

# vanke

## CHINA VANKE CO., LTD.\*

(a joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock code: 2202)



# ANNUAL REPORT 2018



\*For identification purpose only

## Important Notice:

1. The Board, the Supervisory Committee and the Directors, members of the Supervisory Committee and senior management of the Company warrant that in respect of the information contained in 2018 Annual Report (the “**Report**”, or “**Annual Report**”), there are no misrepresentations, misleading statements or material omission, and individually and collectively accept full responsibility for the authenticity, accuracy and completeness of the information contained in the Report.
2. The Report has been approved by the 18th meeting of the 18th session of the Board (the “**Meeting**”) convened on 25 March 2019. Mr. LIN Maode, vice chairman of the Board and a non-executive director, did not attend the Meeting due to business engagement, and had authorized Mr. CHEN Xianjun, a non-executive director, to attend the Meeting and execute voting rights on his behalf. All other directors attended the Meeting in person.
3. The Company’s proposal on dividend distribution for the year of 2018: The total amount of cash dividends proposed for distribution for 2018 will be RMB11,811,892,641.07 (inclusive of tax), accounting for 34.97% of the net profit for the year attributable to equity shareholders of the Company for 2018, without any bonus shares or transfer of equity reserve to the share capital. Based on the Company’s total number of 11,039,152,001 shares at the end of 2018, a cash dividend of RMB10.7 (inclusive of tax) will be distributed for each 10 shares. If any circumstances, such as issuance of new shares, share repurchase or conversion of any convertible bonds into share capital before the record date for dividend distribution, results in the changes in our total number of shares on record date for dividend distribution, dividend per share shall be adjusted accordingly on the premise that the total dividends amount remains unchanged. The abovementioned proposed dividend will be paid to shareholders of the Company on or around 30 August 2019 after such dividend proposal being considered and approved at the annual general meeting of 2018 of the Company.
4. The financial report of the Report has been audited by KPMG, which has issued an auditor’s report with unqualified audit opinion.
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 Finance Principal declare that the financial report contained in the Report is warranted to be true, accurate and complete.
6. The Report contains forward-looking statements in relation to matters such as future plans, which do not constitute any specific undertakings to investors by the Group. Investors are advised to pay attention to investment risks.
7. The Report details principal risks faced by the Company and countermeasures thereof. Investors are advised to refer to “Section 8 Corporate Governance Report”.
8. Unless otherwise specified, the currency referred to in the Report is Renminbi.

*The Report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the financial report prepared in accordance with International Financial Reporting Standards, of which the English version shall prevail.*



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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
Supervisory Committee	The Supervisory Committee of the Company
Vanke Service	Vanke Service Development 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.
Foresea Life Insurance	Foresea Life Insurance Co., Ltd.
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
SZSE Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
Guidelines for Standardized Operation	Guidelines of the Shenzhen Stock Exchange for Standardized Operation
SEHK Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	Corporate Governance Code set out in Appendix 14 of SEHK Listing Rules
Articles of Association	Articles of Association of China Vanke Co., Ltd.
Reporting Period	1 January 2018 to 31 December 2018
RMB	Renminbi, unless otherwise specified

## Section 1

# To Shareholders

If we only look at the statistics, China's property market in 2018 seems to be perfect. Indicators such as sales area, sales amount, investments, and new constructions almost hit record high. Is this really the silver age?

Our answer is unambiguous: yes, this is the silver age.

When we compare silver to gold, we should bear in mind that silver is also a kind of precious metal. China's urbanisation process is still in progress, and cities' demand for space remains enormous, whether in terms of quantity or quality. However, the era of a rapid single direction growth in the market is over, and the era of rapid expansion of the industry as a whole has come to an end.

As early as over a decade ago, we were among the first to suggest the theory of "property market's long term development is associated with demographic changes" -almost all of the long-term issues of the property market have to be understood through demographic study.

From the perspective of total population, China's "declining infant population" and "population aging" trends are indisputable. The population of post-90s is 31 million less than that of the post-80s, while post-2000s population is 41 million lower than that of post-90s. This, to a large extent, would offset the new demand arisen from the continued acceleration of urbanisation. The change in total population not only affects the demand for properties. In 2018, the growth rate of the total retail sales of consumer goods dropped to a record low. Passenger cars and certain home appliances also experienced a sharp decline in sales. The aforementioned phenomena, to some extent, corroborated the impact of demographic trends on the economy. Under this giant background, the structural spread of population could be more important than total number. With the help of new developed analytic tools, our research on the characteristic of population must achieve more precise graininess, more plump dimension and more timely track.

With the post-90s and even the post-2000s generations gradually becoming the mainstream in housing purchase and housing leasing, the characteristics of the diversity and variability in customer demand become more obvious. Our understanding of customer needs also needs to be more refined and agile than ever. Our organisation and team members need stronger learning ability, flexibility and efficiency.

Judging from the situation of the suppliers, the acceleration in industry concentration is no longer a trend, but a fact. In 2018, the top three property developers in China, including Vanke, dominated a market share of 12.6%, more than one-eighth of the market; the top 10 developers' market share was 26.9%, more than one-fourth of the market; the top 20, top 30, top 50 and top 100 developers' market shares were 37.5%, 45.2%, 55.1% and 66.7% respectively. The top 100 developers dominated two-thirds of the market share, indicated the increasingly intensified competition, and the competition was mainly among the heavy-weighted players. The key to secure customers in the market is the overall abilities in all aspects of a developer.

Yes, the silver age is an era of changes, a more sophisticated era, and an era of intensified competition requiring higher technical skills.

This is an era presenting both risks and opportunities, and it depends on our decision and action. As for us, to deviate from the mainstream presents a risk, while riding on the tide of the era brings us opportunities; ignoring our customers presents a risk, while persisting with our commitment to quality products and quality services brings us opportunities; being speculative and opportunistic presents a risk, while dedication and earnestness brings us opportunities; conspicuousness and exaggeration presents a risk, while being honest and humble brings us opportunities; and negative and indifferent attitudes presents a risk, while progressive approach brings us opportunities.

In order to support the continued growth of Vanke, transformation is inevitable. In 2018, we elevated the Company's strategic positioning to "city and town development and service provider". Transforming from an ancillary service provider to a daily-life service provider means that we not only need to provide hardware but also software; and not only to provide space but also content. We must place our attention on a broader horizon and extend our services addressing different aspects of our customers' daily needs, extend and enhance capabilities based on people's needs for a better life, and produce good products and services meet the budget and needs of customers, only that would enable us to accurately identify the "second curve" in our business for Vanke's future.

Whether judging from our capacity today or from the past industry environment, transformation is never an easy task. First of all, there is a limited number of economies that can support the emergence of hundred-billion-yuan enterprises. In those economies, there are only a few sectors that are yet to be saturated and still have room for new entries. And we need to build at least six hundred-billion-yuan business operations to replicate Vanke's present magnitude. Secondly, it is almost impossible for us to find a business like property development that can generate millions of Renminbi from a single customer contract, and can rely on standardisation for a rapid replication, nor could we expect that property development business environment to resemble that of the past two decades, when the sector was in its golden age and almost every player was making money with minimum chances of losing.



## Section 1 To Shareholders

As such, we are expected to face two challenges at the same time in the future. One is to completely leave the comfort zone of the golden age and enter into an era of low fault-tolerance and highly intensified competition. The other is to leave an environment we accustomed to and enter into a relatively unfamiliar arena.

How do we deal with such challenges? This is a typical dilemma of chicken and eggs. If we venture out without the necessary capabilities, we are going to suffer from sustained frustrations when encountering various challenges. But if we refrain from exploration, we can never obtain practical capability from simply discussing and simulation on paper.

In 2018, we tried to solve this dilemma. Since we are bound to leave our comfort zone, the industry's departure from its golden age may not be a bad thing. In fact, there is no fundamental difference in the basic business logic of different industries. If we look at the acceleration in competition intensity and the shrinkage in fault-tolerance in our relatively familiar field from a different perspective, such phenomena also provide us with the opportunities to strengthen ourselves and to learn to grow, preparing us for entering into various fields.

Based on the aforementioned analysis, we put forward the leading principle of business in 2019: In light of extreme uncertainty, we should abandon any speculative attitude and avoid pushing our luck; we need to get rid of our reliance on previous experience and bull market thinking. The Group will maintain its strategic positioning of "city and town development and service provider", and will capitalize on its business partnership mechanism, to insist on the long-term operation direction of "customer-oriented, liquidity-emphasis, and partnership for concerted endeavours to create additional true value and realise quality development," in order to consolidate our fundamentals.

"Fundamental" will be the most important word for Vanke in 2019. There are two particularly important phrases in Sun Tzu's Art of War: "In battle, the orthodox approach may be used to confront the enemy on the frontline, unorthodox tactics are required to secure victory" and "Battle hardened veterans in the past would first secure their position to ensure that they are undefeatable". Here, the application of orthodox methods to enter new arena and securing an undefeatable position are going to constitute our fundamentals. We must first seek to consolidate the foundation in order to enable our operations to flourish; we need to first have thorough understanding of business logic in the most common business, and to strengthen our internal business management, in order to lay a more solid foundation for the transformation.

Dear shareholders, there are bound to be challenges and uncertainties in the course of corporate development, and we are confident that an unremitting explorer can certainly find the right path. This is the secret of all the successes of Vanke in the past. I am also very honored that I can join with our shareholders to look forward to witnessing a better Vanke with a brighter prospect.

