, plan and other undertakings made in the prospectus	Yes

4. Credit ratings of the corporate bonds

On 24 May 2018, China Chengxin Securities Rating Co., Ltd. issued the Followup Credit Rating Report on China Vanke Co., Ltd. 2015 Corporate Bonds (first tranche) (2018) (Xin Ping Wei Han Zi [2018] Gen Zong No. 149), the Followup Credit Rating Report on China Vanke Co., Ltd. 2017 Corporate Bonds (first tranche) (2018) (Xin Ping Wei Han Zi [2018] Gen Zong No. 150), and the Followup Credit Rating Report on China Vanke Co., Ltd. 2017 Corporate Bonds (second tranche) (2018) (Xin Ping Wei Han Zi [2018] Gen Zong No. 151), all of which maintained AAA credit rating with stable outlook for the Company, as well as AAA credit rating for "15 Vanke 01", "17 Vanke 01" and "17 Vanke 02" corporate bonds.

5. Credit enhancement mechanism for corporate bonds, debt repayment plans and debt repayment guarantee measures

During the Reporting Period, no credit enhancement measures had been taken 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 credit enhancement mechanism for corporate bonds, debt repayment plans and debt repayment guarantee measures.

6. Convention of bondholders' meetings during the Reporting Period

As of the date of publication of the Report, the Company has not convened any bondholders meeting for its corporate bonds.

7. The performance of duties of the bond trustee during the Reporting Period

The bond trustee of the Company's corporate bonds is CITIC Securities Company Limited. During the Reporting Period, CITIC Securities Company Limited performed its duty as the trustee, in strict compliance with Agreement of Trustee of Bonds, including but not limited to continuously focusing on the Company's credit status and supervising the usage and management of proceeds raised from the corporate bonds in the Company's designated special account.

On 28 June 2018, the Company disclosed the 2017 Trustee Report on Corporate Bonds of China Vanke Co. Ltd. to Qualified Investors (2017) on the website of cninfo and disclosed the basic information on the issue of bonds, the operational and financial conditions of the issuer in 2017, the use of proceeds and ratings of the bonds.

8. Overdue payment of the Company

The Company has no overdue payment.

9. Payment of interest and principal of other bonds and debt financing instruments during the Reporting Period

During the Reporting Period, the Group paid the interest and principal of other bonds and debt financing instruments according to schedule and had no event of default.

10. Credit facilities obtained from banks, used and repaid during the Reporting Period

The Group maintained a good credit standing with banks and other financial institutions. As of the end of June 2018, the Group had been granted by banks lines of credit with an aggregate amount of RMB350.05 billion, RMB175.585 billion of which had been used by the Group. During the Reporting Period, the Group used the funds according to the bank lending requirements, and fully repaid the principal and interest of bank loans in a timely manner.

11. Execution status of promises or commitments in prospectus of corporate bonds during the Reporting Period

During the Reporting Period, the Company has strictly executed the promises or commitments in prospectus of corporate bonds, and there was no circumstance that the execution or poor execution of such promises or commitments, which has caused negative impact on investors of bonds.

12. Whether the corporate bonds have guarantor

No.

KPMG

Independent 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 comprises the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, 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 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
20 August 2018

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018 – unaudited

	Note	Six months ended 30 June 2018 RMB'000	2017 RMB'000
Revenue	3(a)	**104,859,125**	67,587,522
Cost of sales		**(69,488,296)**	(47,035,619)
Gross profit		**35,370,829**	20,551,903
Other net income	4	**1,688,247**	1,335,383
Selling and marketing expenses		**(2,808,312)**	(2,102,697)
Administrative expenses		**(4,730,733)**	(2,805,922)
Other operating expenses		**(828,511)**	(225,499)
Profit from operations		**28,691,520**	16,753,168
Finance costs	5(a)	**(3,673,662)**	(1,603,525)
Share of profits less losses of associates and joint ventures		**764,544**	1,472,533
Profit before taxation		**25,782,402**	16,622,176
Income tax	6	**(12,259,801)**	(6,569,187)
Profit for the period		**13,522,601**	10,052,989
Attributable to:			
Equity shareholders of the Company		**9,123,743**	7,302,724
Non-controlling interests		**4,398,858**	2,750,265
Profit for the period		**13,522,601**	10,052,989
Earnings per share (RMB)			
Basic	7	**0.83**	0.66

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The accompanying notes form part of this interim financial report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018 – unaudited

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Profit for the period	13,522,601	10,052,989
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve	(14,952)	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(30,944)	(28,670)
Cash flow hedge: net movement in the hedging reserve	206,929	(345,748)
Available-for-sale securities: net movement in the fair value reserve	–	31,239
Other comprehensive income for the period	161,033	(343,179)
Total comprehensive income for the period	13,683,634	9,709,810
Attributable to:		
Equity shareholders of the Company	9,282,539	6,977,383
Non-controlling interests	4,401,095	2,732,427
Total comprehensive income for the period	13,683,634	9,709,810

The accompanying notes form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2018 – unaudited