YU Liang  
Chairman  
Shenzhen, PRC

25 March 2019

# 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  
Principal place of business in Hong Kong: 55/F, Bank of China Tower, 1 Garden Road, Hong Kong  
Website address: [www.vanke.com](http://www.vanke.com)  
E-mail address: [IR@vanke.com](mailto:IR@vanke.com)
3. Legal representative: YU Liang
4. Authorised representatives for SEHK: WANG Wenjin and ZHU Xu  
Alternate authorised representative for SEHK: CHAN Wing Kit
5. Secretary to the Board and the company secretary: ZHU Xu  
E-mail address: [IR@vanke.com](mailto:IR@vanke.com)  
Securities Affairs Representative: JI Jianghua  
E-mail address: [IR@vanke.com](mailto:IR@vanke.com)  
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Fax number: 86-0755-25531696  
Assistant company secretary: Chan Wing Kit  
E-mail address: [IR@vanke.com](mailto: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: SZSE  
Stock short name of A shares: Vanke A  
Stock code of A shares: 000002  
Stock exchange on which the Company's H shares are listed: SEHK  
Stock short name of H shares: China Vanke, Vanke H<sup>note</sup>  
Stock code of H shares: 2202, 299903<sup>note</sup>

\* For identification purpose only



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

H share registrar: Computershare Hong Kong Investor Services Limited

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

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

Website address for publication of the Annual Report:

A shares: [www.cninfo.com.cn](http://www.cninfo.com.cn)

H shares: [www.hkexnews.hk](http://www.hkexnews.hk)

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

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

10. Certified public accountants engaged by the Company

Domestic: KPMG Huazhen LLP

Address: 8/F, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing

Signing CPA: Fong Kwin, Chen Yongyi

Overseas: KPMG

Address: 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

11. Legal advisor engaged by the Company

Domestic:

**Name**

**Address**

Guangdong Shujin Law Firm

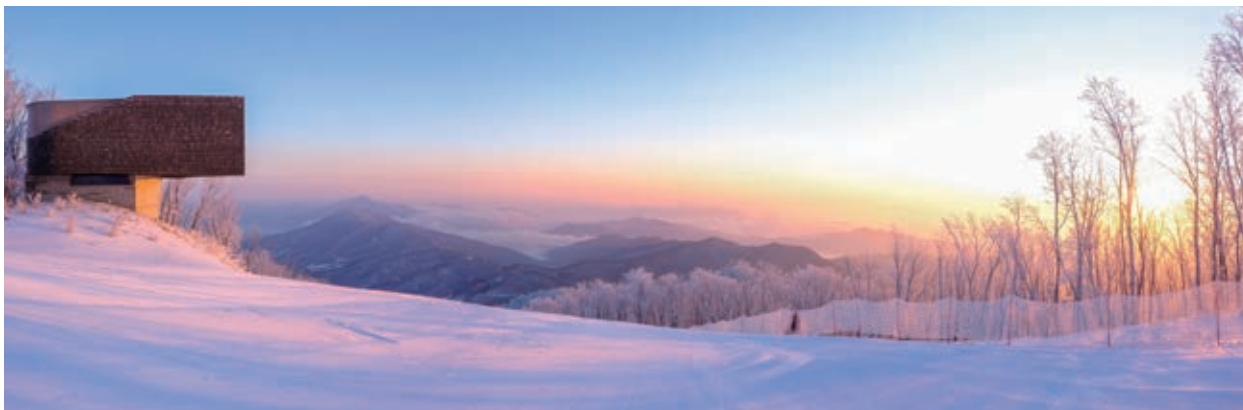
12th floor, Taiping Finance Tower, 6001 Yitian Road, Futian District, Shenzhen

Beijing Junhe (Shenzhen) Law Firm

Suite 2803-04, Tower Three, Kerry Plaza No.1-1, Zhongxinsi Road, Futian District, Shenzhen

Overseas: Paul Hastings

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• Lake Songhua Resort

# Accounting and Financial Highlights

## 3.1 Key Accounting Information and Financial Indicators for the Year

	2018	2017	Fluctuation	2016
	Unit: RMB'000			
Revenue	297,083,058	237,344,688	25.17%	228,916,100
Gross Profit	109,952,059	76,723,459	43.31%	58,313,785
Profit for the year	49,272,295	37,208,387	32.42%	28,350,255
Net profit attributable to equity shareholders of the Company	33,772,652	28,051,815	20.39%	21,022,606
Net cash generated from operating activities	33,618,183	82,322,834	(59.16%)	39,566,129
Basic earnings per share	3.06	2.54	20.39%	1.90
Diluted earnings per share	3.06	2.54	20.39%	1.90
Net return on equity on a fully diluted basis	21.68%	21.14%	Increased by 0.54 pp	18.53%
Net return on equity on weighted average basis	23.24%	22.80%	Increased by 0.44 pp	19.68%

	31 December 2018	31 December 2017	Fluctuation	31 December 2016
Current assets	1,295,155,915	1,017,645,288	27.27%	721,470,635
Current liabilities	1,121,913,937	847,355,430	32.40%	579,998,486
Total equity attributable to equity shareholders of the Company	155,764,132	132,675,315	17.40%	113,444,766
Share capital	11,039,152	11,039,152	-	11,039,152
Net assets per share attributable to equity shareholders of the Company	14.11	12.02	17.40%	10.28

## Section 3

# Accounting and Financial Highlights

### 3.2 Quarterly Key Financial Indicators

Unit: RMB'000

	The First quarter	The Second quarter	The Third quarter	The Fourth quarter
Revenue	30,344,372	74,514,753	69,485,935	122,737,998
Net profit attributable to equity shareholders of the Company	894,878	8,228,865	4,860,817	19,788,092
Net cash generated from operating activities	(27,753,653)	23,498,560	(21,476,082)	59,349,358

### 3.3 Difference Arising from Accounting Standards of the PRC and the International Standards

Unit: RMB'000

	Net profit attributable to the shareholders of the Company		Total equity attributable to the shareholders of the Company	
	2018	2017	31 December 2018	31 December 2017
According to IFRSs	33,772,652	28,051,815	155,764,132	132,675,315
According to the PRC accounting standards	33,772,652	28,051,815	155,764,132	132,675,315
Breakdown and total reconciled according with IFRSs	-	-	-	-
According to the IFRSs Differences		Nil		

# Directors' Report

## 4.1 Discussion and Analysis of Operation

In 2018, the external environment experienced significant changes. The macro environment became increasingly complex. The growth rate in commodity housing sales area in the country slowed down quarter by quarter, while intensified market concentration led to more severe competitions among large-scale corporations. There were still many challenges facing corporate transformation. Various long-term and short-term factors intertwined, increasing the complexity and uncertainties in operations.

In light of the changes in external environment, the Group explicitly stated in mid-2018 that it would “converge our focus, consolidate and improve our fundamentals”, with emphasis on deepened understanding of and adapting to the prevailing trend, and a clear focus on its core competitiveness, to ensure “survival, quality development and sustainable development”, with “review of strategies – business rationalization – organizational restructuring – correspondence of responsible persons to related activities” being the key approaches to promote systematic reform of various business units, and improved the capabilities of the organization. Benefitting from forward-looking planning and timely and effective responses, the competitive edges of the Group’s traditional property development business in 2018 continued to consolidate. There were improvements in the overall customer satisfaction and quality satisfaction amidst year-on-year increases in sales and delivery of properties. Non-property development businesses also displayed satisfactory operating performance, with continued improvement in operating capability. During the Reporting Period, the Group achieved a revenue of RMB297.08 billion and profit for the year attributable to equity shareholders of the Company of RMB33.77 billion, representing a year-on-year increase of 25.2% and 20.4% respectively. The Group maintained a safe and sound financial position and leading credit ratings in the industry. The net debt ratio at the end of the Reporting Period was 30.89%, remaining at a low level in the industry. While achieving the growth in performance, the Group actively fulfilled its social responsibilities and made contributions within our capability to precise poverty alleviation, rural revitalization, education development, and environmental protection, etc.

#### 4.1.1 2018 real estate market review

Following the policy direction of “houses are for living, not for speculation”, and “introducing policies in accordance with local conditions”, regulation of the industry continued to be tightened in 2018. The real estate market experienced a cooldown in sentiment. In the first half of the year, property transactions in certain cities remained robust, with supply shortages. In order to curb the overheated market, local governments continued to promulgate stringent policies. Certain third and fourth-tier cities were also subject to regulatory measures. In the second half of the year, the market environment rapidly deteriorated, and the number of visits to and subscription rates of property projects in a number of cities declined drastically. The sales momentum had significantly slowed down.

**The growth of sales of commodity housing in the country continued to slow down.** The data from the National Bureau of Statistics showed that, in 2018, the area of commodity housing sold in China was 1,717 million sq.m., up by 1.3% year-on-year; the growth rate was 6.4 percentage points lower than that of 2017. The sales amount was RMB15.0 trillion, up by 12.2% year-on-year; the growth rate was 1.5 percentage points lower than that of 2017. The growth rate of commodity housing sales area by quarter was 3.6%, 3.1%, 2.0%, and -2.0% respectively, with an apparent downward trend.

**The sales area of new housing units in major cities further declined.** For the 14 cities<sup>1</sup> under the Company's ongoing and focused observation, the area approved for pre-sale increased by 6.3%, and sales area of commodity housing decreased by 8.5% year-on-year. As at the end of 2018, the digestion cycle of the inventory of new housing available for sale (area with sales permits but had yet to be sold) in the above-mentioned cities was about 8.4 months.

**Real estate development and investment sustained relatively rapid growth.** The total investment in real estate development in the country was RMB12.0 trillion, up by 9.5% year-on-year, and the growth rate was 2.5 percentage points higher than that in 2017. The area of new housing construction amounted to 2.09 billion sq.m., up by 17.2% year-on-year, and the growth rate was 10.2 percentage points higher than that in 2017.