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Non-current assets			
Property, plant and equipment	8	17,117,172	10,734,770
Intangible assets		1,095,141	1,096,273
Investment properties	9	22,013,378	17,046,197
Interest in associates and joint ventures		111,927,374	81,224,305
Other financial assets		1,592,663	1,340,749
Other non-current assets	10	34,459,301	26,700,789
Deferred tax assets		12,155,314	9,651,002
		200,360,343	147,794,085
Current assets			
Inventories and other contract costs	11	642,044,616	597,487,304
Contract assets		1,893,091	–
Trade and other receivables	12	334,176,250	238,404,911
Other current assets		463,042	721,893
Pledged and restricted deposits		9,636,373	9,795,002
Cash and cash equivalents	13	149,915,683	164,326,007
Assets held for sale		6,746,308	6,910,171
		1,144,875,363	1,017,645,288
Current liabilities			
Bank loans and borrowings from financial institutions	14	50,256,742	56,109,320
Bonds payable	15	10,721,775	6,163,376
Trade and other payables	16	371,357,988	760,383,146
Contract liabilities	17	514,285,165	–
Current taxation		23,140,051	24,699,588
		969,761,721	847,355,430
Net current assets		175,113,642	170,289,858
Total assets less current liabilities		375,473,985	318,083,943

Condensed Consolidated Statement of Financial Position

At 30 June 2018 – unaudited

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Non-current liabilities			
Bank loans and borrowings from financial institutions	14	128,294,068	96,029,045
Bonds payable	15	37,626,703	32,322,672
Deferred tax liabilities		1,069,048	357,755
Provisions		150,179	159,866
Other non-current liabilities		2,549,835	2,540,666
		169,689,833	131,410,004
NET ASSETS		205,784,152	186,673,939
CAPITAL AND RESERVES	18		
Share capital		11,039,152	11,039,152
Reserves		123,853,028	121,636,163
Total equity attributable to equity shareholders of the Company		134,892,180	132,675,315
Non-controlling interests		70,891,972	53,998,624
TOTAL EQUITY		205,784,152	186,673,939

Approved and authorised for issue by the board of directors on 20 August 2018.

Zhang Xu
Director

Wang Wenjin
Director

The accompanying notes form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 – unaudited

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Hedging reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017		11,039,152	9,201,769	32,540,768	27,007	234,909	(799,108)	61,200,269	113,444,766	48,231,805	161,676,571
Changes in equity for the six months ended 30 June 2017:											
Profit for the period		–	–	–	–	–	–	7,302,724	7,302,724	2,750,265	10,052,989
Other comprehensive income		–	–	–	(10,832)	(345,748)	31,239	–	(325,341)	(17,838)	(343,179)
Total comprehensive income		–	–	–	(10,832)	(345,748)	31,239	7,302,724	6,977,383	2,732,427	9,709,810
Dividends approved in respect of the previous year	18(b)	–	–	–	–	–	–	(8,720,930)	(8,720,930)	–	(8,720,930)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	2,353,168	2,353,168
Acquisitions and establishment of subsidiaries		–	–	–	–	–	–	–	–	790,320	790,320
Acquisitions of additional interest in subsidiaries		–	–	–	–	–	58,072	–	58,072	(709,702)	(651,630)
Disposals of interest in subsidiaries		–	–	–	–	–	881,364	–	881,364	1,737,576	2,618,940
Disposals of subsidiaries		–	–	–	–	–	–	–	–	(2,111,931)	(2,111,931)
Dividends declared to non-controlling interests		–	–	–	–	–	–	–	–	(2,869,165)	(2,869,165)
Capital return to non-controlling interests		–	–	–	–	–	–	–	–	(1,637,397)	(1,637,397)
Balance at 30 June 2017		11,039,152	9,201,769	32,540,768	16,175	(110,839)	171,567	59,782,063	112,640,655	48,517,101	161,157,756

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 – unaudited

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Hedging reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2017		11,039,152	9,201,769	35,900,072	(30,587)	71,605	–	(678,546)	77,171,850	132,675,315	53,998,624	186,673,939
Impact on initial application of IFRS 15 (note 2(b))		–	–	–	–	–	–	–	2,594,852	2,594,852	494,395	3,089,247
Impact on initial application of IFRS 9 (note 2(c))		–	–	–	–	–	195,086	(196,982)	1,896	–	–	–
Adjusted balance at 1 January 2018		11,039,152	9,201,769	35,900,072	(30,587)	71,605	195,086	(875,528)	79,768,598	135,270,167	54,493,019	189,763,186
Changes in equity for the six months ended 30 June 2018:												
Profit for the period		–	–	–	–	–	–	–	9,123,743	9,123,743	4,398,858	13,522,601
Other comprehensive income		–	–	–	(33,182)	206,929	(14,952)	–	–	158,795	2,238	161,033
Total comprehensive income		–	–	–	(33,182)	206,929	(14,952)	–	9,123,743	9,282,539	4,401,095	13,683,634
Dividends approved in respect of the previous year	18(b)	–	–	–	–	–	–	–	(9,935,237)	(9,935,237)	–	(9,935,237)
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	16,028,320	16,028,320
Acquisitions and establishment of subsidiaries		–	–	–	–	–	–	–	–	–	2,220,628	2,220,628
Acquisitions of additional interest in subsidiaries		–	–	–	–	–	–	(11,247)	–	(11,247)	(1,101,008)	(1,112,255)
Disposals of interest in subsidiaries		–	–	–	–	–	–	285,958	–	285,958	869,619	1,155,577
Disposals of subsidiaries		–	–	–	–	–	–	–	–	–	(1,954,185)	(1,954,185)
Dividends declared to non-controlling interests		–	–	–	–	–	–	–	–	–	(2,124,452)	(2,124,452)
Capital return to non-controlling interests		–	–	–	–	–	–	–	–	–	(1,941,064)	(1,941,064)
Balance at 30 June 2018		11,039,152	9,201,769	35,900,072	(63,769)	278,534	180,134	(600,817)	78,957,105	134,892,180	70,891,972	205,784,152

The accompanying notes form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2018 – unaudited

	Note	Six months ended 30 June 2018 RMB'000	2017 RMB'000
Operating activities			
Cash generated from operations		19,995,735	38,982,551
Income tax paid		(24,250,828)	(17,132,389)
Net cash (used in)/generated from operating activities		(4,255,093)	21,850,162
Investing activities			
Acquisitions of property, plant and equipment and investment properties		(5,610,314)	(617,346)
Other cash flows arising from investing activities		(43,034,417)	(10,530,926)
Net cash used in investing activities		(48,644,731)	(11,148,272)
Financing activities			
Dividends and interest paid		(11,009,545)	(4,763,415)
Other cash flows arising from financing activities		49,406,125	14,483,710
Net cash generated from financing activities		38,396,580	9,720,295
Effect of foreign exchange rate changes		92,920	(229,044)
Net (decrease)/increase in cash and cash equivalents		(14,410,324)	20,193,141
Cash and cash equivalents at 1 January	13	164,326,007	79,490,015
Cash and cash equivalents at 30 June	13	149,915,683	99,683,156

The accompanying notes form part of this interim financial report.

(Expressed 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 interim financial reports ("**interim financial report**") as at and for the six months ended 30 June 2018 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 Mainland China.

The interim financial report has 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 20 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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 report contains 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 2017 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a 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 60.

2 Changes in accounting policies

(a) Overview

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as IFRS 9.

The Group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 15 and note 2(c) for IFRS 9.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9 and IFRS 15:

2 Changes in accounting policies (Continued)

(a) Overview (Continued)

	At 31 December 2017 RMB'000	Impact on initial application of IFRS 15 (Note 2(b)) RMB'000	At 1 January 2018 RMB'000
Inventories and other contract costs	597,487,304	3,232,192	600,719,496
Contract assets	–	2,385,502	2,385,502
Trade and other receivables	238,404,911	(692,809)	237,712,102
Total current assets	**1,017,645,288**	**4,924,885**	**1,022,570,173**
Interest in associates and joint ventures	81,224,305	540,348	81,764,653
Total non-current assets	**147,794,085**	**540,348**	**148,334,433**
Contract liabilities	–	420,068,560	420,068,560
Trade and other payables	760,383,146	(418,542,207)	341,840,939
Total current liabilities	**847,355,430**	**1,526,353**	**848,881,783**
Net current assets	**170,289,858**	**3,398,532**	**173,688,390**
Total assets less current liabilities	**318,083,943**	**3,938,880**	**322,022,823**
Deferred tax liabilities	357,755	849,633	1,207,388
Total non-current liabilities	**131,410,004**	**849,633**	**132,259,637**
Net assets	**186,673,939**	**3,089,247**	**189,763,186**
Reserves	121,636,163	2,594,852	124,231,015
Total equity attributable to equity shareholders of the Company	**132,675,315**	**2,594,852**	**135,270,167**
Non-controlling interests	53,998,624	494,395	54,493,019
Total equity	**186,673,939**	**3,089,247**	**189,763,186**

Further details of these changes are set out in sub-sections (b) and (c) of this note.

2 Changes in accounting policies (Continued)

(b) IFRS 15, *Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summarises the impact of transition to IFRS 15 on retained earnings and the related tax impact at 1 January 2018:

	RMB'000
Retained earnings	
Earlier revenue and profit recognition for sales of properties being transferred over time	334,590
Capitalisation of sales commissions	3,063,942
Impact on equity accounting of associates and joint ventures	540,348
Related tax impact	(849,633)
Non-controlling interest	(494,395)
Net increase in retained earnings at 1 January 2018	2,594,852

(i) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

2 Changes in accounting policies (Continued)

(b) IFRS 15, *Revenue from contracts with customers* (Continued)

(i) Timing of revenue recognition (Continued)

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue from property management and related services, construction contracts and other services. However, the timing of revenue recognition for sales of properties is affected as follows:

The Group's property development activities are mainly carried out in the PRC and also in certain overseas countries and regions. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment, most of the property sales contracts do not meet the criteria for recognising revenue over time and therefore revenue from property sales continues to be recognised at a point in time, while some property sales contracts meet the criteria for recognising revenue over time as the properties have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from customer for performance completed to date. Previously the Group recognised revenue arising from the sale of properties upon the signing of the sale and purchase agreement, the receipt of the deposits and confirmation of arrangement of settlement of remaining sales proceeds or the achievement of status ready for hand-over to customers as stipulated in the sale and purchase agreement, whichever is the later, which was taken to be the point in time when the risks and rewards of ownership of the property were transferred to the customer. Under the transfer-of-control approach in IFRS 15, revenue from property sales is generally recognised when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

This change in accounting policy had no material impact on the opening balances as at 1 January 2018.

2 Changes in accounting policies (Continued)

(b) IFRS 15, *Revenue from contracts with customers* (Continued)

(ii) Significant financing component

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

It is common for the Group to receive payments in advance of revenue recognition in the Group's sales of properties when properties are marketed by the Group while the property is still under construction.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the revenue recognition date. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, *Borrowing costs*.