**Obvious cooldown in land market.** Due to the slowdown in sales, corporations became more cautious with land acquisition. There was a general decline in land premium rate, and the number of aborted land auctions increased. According to the statistics of China Index Academy, in 2018, in 300 cities throughout the nation, the average transaction price of gross floor area of residential site declined by 7% year-on-year; the average residential land premium rate was 15%, which was 19 percentage points lower than that of 2017.

**Financing channels for real estate market were gradually tightened, and the cost of mortgage loans increased.** At the end of 2018, the balance of property loans with major financial institutions nationwide was up by 20% year-on-year, and the growth rate was 0.9 percentage point lower than that at the end of 2017. As at the end of 2018, the weighted average interest rate of home loans was 5.75%, up by 0.49 percentage point from that at the end of 2017.

<sup>1</sup> Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi, Suzhou

**Local governments accelerated the cultivation and development of rental housing market.** Local governments pushed ahead with the fine-tuned implementation of rental housing policies, which included increasing land supply for rental housing, supporting the development of rental housing corporations, establishing rental housing service platform, "recognising equal rights of tenants and homeowners" on a trial basis, and strengthening the support for rental housing finance. Meanwhile, local governments had stepped up to rectify the rental housing market, by introducing regulatory measures to regulate the market, which facilitated the healthy development of rental housing market.

#### 4.1.2 Major work during the Reporting Period

The Group's principal businesses included property development and property services. Through consolidating the fundamental of its core businesses, the Group continued to expand into businesses related to city and town development and services for daily life.

During the Reporting Period, the Group adhered to "city and town development and service provider" strategy, and took converge our focus to continuously consolidate and improve our fundamentals. The Group realised a revenue of RMB297.08 billion, representing a year-on-year increase of 25.2%; and profit for the year attributable to equity shareholders of the Company of RMB33.77 billion, representing a year-on-year increase of 20.4%. Basic earnings per share amounted to RMB3.06, representing a year-on-year increase of 20.4%. Return on equity on a fully diluted basis was 21.68%, representing an increase of 0.54 percentage point as compared to that of 2017.

The booked revenue derived from the property development business accounted for 95.6% of the Group's total revenue.

Unit: RMB'000

Sector	Revenue		Cost of sales		Operating profit margin	
	Amount	Change	Amount	Change	Value	Change
<b>1. Core businesses</b>	293,820,500	25.09%	186,082,634	16.38%	29.00%	3.10 percentage points
Including: Property development	284,024,852	24.74%	178,112,683	15.71%	29.39%	3.21 percentage points
Property services	9,795,648	36.06%	7,969,951	33.58%	17.44%	0.57 percentage points
<b>2. Other businesses</b>	3,262,558	32.70%	1,048,365	43.97%	66.67%	-3.46 percentage points
<b>Total</b>	<b>297,083,058</b>	<b>25.17%</b>	<b>187,130,999</b>	<b>16.50%</b>	<b>29.41%</b>	<b>3.05 percentage points</b>

Note: The operating profit margin excluded taxes and surcharges.

## Section 4 Directors' Report

By geographical regions, the revenue from the Southern Region, Shanghai Region, Northern Region and Central and Western Region accounted for 26.94%, 29.33%, 24.18% and 19.55%, respectively, of the total booked revenue derived from the Group's property development business.

### Revenue and profit of core business by region

	Booked area		Revenue from core businesses		Net profit attributable to shareholders	
	(sq.m.)	Proportion	(RMB'000)	Proportion	(RMB'000)	Proportion
Southern Region	4,449,691	20.31%	76,516,660	26.94%	12,084,699	32.11%
Shanghai Region	4,797,458	21.89%	83,297,095	29.33%	15,517,114	41.24%
Northern Region	6,673,260	30.45%	68,677,610	24.18%	7,555,489	20.08%
Central and Western Region	5,994,006	27.35%	55,533,487	19.55%	2,472,243	6.57%
<b>Total</b>	<b>21,914,415</b>	<b>100.00%</b>	<b>284,024,852</b>	<b>100.00%</b>	<b>37,629,545</b>	<b>100.00%</b>

Note: During the Reporting Period, the cities with projects booked are as follows: 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, Jiaying, Xuzhou, Kunshan and Wenzhou; Northern Region included Beijing, Tangshan, Tianjin, Shenyang, Anshan, Fushun, Dalian, Changchun, Jilin, Qingdao, Yantai, Taiyuan, Jinzhong, Qinhuangdao, Jinan and Harbin; Central and Western Region included Chengdu, Chongqing, Nanchong, Wuhan, Xi'an, Guiyang, Kunming, Urumqi and Zhengzhou.

### 1. Overview of business development

#### (1) Property development business

##### i Sales and recognition

**Sales amount continued to increase.** During the Reporting Period, the Group realised a sales area and sales amount of 40.377 million sq.m. and RMB606.95 billion respectively, representing year-on-year increases of 12.3% and 14.5% respectively. Among the products sold by the Group, residential, commercial and office properties, and other ancillary facilities accounted for 84.9%, 11.5% and 3.6%, respectively. The Group continued to insist on the positioning of its residential products to cater to self-occupation demand of mainstream customers, with medium and small housing units under 144 sq.m. accounting for 91.4% of total residential products.

**Increase in market share.** In 2018, the Group's share in the commodity housing market in China rose to 4.05% (2017: 3.96%). The Group ranked first in 24 cities in terms of sales amount.

**Increase in booked revenue.** The Group's booked area and booked revenue amounted to 21.914 million sq.m. and RMB284.02 billion, representing year-on-year increases of 10.7% and 24.7% respectively. The average booked price of the property development business was RMB12,961 per sq.m. (2017: RMB11,496 per sq.m.).

**Increase in the amount of area sold but not booked.** As at the end of the Reporting Period, the Group's area sold but not completed for recognition was 37.102 million sq.m. in the consolidated financial statements, with a contract amount of approximately RMB530.71 billion, representing increases of 25.2% and 28.1%, respectively, as compared to those at the end of the previous year.

The sales of the Group by geographical regions is as follows

	Sales area ('0000 sq.m.)	Proportion	Sales amount (RMB hundred million)	Proportion
Southern Region	732.32	18.14%	1,434.68	23.64%
Shanghai Region	1,087.08	26.92%	1,811.10	29.84%
Northern Region	1,132.98	28.06%	1,456.83	24.00%
Central and Western Region	1,079.64	26.74%	1,304.57	21.49%
Other Regions	5.64	0.14%	62.36	1.03%
<b>Total</b>	<b>4,037.66</b>	<b>100.00%</b>	<b>6,069.54</b>	<b>100.00%</b>

Note: Cities in which sales were realised during the Reporting Period included Shenzhen, Guangzhou, Qingyuan, Dongguan, Huizhou, Foshan, Zhuhai, Zhongshan, Xiamen, Fuzhou, Zhangzhou, Quanzhou, Sanya, Nanning and Changsha in Southern Region; Shanghai, Hangzhou, Jiaxing, Suzhou, Kunshan, Changshu, Wuxi, Nanjing, Nanchang, Ningbo, Hefei, Yangzhou, Wenzhou, Wuhu, Xuzhou, Suqian, Nantong, Zhenjiang, Changzhou, Haining, Yancheng and Shaoxing in Shanghai Region; Beijing, Qinhuangdao, Tianjin, Shenyang, Fushun, Dalian, Changchun, Harbin, Jilin, Qingdao, Jinan, Yantai, Taiyuan, Jinzhong, Tangshan, Anshan, Shijiazhuang, Zibo and Weihai in Northern Region; Chengdu, Nanchong, Wuhan, Yichang, Xi'an, Zhengzhou, Chongqing, Kunming, Yuxi, Guiyang, Urumqi, Lanzhou, Yinchuan and E'zhou in Central and Western Region; Hong Kong, New York, San Francisco and London in Other Region.



*ii Property development and investment*

**Year-on-year increases in new construction floor area and completed floor area.** In 2018, the floor area of new construction projects developed by the Group amounted to approximately 49.928 million sq.m., representing a year-on-year increase of 36.7% and a 40.8% increase from that planned at the beginning of the year. The floor area of the development projects completed amounted to approximately 27.563 million sq.m., representing an increase of 19.8% year-on-year, and a 4.8% increase from that planned at the beginning of the year.

**Emphasis on high quality investment to ensure a healthy resource structure.** In light of rapid changes in the operating environment, the Group adhered to the principle of “managing its expenditure with reference to its revenue”, and adopted prudent investment approach, ensuring that the operation bearing capacity could meet the scale of investments; while strictly controlled investment quality and strengthened post-investment management to ensure healthy operations. In 2018, the Group acquired 227 new projects with a planned gross floor area (“GFA”) of 46.814 million sq.m. and planned GFA attributable to the Company’s equity holding of 24.902 million sq.m. The total land premium attributable to the Group’s equity holding amounted to approximately RMB135.14 billion, and the average land premium of the newly acquired projects was RMB5,427 per sq.m. In terms of GFA, 82.6% of the new projects were cooperation projects and 72.1% were located in the first and second tier cities; and in terms of equity investment amount, 81.4% were located in the first and second tier cities.

**Project resources met the requirement for ongoing development.** As at the end of the Reporting Period, the total GFA of the Group’s projects under construction was approximately 90.127 million sq.m., of which the GFA attributable to Vanke’s equity holding was approximately 54.021 million sq.m.; the total GFA of projects under planning was approximately 59.362 million sq.m., of which the GFA attributable to Vanke’s equity holding was approximately 35.796 million sq.m. In addition, the Group also participated in certain urban renewal projects, of which the aggregate GFA attributable to equity was approximately 3.477 million sq.m according to current planning.

For details on the new projects acquired by the Group, please refer to “Project Investment” in “4.2.2 Equity Investment” in this section.

(2) *Property services business*

The mission of the Group's property services business is to "enable more users to experience the excellence of property services". This business segment adheres to the development strategy of "simultaneous development of the residential and commercial sectors". During the Reporting Period, Vanke Service achieved a revenue of RMB9.80 billion, representing a year-on-year increase of 36.1%. Among the full revenue from new contracts, residential sector accounted for 65% and non-residential sector accounted for 35%. Vanke Service was named "Top 1 in China's Top 100 Comprehensive Property Services Enterprises" for nine consecutive years, ranked first in "The Most Preferred Property Services Brand of China's Top 500 Property Developers" for five consecutive years, and was named "Leading Featured Property Services Enterprises in China – Enterprise Headquarters" for two consecutive years.

During the Reporting Period, Vanke Service participated in the state-owned enterprise mixed ownership reform projects, including the development of the first administrative structure of "property management city" in China with Zhuhai Hengqin; acquisition of shares in Tianjin Eco-City Shengheng Eco-Maintenance Services Co., Ltd.; and establishment of Dongguan Binhaiwan Vanke Service Co., Ltd. (東莞濱海灣萬科物業服務有限公司) in conjunction with Dongguan Binhaiwan New District Holdings Co., Ltd.

During the Reporting Period, Vanke Service (Hong Kong) Co., Limited, a subsidiary of Vanke Service, purchased 4.9% shares (calculated based on the basis of total shares after the share issue) in Cushman & Wakefield through a private placement at the IPO (initial public offering) price of Cushman & Wakefield, making it the fourth largest strategic shareholder of Cushman & Wakefield. This strategic cooperation will become an important link for Vanke Service to establish connections with the international markets.

(3) *Rental housing business*

During the Reporting Period, the Group continued to increase rental housing services in core cities. As at the publication date of this Report, the Group's long-term rental housing business covered 35 major cities and aggregately had more than 60,000 units in operation. The average occupancy rate for projects in operation for more than 6 months reached approximately 92%. The long-term rental housing business of the Group currently mainly operate through youth apartment ("Port Apartments"), and explore to provide long-term rental solutions to customers at different stages of life in the meantime.

As at the publication date of this Report, the Group had completed the issuance of RMB5.5 billion corporate bonds designated for rental housing, providing financial support for the development of rental housing business.



• Shared Kitchen in Port Apartment Xinglong Commune, Xiamen

(4) *Commercial development and operations*

As at the end of 2018, there was a total of more than 210 commercial projects under the management of the Group, with a total GFA of more than 13 million sq.m. SCPG, being the Group's commercial property development and operation platform, focused on investment, development and operation and management of domestic commercial properties, operating more than 120 projects in over 50 cities in China, with an area of close to 10 million sq.m. under its management. The commercial project brands under SCPG management included MEGA Incity, Incity, Inreach, Inplace, and Vanke Plaza. During the Reporting Period, the consortium acquisition of 20 shopping malls of CapitaLand by SCPG was completed.

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During the Reporting Period, SCPG focused on the operation and management of existing projects, and revitalised the existing projects through modification and upgrade, and continued to optimize its asset structure and explore asset securitization. In January 2019, SCPG promoted and established the Commercial Mortgage Backed Securities (CMBS), with Nanjing Jiangbei Inreach and Tianjin Incity as the underlying assets and an issue size of RMB2.106 billion. In February 2019, the commercial property fund operated by SCPG promoted and established the Asset Backed Securities (Quasi REITs), with Shenzhen Longgang Vanke Plaza as the underlying asset and an issue size of RMB2.116 billion, which was the first equity Quasi REIT product without strong credit enhancement and with shopping malls as backed asset.



• Qibao Vanke Plaza, Shanghai

### (5) Logistic and warehousing services

The Group's VX Logistic Properties focused on investment development, marketing and promotion, operation, and asset management for high-standard warehouse. After nearly four years of development, it has become a leading logistics service provider in China, serving over 600 customers, covering E-commerce, express delivery, manufacturing, catering, and retailing etc.

VX Logistic Properties continued to improve its local network coverage nationwide. It acquired 64 new projects in 2018 with the aggregate GFA of the leasable properties amounting to 4.94 million sq.m. As at the publication date of this Report, VX Logistics Properties had entered 42 cities and acquired 124 projects; the GFA of leasable properties was about 9.71 million sq.m., of which 62 projects were in operation, and amongst them the average occupancy rate for projects with stable operation was 96%.

VX Logistic Properties continued to enrich service content and realize enhancement of cold chain in scale and operation capability by acquiring and integrating cold chain logistics business from Swire. At present, VX cold chain logistics business establishes its presence in 11 cities, covering first-tier cities and inland core cities in China, and provided one-stop temperature controlled logistics solution services.

Besides, the Group currently is the largest shareholder of the Global Logistic Properties Limited, a global leading modern logistic facilities service provider.



• VX Shanghai Haigang Cold Chain Logistics Park

(6) *Other Businesses*

Urban renewal and industrial upgrade had brought development opportunities to the standard office and industrial park. The Group strove to provide customers with quality services and differential office experiences through provision of thorough industrial services and extensive corporate services. As at the end of 2018, the Group engaged in the development and operation and management of standard office and industrial park in more than 20 cities, managing over 70 standard office projects, over 30 industrial park projects, with a total area of approximately 7 million sq.m. under management.



• *Qujiang Creative Circle, Xi'an*

In response to the State's call to develop winter sports, the Group continued to improve quality to create the best ski holiday destination. During the snow season from November 2018 to March 2019, the total number of visits to Jilin Vanke Songhua Lake Resort and Beijing Shijinglong Ski resort, being the two ski resort projects of the Group, exceeded 600,000. The Vanke Songhua Lake project led in the domestic market in terms of number of visits and ski traffic, and was named the "Best Ski Resort in China" by the World Ski Awards for the second consecutive year. In August 2018, the consortium formed by the Group with other parties successfully bid for the PPP projects of the Beijing 2022 Winter Olympics and the Winter Paralympics at the Yanqing division. The consortium will participate in the construction and post-Games operation of the Yanqing division as social capital partners.

In addition, the Group continued to explore products and services related to better life quality of the people. The Group fine-tuned facilities and services that improved the quality of everyday life and addressed customer's pain points, gradually expanding its brand influence in elderly care and education sectors.



• *Lake Songhua Resort*

2. *Product and project management*

**Strengthened construction quality and safety management.** "Maintaining the bottom line of ensuring life safety and quality" is the fundamental work principle of the Group. During the Reporting Period, the enlarging scale of projects and increasing complexity in construction had brought along challenges to the Group's construction management. Safety issues in individual projects had reminded the Group that there is no room for negligence for safety and quality. We need to maintain our alertness and pay attention to every detail. To strengthen quality and safety control, the Group applied quarterly assessments and delivery examination, coupled with the third-party unannounced construction inspection and the Group carried out regular on-site inspections of construction quality and safety management during construction and upon delivery stage. The above enabled the Group to identify hidden hazards on the site at an early stage, and issue risk alert in a timely manner, to minimize the probability of accidents. In view of the extreme complexity and high-hazard nature of underground construction, the Group had developed a special evaluation tool for underground engineering, which focused on quality as well as the safety and the hidden hazard of the pile foundation, foundation pit and the main structure of the basement. In 2018, with a significant increase in the scale of sales and delivery, the Group's overall customer satisfaction and quality satisfaction increased by 3 and 4 percentage points respectively from those of the previous year.



**Strictly controlled product quality.** In order to ensure product quality, the Group continued to carry out "Operation Skynet" to achieve comprehensive control over product quality by means of unannounced inspection of materials and parts and on-site inspection of projects. The Group applied its corporate standards that were more stringent than the industry's, to ensure "quality products and quality services".

**Customer-oriented mindset to facilitate product iteration.** Customer demand for products and services is constantly increasing amid growing industry competition. During the Reporting Period, the Group organized "We are also customers" activities, to encourage and motivate all employees to think from customers' perspective and identify solutions to the core pain points of customers, to incorporate customers' perspectives to product development, thereby further facilitating product upgrade and iteration. The activities served to reinforce the staff's customer-oriented mentality.

**Continued to promote the development of green buildings and application of prefabrication technologies.** The Group paid close attention to the research and development and application of green environmental protection technologies, actively implementing the concept of green and low carbon development, in order to promote sustainable development of human settlements, living and environment. In 2018, the area of projects labelled as green buildings completed by the Group was 35.02 million sq.m. Since the promotion of green buildings in 2009, the area of green buildings of the Group reached a total of 147 million sq.m. To improve quality and efficiency, and reduce dependence on labour, save energy and reduce emission, the Group continued to improve the "5+2" prefabricated construction system, leveraging five-construction technology system, with appropriate application of prefabricated main structure, prefabricated decoration and other new technologies, as well as new materials and new process, to achieve breakthrough in quality enhancement. During the Reporting Period, 77% of the Group's mainstream products applied prefabrication process in construction.

### 3. Organization development

During the Reporting Period, basing on the achievements from the implementation of the business partnership scheme, and pursuant to the requirement for "convergence and focus, consolidating and improving the Group's fundamentals", and target to create "Vector Organization, Champion Organization, and Resilient Organization", the Group pushed forward the implementation of organizational restructuring and correspondence of responsible persons to related activities. During the Reporting Period, the Group newly structured three new centres, streamlined organisation structure, and defined a reasonable staff structure, to create more composite development opportunities for employees; each business group and business unit also started to explore plans on organisational restructuring and correspondence of responsible persons to related activities to realise designated position for specific task, reasonable staff structure and organization hierarchy. The Group also continued to fine-tune the cultivation and development of strivers, as well as incentive mechanism, so as to facilitate mobility of personnel within the organisation and maintain vitality of the organization.