As a result of this change in policy, the Group has made adjustments which increased inventories and contract liabilities by RMB11,703 million at 1 January 2018.

(iii) Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as distribution costs when they were incurred. IFRS 15 requires to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as distribution costs at that time.

As a result of this change in accounting policy, the Group has capitalised sales commissions related to property sales contracts amounting to RMB3,064 million, resulting in deferred tax liabilities increased by RMB766 million, interest in associates and joint ventures increased by RMB358 million, non-controlling interests increased by RMB449 million, and retained earnings increased by RMB2,207 million at 1 January 2018.

2 Changes in accounting policies (Continued)

(b) IFRS 15, *Revenue from contracts with customers* (Continued)

(iv) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract assets and contract liabilities relating to construction contracts in progress were presented in the statement of financial position under "trade and other receivables" or "trade and other payables" respectively.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

A. "Gross amounts due from customers for contract work" amounting to RMB693 million, which were previously included in trade and other receivables are now included under contract assets; and

B. "Receipts in advance" amounting to RMB405,620 million, which were previously included in trade and other payables are now included under contract liabilities.

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation*

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

The following table summarises the impact of transition to IFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

	RMB'000
Retained earnings	
Transferred from other reserve relating to financial assets now measured at FVPL	1,896
Net increase in retained earnings at 1 January 2018	1,896
Other reserve	
Transferred to retained earnings relating to financial assets now measured at FVPL	(1,896)
Transferred to fair value reserve relating to equity securities now measured at FVOCI	(195,086)
Net decrease in other reserve at 1 January 2018	(196,982)
Fair value reserve	
Transferred from other reserve relating to equity securities now measured at FVOCI and increase in fair value reserve at 1 January 2018	195,086

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	IAS 39 carrying amount at 31 December 2017 RMB'000	Reclassification RMB'000	IFRS 9 carrying amount at 1 January 2018 RMB'000
Financial assets carried at amortised cost			
Cash and cash equivalents	164,326,007	–	164,326,007
Trade and other receivables	165,375,310	(692,809)	164,682,501
Contract assets	–	692,809	692,809
Other non-current assets	543,909	–	543,909
Other current assets	511,833	–	511,833
Pledged and restricted deposits	9,795,002	–	9,795,002
	340,552,061	–	340,552,061
Financial assets measured at FVOCI			
Equity securities (note (i))	–	745,325	745,325
Financial assets carried at FVPL			
Equity securities not held for trading (note (i))	–	595,424	595,424
Other derivative assets (note (ii))	1,037	–	1,037
Other current assets (note (iii))	–	210,060	210,060
	1,037	805,484	806,521
Financial assets measured at fair value – hedging instruments			
Derivatives used for hedging	11,457	–	11,457
Financial assets classified as available-for-sale under IAS 39			
Other financial assets (note (i))	1,340,749	(1,340,749)	–
Other current assets (note (iii))	210,060	(210,060)	–
	1,550,809	(1,550,809)	–

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(i) Classification of financial assets and financial liabilities (Continued)

Notes:

(i) Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS 9, unless they are eligible for and designated a FVOCI by the Group. At 1 January 2018, the Group designated an investment at FVOCI, as the investment is held for strategic purposes.

(ii) Derivative financial assets (except for those designated as hedging instruments in cash flow hedges) were classified as financial assets at FVPL under IAS 39. These assets continue to be measured at FVPL under IFRS 9.

(iii) Other current assets represented investments in wealth management products with maturity dates of less than one year, which were classified as available-for-sale financial assets under IAS 39. These investments are classified as at FVPL under IFRS 9.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the expected credit loss (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates); and

– contract assets as defined in IFRS 15 (see note 2(b)).

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(ii) Credit losses (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(ii) Credit losses (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(ii) Credit losses (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

No material additional loss allowance was recognised as a result of this change in accounting policy.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in IFRS 9. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to IAS 39 to be applied, and the assessment is always forward-looking. The adoption of IFRS 9 has not had a significant impact on the Group's financial statements in this regard.

2 Changes in accounting policies (Continued)

(c) IFRS 9, *Financial instruments,* including the amendments to IFRS 9, *Prepayment features with negative compensation* (Continued)

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

– All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

(d) IFRIC 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

3 Revenue and segment reporting

(a) Revenue

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

Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Sales of properties	**99,576,887**	63,437,018
Property management and related services	**4,113,939**	3,101,036
Other services	**1,168,299**	1,049,468
	104,859,125	67,587,522
Disaggregated by geographical location of customers		
– Mainland China	**104,816,562**	67,540,619
– Hong Kong Special Administrative Region ("**Hong Kong**")	**42,563**	46,903
	104,859,125	67,587,522

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

(b) Segment reporting

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geographical location. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following five reportable segments.

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

- Property development (Northern region/Southern region/Shanghai region/Central-west region): given the importance of the property development division to the Group, the Group's property development business is segregated into four reportable segments on a geographical basis, as the divisional manager for each of these regions report directly to the senior executive team. All four segments derive their revenue mainly from development and sale of residential properties. Details about the cities covered by each of these regions are set out in note 3(b)(i).

- Property management: this segment provides property management and related services to purchasers and tenants of the Group's own developed residential properties and shopping arcades, as well as those developed by the external property developers.

(i) Segment results and assets

For the purpose of assessing segment performance and allocating resources among segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets, other investments and current assets in Mainland China with the exception of deferred tax assets and other corporate assets.

Revenue and expenses are allocated to the reportable segments with reference to sales before sales related taxes generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is the profit before PRC Corporate Income Tax ("**CIT**"), excluding share of profits or losses of associates or joint ventures, dividend income, other income and other operating expenses in Mainland China, but including the provision for doubtful debts and the profit arising from the inter-segment transactions. PRC Land Appreciation Tax ("**LAT**") which is considered directly attributable to the sale of properties is deducted from the segment profit for the review by the Group's most senior executive management.

Inter-segment sales are priced with reference to prices charged to external parties for similar transactions.

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results and assets (Continued)

	Property development					
	Northern region RMB'000	Southern region RMB'000	Shanghai region RMB'000	Central and Western region RMB'000	Property management RMB'000	Total RMB'000
For six months ended 30 June 2018						
Disaggregated by timing of revenue recognition						
Point in time	14,951,308	28,865,051	35,980,304	18,212,724	–	98,009,387
Over time	1,109,414	469,313	442,186	1,685,838	4,588,678	8,295,429
Revenue from external customers before tax	15,979,308	29,045,480	36,316,696	19,765,039	4,157,700	105,264,223
Inter-segment revenue	81,414	288,884	105,794	133,523	430,978	1,040,593
Reportable segment revenue, before tax	16,060,722	29,334,364	36,422,490	19,898,562	4,588,678	106,304,816
Reportable segment profit	2,762,165	5,852,538	11,356,070	1,621,271	744,526	22,336,570
Reportable segment assets	279,325,170	346,516,964	325,836,477	214,412,790	10,457,986	1,176,549,387

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results and assets (Continued)

	Property development					
	Northern region RMB'000	Southern region RMB'000	Shanghai region RMB'000	Central and Western region RMB'000	Property management RMB'000	Total RMB'000
For six months ended 30 June 2017						
Revenue from external customers before tax	15,663,432	19,413,956	23,402,384	7,791,217	3,203,028	69,474,017
Inter-segment revenue	–	4,958	65,012	–	469,792	539,762
Reportable segment revenue, before tax	15,663,432	19,418,914	23,467,396	7,791,217	3,672,820	70,013,779
Reportable segment profit	1,969,370	5,031,579	5,000,947	1,232,604	562,283	13,796,783
Reportable segment assets	195,210,600	266,968,221	237,171,038	148,805,812	8,666,867	856,822,538

Northern region represents Beijing, Tianjin, Shenyang, Anshan, Dalian, Qingdao, Changchun, Yantai, Jilin, Taiyuan, Tangshan, Langfang, Fushun, Qinhuangdao, Jinzhong, Yingkou, Jinan, Shijiazhuang, Pingdu, Haerbin, Zibo and Weihai.

Southern region represents Shenzhen, Guangzhou, Qingyuan, Dongguan, Foshan, Zhuhai, Zhongshan, Changsha, Xiamen, Fuzhou, Huizhou, Sanya, Nanning, Putian, Quanzhou and Zhangzhou.

Shanghai region represents Shanghai, Hangzhou, Suzhou, Ningbo, Nanjing, Zhenjiang, Nanchang, Hefei, Yangzhou, Jiaxing, Wuhu, Wenzhou, Nantong, Changzhou, Kunshan, Wuxi, Xuzhou, Changshu, Shaoxing, Haining, Jingjiang, Rui'an, Taicang, Jiangyin, Yancheng, Gaoyou, Suqian, Haimen, Jiashan and Taizhou.

Central and Western region represents Chengdu, Wuhan, Xi'an, Chongqing, Kunming, Guiyang, Urumqi, Nanchong, Zhengzhou, Lanzhou, Yichang, Weinan, Yuxi, Xichang, Meishan and Yinchuan.

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	
	2018	2017
	RMB'000	RMB'000
Revenue		
Reportable segment revenue before tax	106,304,816	70,013,779
Elimination of inter-segment revenue	(1,040,593)	(539,762)
Unallocated revenue	710,314	336,461
Sales taxes	(1,115,412)	(2,222,956)
Consolidated revenue	104,859,125	67,587,522
Profit		
Reportable segment profit	22,336,570	13,796,783
Elimination of inter-segment profit	(414,118)	(226,646)
Share of profits less losses of associates and joint ventures	764,544	1,472,533
Dividend income	13,232	27,389
Other income	209,564	343,330
Other operating expenses, excluding provision for doubtful debts	(170,785)	(158,153)
Unallocated expenses	(3,079,546)	(1,428,325)
LAT	6,122,941	2,795,265
Consolidated profit before taxation	25,782,402	16,622,176

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

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

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Assets		
Reportable segment assets	1,176,549,387	1,069,048,661
Elimination of inter-segment receivables	(379,688,221)	(349,685,747)
Unallocated assets	548,374,540	446,076,459
Consolidated assets	1,345,235,706	1,165,439,373

4 Other net income

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 Unaudited
Interest income	2,343,183	835,845
Dividend income from investments	13,232	27,389
Forfeited deposits and compensation from customers	83,858	246,248
Net gain on disposals of subsidiaries, joint ventures and associates	6,630	19,166
Net gain on disposal of available-for-sale investment	–	755
Net (loss)/gain on disposals of property, plant and equipment	(381)	958
Net exchange (loss)/gain	(877,732)	128,819
Others	119,457	76,203
	1,688,247	1,335,383