### 4. Efficiency enhancement by technology

In the field of development business, the Group conducted trial to provide online tools for suppliers, engineers, sales team, customer service team and service team to improve work efficiency and ensure quality of its products and services. In the field of operating business, the Group offered technical support to promote the development and innovation in operating business. The Group established a pilot operation and maintenance AI system for commercial projects, to enhance construction operation and maintenance efficiency and achieve green operation. The Group optimized its online office platform to support mobile office collaboration and ensure information security. During the Reporting Period, the Group entered into a strategic cooperation memorandum with the Microsoft, and the two parties agreed to build a sustainable collaboration mechanism and platform to carry out in-depth cooperation in the fields of smart logistics, smart home and smart elderly care services.

## 5. Social responsibilities

The Group has actively fulfilled its social responsibilities. The Group carried out precise poverty alleviation, rural revitalization, education development, and environmental protection projects, and concern the development of employees, communities and partners, to achieve mutual benefits with the stakeholders. Please refer to the 2018 Corporate Social Responsibility Report to be published separately by the Company for details of the Group's fulfilment of social responsibilities during the Reporting Period.

### 4.1.3 Analysis of operational and financial condition of the Group

#### 1. Profit

During the Reporting Period, the Group realized a net profit of RMB49.27 billion, representing an increase of 32.4% as compared with that of last year. Profit for the year attributable to equity shareholders of the Company reached RMB33.77 billion, representing an increase of 20.4% as compared with that of last year.

With the recognition of a batch of projects that achieved relatively satisfying sales and profitability during a market recovery, the booked gross profit margin of the Group's property development business rose by 3.2 percentage points from that of 2017 to 29.4%. The fully diluted return on equity of the Group was 21.7%, up by 0.5 percentage point from that of 2017.

In 2018, the profits from the associates and joint ventures attributable to Vanke's equity holding amounted to RMB6.28 billion.

#### 2. Liabilities

##### (1) Gearing ratio

As at the end of 2018, the Group's net gearing ratio (interest-bearing liabilities less cash and cash equivalents divided by net assets) was 30.9%.

##### (2) Interest-bearing liabilities and their composition

As at the end of the Reporting Period, the Group's interest-bearing liabilities amounted to RMB261.21 billion in aggregate, representing 17.1% of total assets. These interest-bearing liabilities were mainly medium and long-term liabilities. Among these interest-bearing liabilities, interest-bearing liabilities due within one year amounted to RMB93.18 billion, representing 35.7% of total; interest-bearing liabilities of more than one year amounted to RMB168.03 billion, representing 64.3% of total.

By financing source, bank borrowings, bonds payable and other borrowings accounted for 52.8%, 27.2% and 20.0% respectively.

By type of interest rates, liabilities with fixed interest rates accounted for 44.4% and liabilities with floating interest rates accounted for 55.6% of the interest-bearing liabilities. Pledged interest-bearing liabilities amounted to RMB5.23 billion, accounting for 2.0% of the total interest-bearing liabilities.

By geographical location, domestic liabilities and overseas liabilities accounted for 69.7% and 30.3% respectively. RMB liabilities and foreign currency liabilities accounted for 69.7% and 30.3% respectively.

## Section 4 Directors' Report

### Overview of financing (as at 31 December 2018)

Unit: RMB'0000

Channel	Balance	Range of financing costs	Term structure
Bank loans	13,796,296.73	Libor + margin to 6.7%	Current and non-current bank loans
Bonds	7,114,161.83	2.50%-5.35%	Current and non-current bonds
Other borrowings	5,210,301.09	4.28%-8.3%	Current and non-current borrowings from financial institution
<b>Total</b>	<b>26,120,759.65</b>	-	-

#### (3) Financing overview

The Group continued to optimize its debt structure and reduce financing costs through financing instruments including corporate bonds, Short-term Commercial Paper and medium-term notes to enhance the Company's ability to avert financial risks. During the Reporting Period, the Group's overall financing costs were kept at a relatively low level. In particular, the minimum coupon rate of corporate bonds (5 years) was 4.05%, the minimum coupon rate of Short-term Commercial Paper (188 days) was 3.13%, and the minimum coupon rate of medium-term notes (3 years) was 4.03%, reflecting widely market recognition of Vanke. During the Reporting Period, the Group's actual interest expenses totalled RMB14.15 billion, of which the capitalized interest amounting to a total of RMB5.96 billion.

#### (4) Credit rating

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

### 3. Capital position

The Group insisted on the concept of “continuous creation of true value with emphasis on liquidity” and exercised stringent capital control, for the entire year achieved a net cash inflow from operations of RMB33.62 billion. As at the end of the Reporting Period, the cash and cash equivalents held by the Group amounted to RMB188.42 billion, which was much higher than the interest-bearing liabilities due within one year of RMB93.18 billion. Among the cash and cash equivalents, Renminbi accounted for 97.1%, whereas US dollar, Hong Kong dollar, British pound and other foreign currencies accounted for a total of 2.9%.

### 4. Risk of fluctuations in exchange rates

The Group conducts a majority of its business operations in the PRC. Most of the revenue and expenses are denominated in Renminbi.

To cope with the Group’s overall strategic advancement and development of various businesses, the Group raised foreign currency funds abroad through various channels.

Since the second quarter of 2018, the depreciation of RMB against the US dollar and Hong Kong dollar was relatively significant, resulting in a foreign exchange loss of approximately RMB1.32 billion during the Reporting Period.

In order to constantly control the medium and long-term fluctuation risks of the exchange rate, the Group persisted with dynamic management of currency matching of asset and liability, term structure and offshore liquidity risk, and used natural hedging and purchased hedging instruments to control exchange rate risk at appropriate timing. To lock up the risks arising from the movement in exchange rates of foreign currency liability, the Group’s effective delivery forward (DF) contracts and cross currency swap (CCS) balances were US\$880 million and US\$1.72 billion respectively at the end of the Reporting Period. During the Reporting Period, there were DF contracts of US\$1.15 billion against foreign currency liabilities expired. During the effective period of the hedging contracts, the changes in the fair value of DF and CCS had no impact on the Group’s profit and loss.



## Section 4 Directors' Report

### 5. Analysis of inventory

As at the end of the Reporting Period, the Group's inventory amounted to RMB754.31 billion, representing an increase of 26.3% from that at the end of 2017; of the aforesaid inventory, projects held for development amounted to RMB178.30 billion, accounting for 23.6%; properties under development amounted to RMB507.08 billion, accounting for 67.2%; and completed properties for sale (existing properties) amounted to RMB63.96 billion, accounting for 8.5%.

As at the end of the Reporting Period, inventory impairment provision amounted to RMB2.31 billion. The Company appropriated provision for impairment of inventories for projects subject to risks based on its prudent market strategy. Details are as follows:

Unit: RMB'0000

No.	City	Project	Balance of impairment provision at the beginning of the year	Balance of impairment provision at the end of the year
1	Chengdu	Junyi	–	28,978.56
2	Dalian	Harbour City	41,967.44	35,396.61
3	Fushun	The Paradiso	10,194.45	8,118.78
4	Nanchong	Jinrun Huafu	21,806.93	18,169.33
5	Nantong	The Paradiso	516.52	–
6	Ningbo	Dream Town	25,900.57	24,024.77
7	Shanghai	Jinyulanwan Egret Villa	–	24,927.95
8	Shanghai	Tianji	–	40,681.16
9	Tangshan	Stratford	69.01	–
10	Wenzhou	Longwan Garden	2,524.14	1,251.96
11	Urumqi	Golden Paradise	66.48	–
12	Urumqi	Southern Hillside	13,587.64	20,837.79
13	Yantai	Haiyuntai	22,698.74	8,951.90
14	Yingkou	Harbour City	6,772.04	6,772.03
15	Zhenjiang	Blue Mountain Garden	15,216.98	13,174.41
<b>Total</b>			<b>161,320.94</b>	<b>231,285.25</b>

The impact of inventory impairment provision made during the year on the net profit after tax during the Reporting Period was RMB780 million and the impact on net profit attributable to the equity shareholders of the Company was RMB600 million.

## 6. Change of key performance indicators

Unit: RMB'000

Item	2018-12-31	2017-12-31	Change	Description
Property, plant and equipment	22,645,383	10,734,770	110.95%	Increase in self-owned properties
Investment properties	25,897,948	17,046,197	51.93%	Increase in investment properties
Interest in associates and joint ventures	129,527,656	81,224,305	59.47%	Increase in investment
Other financial assets	2,688,915	1,340,749	100.55%	
Other non-current asset	35,982,967	26,700,789	34.76%	Increase in investment properties
Deferred tax assets	15,749,205	9,651,002	63.19%	Increase in liquidation provisions for LAT
Trade and other receivables	331,838,827	238,404,911	39.19%	Increase in payment to partners and joint ventured or associated projects
Bonds payable	71,141,619	38,486,048	84.85%	Adjustment in financing structure
Current taxation	37,292,979	24,699,588	50.99%	Increase in income tax
Administrative expenses	(14,590,133)	(9,632,693)	51.46%	Increase in staff cost
Other operating expenses	(2,112,602)	(1,193,097)	77.07%	Increase in provisions and occasional expense
Finance costs	(8,181,336)	(4,060,732)	101.47%	Increase in financing scale during the Reporting Period
Share of profits less losses of associates and joint ventures	6,279,911	4,569,160	37.44%	Increase in investment income
Income tax	(37,792,673)	(27,473,352)	37.56%	Increase in taxable profit
Contract assets	1,364,127	–	N/A	
Contract liabilities	504,711,414	–	N/A	
Deferred tax liabilities	622,971	357,755	74.13%	Effect of change in accounting policies
Trade and other payables	486,726,148	760,383,146	(35.99%)	
Other current assets	12,600,806	721,893	1,645.52%	

## 7. Capital expenditure commitments

As of the end of the Reporting Period, the capital commitments of the Group reached RMB207.89 billion, including the construction contracts entered into or to be executed by the Group, as well as the land contracts signed and going or preparing to execute.