5 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June 2018 RMB'000	2017 RMB'000
Interest on interest-bearing borrowings	5,630,434	3,665,006
Less: Interest expense capitalised into inventories, investment properties and construction in progress	(1,956,772)	(2,061,481)
	3,673,662	1,603,525

(b) Staff costs

	Six months ended 30 June 2018 RMB'000	2017 RMB'000
Salaries, wages and other benefits	5,742,963	2,575,661
Contributions to defined contribution retirement plan	380,119	281,018
	6,123,082	2,856,679

(c) Other items

	Six months ended 30 June 2018 RMB'000	2017 RMB'000
Depreciation and amortisation	1,272,762	902,214
Cost of inventories	64,338,225	44,001,683
Operating lease charges	90,768	86,110
Project management fee charged to associates and joint ventures	(261,612)	(199,913)

6 Income tax in the condensed consolidated statement of profit or loss

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Current tax		
Provision for CIT, Hong Kong Profits Tax and U.S. income tax (i)	8,553,046	4,521,929
Provision for LAT (ii)	6,122,941	2,815,860
Withholding tax (iii)	47,420	92,469
	14,723,407	7,430,258
Deferred tax		
Origination and reversal of temporary differences	(2,463,606)	(861,071)
	12,259,801	6,569,187

(i) CIT, Hong Kong Profits Tax and U.S. income tax

The provision for CIT is calculated based on the estimated taxable income at the rates applicable to each company in the Group. The income tax rates applicable to the principal subsidiaries in the PRC are 25% (2017: 25%), except for certain subsidiaries which enjoy a preferential income tax rate.

The provision for Hong Kong Profits Tax for the six months ended 30 June 2018 is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the period.

The U.S. income tax charge comprises federal income tax calculated at 35% and state income tax calculated at the rates ranging from 0% to 10% on the estimated assessable profits of the subsidiaries of the Company which were incorporated in U.S..

(ii) LAT

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant property development expenditures.

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

(iii) Withholding tax

A withholding tax of 10% is levied on the overseas subsidiaries in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008. Under the China-Hong Kong Tax Treaty and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% equity interests or more of a PRC enterprise is entitled to a reduced withholding rate of 5%. Some overseas subsidiaries of the Group are entitled to a reduced withholding tax rate of 5%.

7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB9,123,743,000 (six months ended 30 June 2017: RMB7,302,724,000) and the weighted average of 11,039,152,000 (six months ended 30 June 2017: 11,039,152,000) shares in issue during the period.

No diluted earnings per share is presented as there were no potential ordinary shares in existence during both periods.

8 Property, plant and equipment

During the six months ended 30 June 2018, the Group's property, plant and equipment increased RMB6,382,402,000 (six months ended 30 June 2017: RMB408,683,000).

9 Investment properties

Movements of investment properties are analysed as follows:

	Completed properties RMB'000	Properties under development RMB'000
Cost:		
At 1 January 2018	12,123,244	5,437,179
Additions of construction costs	–	1,585,557
Transfer from inventories	1,969,087	18,864
Addition	388,010	370,221
Acquisition of subsidiaries	986,725	309,261
Exchange adjustment	19,073	–
Transfer upon completion	1,120,962	(1,120,962)
At 30 June 2018	16,607,101	6,600,120
Accumulated depreciation:		
At 1 January 2018	383,086	–
Charge for the period	470,402	–
Acquisition of subsidiaries	205,499	–
Exchange adjustment	3,716	–
At 30 June 2018	1,062,703	–
Impairment:		
At 1 January 2018 and 30 June 2018	131,140	–
Net book value at 30 June 2018	15,413,258	6,600,120

9 Investment properties (Continued)

As at 30 June 2018, the fair value of the Group's investment properties, together with leasehold land on which the investment properties located as set out in note 10, was approximately RMB42,987,095,000 (2017: RMB33,038,391,000). This fair value are determined by the directors of the Company with reference to mainly the valuation performed, using the discounted cash flow ("**DCF**") approach and the direct market comparison ("**DMC**"), by Jones Lang LaSalle, an independent qualified professional valuers.

10 Other non-current assets

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Prepayments for acquisitions and properties development	18,346,567	14,391,777
Amounts due from associates	132,872	132,872
Prepayments for leasehold land	14,622,276	11,765,103
Others	1,357,586	411,037
	34,459,301	26,700,789

11 Inventories and other contract costs

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Properties held for development	168,405,149	217,660,671
Properties under development	410,820,487	329,143,658
Completed properties for sale	58,103,029	49,981,113
Contract costs	3,337,080	–
Others	1,378,871	701,862
	642,044,616	597,487,304

12 Trade and other receivables

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Trade debtors (i)	1,831,432	1,483,577
Less: Allowance for doubtful debts	(53,620)	(50,843)
	1,777,812	1,432,734
Other debtors	120,739,696	88,315,876
Less: Allowance for other debtors	(1,313,237)	(1,209,869)
	119,426,459	87,106,007
Prepayments	103,823,263	73,258,907
Less: Allowance for prepayments	(804,001)	(241,800)
	103,019,262	73,017,107
Amounts due from associates and joint ventures (ii)	109,931,637	76,143,758
Gross amount due from customers for contract work (note 2(b)(iv))	–	692,811
Derivative financial instruments	21,080	12,494
	109,952,717	76,849,063
	334,176,250	238,404,911

12 Trade and other receivables (Continued)

(i) As at the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the date the trade debtors were recognised and net of allowance for doubtful debts, is as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year	1,229,700	798,422
1 to 2 years	300,137	396,837
2 to 3 years	177,493	148,131
Over 3 years	70,482	89,344
	1,777,812	1,432,734

(ii) The amounts due from associates and joint ventures as at 30 June 2018 include amounts of RMB30,985 million (2017: RMB21,338 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 RMB850 million in the reporting period (six months ended 30 June 2017: RMB298 million). The remaining amounts due from associates and joint ventures are unsecured, interest-free and repayable on demand.