## Section 4 Directors' Report

### 8. Contingent liabilities

In accordance with industry practice, the Group provided guarantee for mortgage loans taken by purchasers of the Company's properties of which mainly are provisional guarantee. The terms of the provisional guarantee commenced on the day the guarantee agreement becoming effective up to the day on which the ownership certificates of the properties purchased by the customers being obtained and the mortgage being registered and delivered to the mortgage banks. As at the end of the Reporting Period, the aggregate guarantees provided by the Group for mortgage loans taken by its customers amounted to approximately RMB181.45 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.

### 9. Seizures, withholding and freezing of major assets

Nil.

### 10. Major projects or top 5 projects in terms of operating income

During the Reporting Period, top 5 real estate development projects of the Group in terms of revenue are as following:

Project name	Shareholding	Main Business Operation	Location	Area sold in 2018 (sq.m.)	Recognized area in 2018 (sq.m.)	Completion date of the most recent phase	Recognized revenue in 2018 (RMB'0000)
Hankou Chuanqi, Wuhan	50.0%	Residential	Wuhan	315,801	338,517	December 2018	565,588.59
Hillview Park, Guangzhou	99.1%	Residential	Guangzhou	38,246	276,746	December 2018	529,906.34
Lucheng, Shenzhen	60.0%	Residential	Shenzhen	4,667	117,055	January 2018	527,526.93
Dream Town, Taiyuan	49.6%	Residential	Taiyuan	107,634	500,033	August 2018	491,181.11
Vanke Meijing Dream Town, Zhengzhou	51.0%	Residential	Zhengzhou	197,271	577,905	October 2018	461,023.39

Details of the markets of the abovementioned projects are as follows:

(1) *Wuhan market*

In 2018, Wuhan continued to strictly implement “purchase restriction, lending restriction, price restriction”, while actively promoting government-subsidised housing and rental housing, as well as developing the home rental market. The data provided by CRIC showed that the market supply of commodity housing in Wuhan in 2018 amounted to 27.20 million sq.m., representing a year-on-year increase of 7.7%; the area sold amounted to 19.35 million sq.m., representing a year-on-year decrease of 13%; the transaction amount decreased by 15% year-on-year to RMB203.0 billion. As at the end of 2018, the inventory of commodity housing in Wuhan was 14.33 million sq.m., and the inventory digestion cycle was over 9 months.

Wuhan Vanke insisted on “building quality housing for ordinary people, and developing premises for accommodation”, and continuing to enhance the competitiveness of its products. In 2018, Wuhan Vanke ranked second in terms of sales amount in the Wuhan market.

(2) *Guangzhou market*

In 2018, Guangzhou improved supply-demand balance and rectified market order, and accelerated the establishment of a long-term functionality mechanism for facilitating the stable and healthy development of the property market. According to the data from CRIC, the sales area of commodity housing in Guangzhou in 2018 was 9.56 million sq.m., representing a year-on-year decrease of 5%; the sales amount was RMB202.5 billion, representing a year-on-year increase of 22%. The inventory of commodity housing in Guangzhou was 7.49 million sq.m., and the inventory digestion cycle was 9.5 months.

Guangzhou Vanke insisted on “building quality housing for ordinary people, and developing premises for accommodation”. In 2018, Guangzhou Vanke ranked third in terms of sales amount in the Guangzhou market.

(3) *Shenzhen market*

In 2018, Shenzhen continuously enhanced market regulation, so as to implement the policy direction of “housing residence instead of vicious speculation” and speed up the release of signal on housing structure optimization in Shenzhen. Under the background of the combination of long-term mechanism and short-term administrative regulation, the market expectation tends to be stable. According to the data from China Index Academy, supply in the commodity housing market has increased with stable price and the total supply area reached 3.96 million sq.m., representing a year-on-year increase of 21.2%. The total area traded was 2.92 million sq.m., representing a year-on-year increase of 12.8%.

By holding on “building quality houses for ordinary residents and for accommodation”, Shenzhen Vanke constantly endeavor to enhance the competitiveness of its products, ranking first in terms of sales amount in the market in 2018.

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### (4) Taiyuan market

In 2018, Taiyuan continued to insist on regulation. According to the data from the China Index Academy, the sales area of commodity housing in Taiyuan in 2018 was 9.66 million sq.m., representing a year-on-year increase of 48.5%.

The Taiyuan company insisted on "city and town development and service provider" strategy, while offering quality products and services meeting the budget and needs of customers, it also continue to enrich products and service content and enhance product competitiveness, and continued to rank first in terms of market share in Taiyuan market in 2018.

### (5) Zhengzhou market

In 2018, the Zhengzhou property market strictly implemented relevant policies such as "purchase restriction, lending restriction, price restriction, online transaction restriction, sales restriction, and mortgage restrictions to crack down fake divorce". According to the data from CRIC in 2018, the commodity housing market supply in Zhengzhou was 20.30 million sq.m., down by 8% year-on-year; sales area amounted to 18.26 million sq.m., up by 10% year-on-year. As of the end of 2018, Zhengzhou's commodity housing inventory reached 12.22 million sq.m., and the inventory digestion cycle was 6.6 months.

Zhengzhou Vanke adhered to the positioning of a city and town development and service provider, and developed quality products and services meeting the budget and needs of customers. In 2018, Zhengzhou Vanke ranked third place in Zhengzhou market.

During the Reporting Period, the top 5 rental projects of the Group in terms of operating income were as follows:

Project name	Shareholding	Type of property	Location	Area available for lease (sq.m.)	Operating revenue (RMB'0000)	Occupancy rate
Foshan Nanhai Vanke Plaza	51%	Commercial and Office Building	Foshan	75,270	10,765	94%
Dongguan Chang'an Vanke Plaza	100%	Commercial	Dongguan	45,785	9,555	98%
Port Apartment – Buji Store	100%	Long-term Rental Apartment	Shenzhen	118,647	9,294	96%
Regent Centre, Hong Kong	75%	Office Building	Hong Kong	61,053	7,335	99%
Vanke Alley, Jiangyan Road, Guangzhou Ryder Court	68%	Commercial	GuangZhou	26,611	5,120	97%

### 11. Co-investment projects

In 2014, the Group established the co-investment scheme to link the project performance with the interests of staff and encouraged co-investors to create larger value for the Company and its shareholders. As of 31 December 2018, co-investment scheme was introduced into 715 projects of the Group. Amongst projects acquired during the Reporting Period, the aggregate investment amount subscribed by co-investment scheme was RMB8.449 billion, accounting for 2.20% of capital peak of co-investment projects, and 4.16% of capital peak attributable to equity of Vanke.

During the Reporting Period, the top 5 co-investment projects of the Company in terms of operating income were Hillview Park, Guangzhou; Dream Town, Taiyuan; Jade Park, Nanjing; Hangzhou Liangzhu Culture Village Future Town Phase 2 and Vanke Central Park, Hangzhou. The details of the above co-investment projects are as follows:

Unit: RMB'0000

Project name	Investors	Actual investment amount	Proportion of actual investment	Accumulated income	Proportion of income
Hillview Park, Guangzhou	Vanke	288,669.1	99.1%	105,291.9	99.1%
	Co-investor	2,523.9	0.9%	920.6	0.9%
	Total	291,193.0	100.0%	106,212.5	100.0%
Dream Town, Taiyuan	Vanke	114,182.4	49.6%	38,272.7	49.6%
	Co-investor	3,221.7	1.4%	1,079.9	1.4%
	Partner	112,800.0	49.0%	37,809.3	49.0%
	Total	230,204.1	100.0%	77,161.9	100.0%
Jade Park, Nanjing	Vanke	142,749.0	49.7%	30,146.2	49.7%
	Co-investor	1,070.8	0.4%	226.1	0.4%
	Partner	143,159.2	49.9%	30,232.9	49.9%
	Total	286,979.0	100.0%	60,605.2	100.0%
Hangzhou Liangzhu Culture Village Future Town Phase 2	Vanke	123,382.9	97.2%	36,973.3	97.2%
	Co-investor	3,612.3	2.8%	1,082.5	2.8%
	Total	126,995.2	100.0%	38,055.8	100.0%
Vanke Central Park, Hangzhou	Vanke	125,073.7	98.1%	62,950.2	98.1%
	Co-investor	2,381.5	1.9%	1,198.6	1.9%
	Total	127,455.2	100.0%	64,148.8	100.0%

As of the date of the Report, the income distribution to the co-investors of the above projects matched the actual investment, and the shareholders of the above projects did not propose to withdraw from the projects for now.

#### 4.1.4 Future development prospects

##### 1. External environment

The external environment remains complicated in 2019: There are still risks and challenges in economic development; the profound changes in the industry's development demand enterprises to strike a balance in achieving long-term and short-term development objectives. Market segregation and the austerity measures with varying policies in different cities will further accelerate the difficulties in operation.

Despite multiple challenges, there is still enormous potential for industry expansion: The State's urbanization is still in progress, the industry maintains a relatively sizeable scale, and there are imbalanced and insufficient situations in different areas and business segments. The circumstance of encouraging both housing purchase and renting has just begun, and additional content supply and venue services are required to enable better quality of life of people.

##### 2. Operation Strategy

President Xi, also general secretary of the Communist Party of China Central Committee, has pointed out "business must be undertaken in real action without distractions". Looking to the future, the Group will utilize the advantages of mixed ownership enterprises, refer to its strategic positioning of "city and town development and service provider", and will capitalize on its business partnership mechanism, to insist on "customer-oriented, liquidity-emphasis, and partnership for concerted endeavours to create additional true value and realise quality development" in order to consolidate our fundamentals, and expect to grow to one of the world leading enterprises with global competitive advantage.

In particular:

##### *(1) Our strategies: to clearly define development direction, focus on our core business, consolidate and enhance our fundamentals*

We will strengthen the fundamentals of property development for sale, ensure enough resources invested into, consolidate and strengthen investment expansion, product design, construction engineering, operation management, and sales and marketing effort. Along the direction of urban development, we will emphasize further entrenching our position, aiming at providing quality products and services addressing the genuine demand of customers. We will maintain our bottom line of quality consciousness, to build quality buildings, and to launch and sell our properties in an efficient and disciplined manner, in order to enhance project operating efficiency.

We will strengthen the fundamentals of our residential property services, ensure enough resources invested into, mobilize our elementary workers' initiative, and apply technological means to effectively respond to customer service needs. We will improve the quality and efficiency of basic services of residential properties, and further strengthen Vanke Services' reputation in the industry.

We will expedite the process for business inauguration, and enhance operation quality of acquired projects as the fundamental of rental housing business, in order to elevate the brand influence of Vanke's rental housing. Focusing on major cities with strong demand we will explore solutions to enhance customer experience with higher value for money, and offer quality products and services addressing the pain points of customers. We strive to expedite the conversion of acquired prospects into inaugurated operations and to develop marketable showcase projects. We will strictly adhere to our investment model and will optimize the means for resource acquisition.

We will continue to strengthen the operating performance of existing projects as the fundamental of commercial property business. We strive to provide customer better consumption choices and experience, to help our tenants to enhance operating results, and to ensure continuous improvement in retail sales per square foot of existing projects, thereby enhancing our brand influence.

We will efficiently operate the existing projects and fine-tune the future planning of the operations as the fundamental of logistic warehousing business. We will strengthen our leasing capability and optimize the composition of our customer base, and secure new customers through provision of quality services. We will expedite the development process of secured projects, and shorten the period from inauguration to full occupancy.

We will continue to develop sites and ski resorts and offer competitive ski resort services meeting the budget and needs of customers as the fundamental of ski resort business. In the operation of ski branches, we are committed to broadening our customer base nationwide and lifting individual customer spending, and to establish quality membership system and strengthen customer loyalty.

**(2) Market: proactive sales approach, effective management of investment and financing**

We will persist with our proactive sales approach and to actively expedite sales proceeds collection. We consider each project as an operating management unit, and exert stringent control on development mode, to enhance development efficiency. We align supply, sales and proceeds collection, to improve resource conversion efficiency, and actively destock aging inventory. We streamline the inventory assets and further exploit the potential of the Company's assets. We will optimize our operation momentum, everyday is the right time for the property sale.

We will maintain our prudent approach in investment, allowing sufficient safety cushion in investment forecast, in order to ensure the quality of investments and reasonable total amount of resources. We will broaden our resource acquisition channels, and pay attention to the opportunity for acquiring quality resources through merger and acquisition. We will converge our focus, and have effective resource allocations to find suitable project resources, fund sources and organizational resources to match development of business, and support sustainable development by paying attention to nonlinear development opportunities.

We will cautiously control our leverage, and optimize our debt structure and arrange appropriate financing means in accordance with the characteristic of the concerned business. We will maintain access to financing resources, thereby, ensuring our flexibility in financing. We strive to maintain a healthy financial position and a leading credit rating in the industry.

In 2019, the new construction area of the existing projects of the Group is expected to be 36.090 million sq.m.. It is estimated that the area to be completed in 2019 will be 30.766 million sq.m.. Please refer to "Development of Major Domestic Projects in 2018 and Development Plan for 2019" in this section for details of the Group's plan for commencement and completion of projects in 2019.



*(3) Customers: Provide quality products and services meeting customer budget and needs*

We continue to explore, understand and respond to customers' changing needs, with their genuine demand in mind, and to create marketable showcase products and services.

We need to learn from outstanding manufacturing and service enterprises, and to develop our basic capabilities in various business segments. We also need to have regulatory work procedures and evaluation standards, to seek to apply new tools, new tactics and to establish our competitive advantages along our integrated industrial chain.

We will further update and upgrade production system of development business, and push forward the implementation of Vanke's "industrialization 2.0", and accomplish our concept of "enhancing quality and efficiency, and reducing reliance on labour and environment pollution", to elevate overall construction capability.

We will extend the application of technological products and innovative technology in each of our various business scenarios, to improve operating efficiency, and lower operating cost, as well as to enhance customer experience.

*(4) Safety: Ensure safety at work and maintain our bottom-line for quality and moral standards*

We are committed to maintain our bottom-line for safety and quality, and to have comprehensive relevant regulations and systems. We not only need a safety conscious mindset but also effective action to ensure safety practice. We will strengthen internal control management, and will strictly comply with our operation bottom-line. Each of our business unit will establish risk prevention system applicable to their specific business nature, to contain material exposure, particularly those less likely high-risk incidents.

*(5) Business Partnership Mechanism: Complete organizational restructuring, realize correspondence of responsible persons to related activities*

Each of our business group and business unit will complete organizational realignment and realize correspondence of responsible persons to related activities, to ensure motivated by tasks and match people with tasks and to continue to improve structural capability and efficiency.

We will push forward the implementation of Business Partnership Mechanism in every business unit and maintain the development of a partnership for concerted endeavour and a healthy corporate culture.