13 Cash and cash equivalents

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Cash at bank and on hand	149,915,683	164,326,007

As at the end of the reporting period, bank deposit balances amounted to RMB364 million (2017: RMB143 million) were held with Huishang Bank.

14 Bank loans and borrowings from financial institutions

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Current		
Secured		
– Bank loans (i)	909,254	4,789,659
– Borrowings from financial institutions	400,000	370,000
	1,309,254	5,159,659
Unsecured		
– Bank loans	31,684,988	42,599,272
– Borrowings from financial institutions	17,262,500	8,350,389
	48,947,488	50,949,661
	50,256,742	56,109,320
Non-current		
Secured		
– Bank loans (i)	17,557,131	17,111,295
– Borrowings from financial institutions	–	200,000
	17,557,131	17,311,295
Unsecured		
– Bank loans	86,837,849	50,873,050
– Borrowings from financial institutions	23,899,088	27,844,700
	110,736,937	78,717,750
	128,294,068	96,029,045
Total bank loans and borrowings from financial institutions	178,550,810	152,138,365

(i) The secured bank loans are secured with certain inventories, investment properties, other non-current assets with aggregate carrying value of RMB9,433 million (2017: RMB13,157 million) or pledged by the shares of equity interest in certain subsidiaries of the Group.

15 Bonds payable

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Current			
USD Corporate Bonds	(a)	–	5,164,654
Bonds issued under Medium Term Note Programme	(b)	6,726,125	998,722
Bonds issued under Super short-term Commercial Paper Programme	(c)	3,995,650	–
		10,721,775	6,163,376
Non-current			
Bonds issued under Medium Term Note Programme	(b)	22,699,270	17,408,714
RMB Corporate Bonds	(d)	8,974,475	8,970,078
RMB Medium Term Note Programme	(e)	5,952,958	5,943,880
		37,626,703	32,322,672
		48,348,478	38,486,048

Notes:

(a) On 13 March 2013, Bestgain Real Estate Limited, a wholly owned subsidiary of the Group issued corporate bonds of USD800 million with a 5-year term and a fixed rate of 2.625% per annum payable in arrears semi-annually at issue price of 99.397%. These corporate bonds have matured and been repaid during the period.

(b) Vanke Real Estate Hong Kong ("**VREHK**"), a wholly owned subsidiary of the Group, established a Medium Term Note Programme ("**the Programme**") which is listed on the Stock Exchange of Hong Kong.

(c) In June 2018, the Group issued notes of RMB4 billion under the Super short-term Commercial Paper ("**SCP Programme**") which are listed on the National Association of Financial Market Institution Investors.

(d) The Company was approved by the China Securities Regulatory Commission ("**CSRC**") for public issuance of corporate bonds not exceeding RMB9 billion to qualified investors.

(e) The Group issued notes under the RMB Medium Term Note Programme which are listed on the National Association of Financial Market Institution Investors.

16 Trade and other payables

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Trade creditors and bills payable	(a)	165,909,607	176,769,587
Other payables and accruals	(b)	119,685,565	106,658,934
Amounts due to associates and joint ventures	(c)	81,400,331	67,233,601
Receipts in advance (note 2(b)(iv))		2,377,419	407,705,940
Interest payables		1,117,009	995,144
Derivative financial instrument		868,057	1,019,940
		371,357,988	760,383,146

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 the invoice date:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Current or payable on demand	162,293,291	173,401,196
Due after one year	3,616,316	3,368,391
Total	165,909,607	176,769,587

(b) Other payables and accruals includes advances from non-controlling shareholders of subsidiaries and other parties for the respective property development projects amounted to RMB69,389 million (2017: RMB76,991 million). These balances, except for an amount of RMB4,934 million (2017: RMB4,781 million) which are interest-bearing at market rate, are interest-free, unsecured and repayable on demand.

(c) The amounts of RMB5,923 million (31 December 2017: RMB6,660 million) due to associates and joint ventures are interest-bearing at market rate, unsecured and repayable on demand. The interest expenses to these associates and joint ventures amounted to RMB127 million for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB97 million). The remaining amounts due to associates and joint ventures are unsecured, interest free and repayable on demand.

17 Contract liabilities

Contract liabilities represents prepayments received from customers based on sale and purchase agreements.

18 Capital, reserves and dividends

(a) Share capital

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Authorised, issued and fully paid:		
A shares of RMB1 each	9,724,197	9,724,197
H shares of RMB1 each	1,314,955	1,314,955
	11,039,152	11,039,152

Included in the A shares are 9,026,490 shares (2017: 9,026,490 shares) with restriction to transfer.

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.

(b) Dividends

No dividend has been declared during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB Nil).

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Final dividend in respect of the previous financial year, approved during the period, of RMB0.90 per share (2017: RMB0.79 per share)	9,935,237	8,720,930

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

30 June 2018

Items	Fair value at 30 June 2018	Fair value measurements as at 30 June 2018 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Derivative financial instruments:				
– IRS contracts	16,650	–	16,650	–
– CCS contracts	4,430	–	4,430	–
Equity securities designated at FVOCI:				
– listed equity securities	738,339	738,339	–	–
Other financial assets measured at FVPL:				
– listed equity securities	451,391	451,391	–	–
– unlisted equity securities	402,933	–	–	402,933
– other current assets	243,042	–	243,042	–
Recurring fair value measurement assets	1,856,785	1,189,730	264,122	402,933
Recurring fair value measurement liabilities				
Derivative financial instruments:				
– Forward contracts	868,057	–	868,057	–

19 Financial instruments measured at fair value (Continued)

Fair value hierarchy (Continued)

31 December 2017

Items	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Derivative financial instruments:				
– IRS contracts	11,457	–	11,457	–
– CCS contracts	1,037	–	1,037	–
Available-for-sale equity securities:				
– Listed	1,039,317	1,039,317	–	–
– Unlisted	34,810	–	–	34,810
Recurring fair value measurement assets	1,086,621	1,039,317	12,494	34,810
Recurring fair value measurement liabilities				
Derivative financial instruments:				
– Forward contracts	1,019,940	–	1,019,940	–

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 2018 and 31 December 2017.

20 Commitments

Capital commitments outstanding at 30 June 2018 not provided for in the interim financial report were as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Construction and development contracts	**155,414,920**	123,641,340
Land agreements	**42,832,450**	38,456,859
	198,247,370	162,098,199

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 banks amounted to RMB157,520 million (2017: RMB140,689 million).

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 in 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.

22 Material related party transactions

Except for the transaction disclosed in other parts of the financial states, the details of other material related party transaction 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	
	2018	2017
	RMB'000	RMB'000
Short-term employee benefits	**6,465**	6,098

(b) Financial guarantees issued

As at 30 June 2018, the Group provided certain guarantees to secure loans borrowed by certain associates and joint ventures. The outstanding guarantees amounted to RMB2,466 million (2017: RMB2,628 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.

22 Material related party transactions (Continued)

(c) Disposal of commercial project

During the period, the Group disposed a commercial project, Guiyang Vanke City Plaza, to Zhuhai Guiwan Life Commercial development Co., Ltd., an associate of the Group for a consideration of RMB132 million.

(d) Joint operations project

In prior years, the Group cooperated with Shenzhen Metro Group to jointly develop Shenzhen Mangrove Bay and Shenzhen North Station Project (the "**Projects**"). At 30 June 2018, the Group's investment in the Projects amounted to RMB5,993 million (2017: RMB5,993 million) and the payables balances was RMB6,354 million (2017: RMB6,158 million).

23 Non-adjusting events after the reporting period

Subsequent to 30 June 2018, the Group obtained new borrowings amounted to RMB12.5 billion through issue of new notes under SCP Programme, RMB Medium Term Note Program and corporate bonds designated for property leasing business.

24 Acquisitions of subsidiaries

Date of acquisition	Name of major subsidiaries acquired	Percentage of equity interest after acquisition	Total
			RMB
12 June 2018	Wuhan Vanke Jincheng Real Estate Co., Ltd.	95.45%	1,204 million
29 May 2018	Jibaowan Real Estate Development (Shenyang) Co., Ltd.	100.00%	503 million
31 May 2018	Sichuan Chuanshang Real Estate Co., Ltd.	90.00%	413 million
23 May 2018	Zhenjiang Wanlong Investment Management Co., Ltd.	100.00%	350 million
18 May 2018	Kunming Zhuchuang Real Estate Development Co., Ltd	63.00%	223 million

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

	RMB'000
Current assets	40,575,412
Non-current assets	5,137,129
Current liabilities	(33,571,374)
Non-current liabilities	(932,976)
Non-controlling interests	(2,220,628)
Net assets acquired attributable to the Group	8,987,563

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.

25 Disposal of subsidiaries

During the period, the Group has disposed certain subsidiaries which hold 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 associate of the Group respectively.

25 Disposal of subsidiaries (Continued)

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

	RMB'000
Current assets	26,555,583
Non-current assets	99,649
Current liabilities	(23,143,015)
Non-current liabilities	(951)
Non-controlling interests	(1,954,185)
Net assets attributable to the Group disposed of	1,557,081

26 Comparative figures

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

27 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. Except for the amendments to IFRS 9, *Prepayment features with negative compensation*, which have been adopted at the same time as IFRS 9 (see note 2(c)), the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following update to the information provided in the last annual financial statements in respect of IFRS 16, *Leases*, which may have a significant impact on the Group's consolidated financial statements.

IFRS 16, *Leases*

As discussed in the 2017 annual financial statements, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of IFRS 16, where the Group is the lessee under the lease the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. IFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment and investment properties which are currently classified as operating leases.

27 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2018 (Continued)

IFRS 16, *Leases* (Continued)

The following is an updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

	Properties RMB'000
Amounts payable:	
Within 1 year	1,261,962
After 1 year but within 2 years	1,136,762
After 2 years but within 3 years	1,100,546
After 3 years	9,648,292
	13,147,562

Upon the initial adoption of IFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 1 year will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16.