Development of major domestic projects in 2018 and development plan for 2019

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
<b>Southern Region</b>										
Philippe Castle, Shenzhen	Baoan District	100.0%	77,045	264,075	-	-	264,075	-	-	-
Vanke City of Stars, Shenzhen	Baoan District	78.6%	122,126	638,884	638,884	-	-	-	-	-
Shenzhen Binhai Land Building	Futian District	90.0%	5,775	57,750	-	-	-	-	-	57,750
Zhenshan Avenue, Shenzhen	Futian District	40.0%	16,370	77,575	-	-	-	-	-	77,575
Tianyu, Shenzhen	Longgang District	100.0%	148,616	870,987	4,190	131,639	588,178	278,619	278,619	-
Lucheng, Shenzhen	Longgang District	60.0%	34,996	107,512	-	-	-	-	-	107,512
Park Avenue, Shenzhen	Longgang District	65.0%	104,876	478,318	-	-	478,318	-	-	-
Shenzhen Longcheng Square	Longgang District	34.0%	66,600	264,941	-	172,900	227,077	-	-	37,864
Hefengxuan, Heyaxuan and Hesongxuan, Shenzhen	Longhua District	27.8%	95,999	487,279	125,475	-	-	361,804	361,804	125,475
Huilong Business Center, Shenzhen	Longhua New District	39.2%	20,339	142,400	-	-	-	-	-	106,720
No.68 Shennan Road, Shenzhen	Luohu District	59.9%	12,841	146,435	-	-	-	-	-	146,435
Luohu Food Building Project, Shenzhen	Luohu District	29.6%	6,705	64,800	-	-	-	64,800	64,800	-
Zhenshanfu, Shenzhen	Nanshan District	100.0%	48,804	232,842	-	-	-	-	-	106,819
Cloud City, Shenzhen	Nanshan District	78.3%	394,044	1,335,510	300,000	82,840	288,292	196,000	196,000	851,218
Zhenwanhui, Shenzhen	Nanshan District	24.0%	68,285	419,000	36,000	-	-	-	-	55,243
Shekou Gongguan, Shenzhen	Nanshan District	100.0%	19,447	141,970	-	-	-	-	-	101,970
Vanke Headquarter Building Project, Shenzhen	Nanshan District	95.7%	22,338	166,660	166,660	-	-	-	-	-
One City, Shenzhen	Yantian District	50.0%	137,250	354,695	-	107,531	300,493	-	-	54,202
Lunas Del Mar, Huizhou	Huidong County	100.0%	704,223	1,021,059	105,989	99,382	549,144	192,332	192,332	179,883
Songlang Garden, Dongguan	Dalang Town	86.9%	75,663	238,779	-	94,033	94,033	-	-	127,653
Skycity, Dongguan	Dalang Town	73.5%	36,874	128,926	89,093	-	-	39,833	39,833	-
Golden Paradise, Dongguan	Dalingshan Town	88.6%	29,692	74,229	-	45,530	74,229	-	-	-
Hanlin City Garden, Dongguan	Dongcheng District	40.8%	74,813	272,318	-	122,729	122,729	-	-	149,589
Royal Palace, Dongguan	Dongcheng District	24.2%	180,523	394,887	155,117	-	-	212,961	212,961	-
Imperial Bay No.8 Project, Dongguan	Dongcheng District	24.2%	159,856	119,506	-	-	-	119,506	119,506	-
Shilong Road Project, Dongguan	Dongcheng District	66.0%	32,773	65,546	-	-	-	65,546	65,546	-
City Garden II, Dongguan	Dongcheng District	49.5%	32,196	90,062	90,062	-	-	-	-	-
Jinyu Plaza, Dongguan	Dongkeng Town	47.9%	17,420	78,388	-	-	-	-	-	78,388
Wonderland, Dongguan	Fenggang Town	39.1%	50,325	101,437	-	-	-	101,437	101,437	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
No.5 City, Dongguan	Gaobu Town	48.3%	102,054	285,643	285,643	-	-	-	-	-
Housha Road Project, Dongguan	Houjie Town	64.9%	45,228	54,053	-	-	-	54,053	54,053	-
Dream Town, Humen, Dongguan	Humen Town	57.4%	349,805	782,295	-	1,841	782,295	-	-	-
Cloud Plaza, Dongguan	Humen Town	74.4%	124,395	373,182	-	20,687	197,912	-	-	175,270
Humen Garden, Dongguan	Humen Town	88.6%	52,922	116,429	-	-	116,429	-	-	-
City Twilight Plaza, Dongguan	Humen Town	88.3%	29,391	136,422	-	-	-	-	-	-
Binhai Metropolis, Dongguan	Humen Town	78.6%	20,050	60,145	60,145	-	-	-	-	-
Jade Pine Lake, Dongguan	Liaobu Town	93.7%	95,578	190,958	109,653	-	-	-	-	77,280
Vanke Shifu Golden Home, Dongguan	Liaobu Town	18.2%	51,675	186,149	64,741	-	-	121,408	121,408	50,758
Pearl River East Coast, Dongguan	Mayong Town	63.6%	303,695	542,650	-	254,223	464,185	-	-	78,465
Feilishan, Dongguan	Nancheng District	50.0%	249,534	374,302	-	25,323	325,773	-	-	48,529
Xiangshu Lishu, Dongguan	Nancheng District	51.0%	43,851	109,626	-	-	109,626	-	-	-
Dongjiang Star, Dongguan	Nancheng District	45.1%	59,200	367,548	-	-	-	-	-	133,400
Wealth Mansion Project, Dongguan	Nancheng District	58.4%	13,967	61,695	61,695	-	-	-	-	-
Feicuidongwang, Dongguan	Nancheng District	32.5%	67,477	235,911	235,911	-	-	-	-	-
Jiangnan Yard, Dongguan	Shatian Town	68.2%	84,903	152,422	152,422	-	-	-	-	22,859
Financial Valley Project in Songshanhu, Dongguan	Songshanhu	99.8%	110,958	168,250	168,250	-	-	-	-	-
Huanhulu Project in Songshanhu, Dongguan	Songshanhu	29.6%	23,037	44,142	-	-	-	44,142	44,142	-
Watership, Dongguan	Tangxia Town	100.0%	596,786	414,759	-	32,415	343,126	71,633	-	-
Dongjiang Avenue Project, Dongguan	Wanjiang District	98.4%	21,505	64,515	-	-	-	64,515	64,515	-
Fengjing Garden, Guangzhou	Baiyun District	100.0%	24,052	93,803	-	-	93,803	-	-	-
Future Forest Project, Guangzhou	Baiyun District	99.6%	27,129	81,387	81,387	-	-	-	-	-
World Expo, Guangzhou	Panyu District	51.8%	82,354	451,682	120,910	-	-	243,573	181,792	60,019
European Village, Guangzhou	Panyu District	100.0%	364,651	591,662	-	-	591,662	-	-	-
Wei Lai Zhi Qiu, Guangzhou	Panyu District	95.7%	13,750	22,000	22,000	-	-	-	-	-
Jinyu Huating, Guangzhou	Haizhu District	100.0%	9,117	85,682	-	-	85,682	-	-	-
Racho Sante Fe, Guangzhou	Huadu District	49.0%	210,252	126,172	-	-	126,172	-	-	-
Valencia, Guangzhou	Huadu District	50.0%	126,941	263,624	-	117,046	263,624	-	-	-
Golden Dream, Guangzhou	Huangpu District	100.0%	115,671	289,178	-	-	289,178	-	-	-
Huangpucang, Guangzhou	Huangpu District	58.0%	26,700	96,700	-	-	96,700	-	-	-
Xingfuyu Garden, Guangzhou	Huangpu District	14.3%	259,300	543,939	-	140,061	388,339	30,025	-	125,575
Hillview Park, Guangzhou	Huangpu District	99.1%	192,923	373,634	-	292,404	373,634	-	-	-
City Twilight, Guangzhou	Huangpu District	88.8%	33,589	85,813	-	22,222	85,813	-	-	-
Shangcheng Yufu, Guangzhou	Huangpu District	98.1%	127,226	368,959	-	67,961	67,961	51,444	51,444	166,140
Happiness Garden, Guangzhou	Huangpu District	16.3%	112,600	161,800	-	68,969	68,969	-	-	73,683
Yuanpeili Project, Guangzhou	Huangpu District	99.2%	41,631	62,447	62,447	-	-	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be
					commenced construction in 2018			yet under construction as at the end of 2018		completed in 2019
Yueshan Project, Guangzhou	Huangpu District	97.2%	88,230	92,395	58,862	-	-	33,533	33,533	-
Lixiang Garden, Guangzhou	Huangpu District	84.5%	103,306	310,230	-	155,015	189,207	-	-	121,023
Haishang Chuanqi, Guangzhou	Liwan District	100.0%	7,141	30,706	-	30,706	30,706	-	-	-
Guangxin Asset Package Project, Guangzhou	Liwan District	100.0%	799,743	2,110,000	-	-	-	2,110,000	174,100	-
Vanke Nanfang AD, Guangzhou	Nansha District	89.5%	156,555	250,488	-	-	250,488	-	-	-
Heron Hill, Guangzhou	Nansha District	95.6%	58,121	104,618	82,263	-	-	-	-	-
Hai Shang Ming Yue Project, Guangzhou	Nansha District	90.7%	92,219	230,548	230,548	-	-	-	-	-
Vanke Cloud Plaza, Guangzhou	Tianhe District	100.0%	30,995	82,962	-	-	82,962	-	-	-
Yunkai Home Town, Guangzhou	Tianhe District	25.0%	13,200	49,236	-	-	28,769	-	-	-
Yun Cheng Miku, Guangzhou	Tianhe District	98.9%	89,229	357,433	-	192,331	357,433	-	-	-
Taoyuanli, Guangzhou	Zengcheng District	92.4%	16,492	36,282	-	-	-	-	-	36,282
Spring Breeze Ten Yard, Guangzhou	Zengcheng District	97.0%	51,950	129,875	52,090	-	-	-	-	-
Taoyuanli Phase II, Guangzhou	Zengcheng District	50.0%	145,736	172,300	113,029	-	-	59,271	59,271	76,059
Dream Town, Qingyuan	Qingcheng District	100.0%	1,219,450	2,438,902	162,031	137,954	1,048,840	937,738	327,190	179,777
Vanke Huafu, Qingyuan	Qingcheng District	100.0%	79,336	316,002	-	-	314,646	-	-	1,356
Dream Town, Foshan	Chancheng District	100.0%	337,544	776,350	-	119,785	776,350	-	-	-
Vanke Plaza, Foshan	Chancheng District	88.0%	114,429	555,819	-	-	307,950	-	-	172,152
Golden Miles, Foshan	Chancheng District	98.8%	77,562	298,004	-	73,754	73,754	-	-	181,282
Festival Walk, Foshan	Chancheng District	94.5%	30,367	75,917	-	21,671	21,671	-	-	48,211
Yueduhui, Foshan	Chancheng District	100.0%	9,785	58,710	-	-	-	-	-	-
Xijiang Joy, Foshan	Gaoming District	45.4%	97,157	291,378	177,378	-	-	-	-	291,378
Jinyu International, Foshan	Nanhai District	51.0%	89,009	373,821	-	126,434	373,821	-	-	-
Golden Field, Foshan	Nanhai District	100.0%	47,254	354,405	-	63,934	262,079	-	-	92,326
Jinyu Zhongyang, Foshan	Nanhai District	49.9%	188,996	793,784	-	133,742	545,994	-	-	214,970
Chengdong Garden, Foshan	Nanhai District	92.7%	30,984	130,000	-	20,183	130,000	-	-	-
Vanke Tower, Foshan	Nanhai District	100.0%	25,178	146,000	-	-	-	-	-	-
Golden City, Foshan	Nanhai District	98.7%	70,248	210,744	-	105,986	210,744	-	-	-
Golden Paradise, Foshan	Nanhai District	62.9%	87,157	331,196	-	151,526	331,196	-	-	-
Vanke center, Foshan	Nanhai District	100.0%	18,023	99,125	-	-	-	99,125	99,125	-
City Twilight, Foshan	Nanhai District	90.7%	72,711	228,312	-	121,251	121,251	-	-	104,750
Shangduhui, Foshan	Nanhai District	97.0%	13,718	61,340	-	-	-	-	-	58,519
Yiduhui, Foshan	Nanhai District	90.0%	13,986	62,937	-	-	-	-	-	35,175
Phoenix Garden, Foshan	Nanhai District	27.9%	7,804	23,400	23,400	-	-	-	-	-
West of the Paradiso, Foshan	Nanhai District	99.1%	76,956	230,869	-	-	-	230,869	230,869	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Glamorous City, Foshan	Sanshui District	91.3%	132,954	332,385	322,461	-	-	-	-	156,457
City Garden, Foshan	Sanshui District	65.8%	35,271	98,757	98,757	-	-	-	-	44,372
Crystal City, Foshan	Shunde District	49.0%	284,036	710,092	-	8,726	710,092	-	-	-
Jinyu Binjiang, Foshan	Shunde District	50.0%	113,224	452,880	-	-	171,142	-	-	83,213
Binfen Xiyuan, Foshan	Shunde District	100.0%	43,748	153,000	-	1,589	153,000	-	-	-
Jade Bingjiang, Foshan	Shunde District	98.8%	54,648	163,944	-	-	-	-	-	81,816
Jade Riverview, Foshan	Shunde District	98.1%	53,795	134,488	-	-	-	-	-	37,727
Skycity, Foshan	Shunde District	99.1%	86,789	390,552	-	-	-	390,552	390,552	-
Jinyu Academy, Foshan	Shunde District	97.0%	45,432	127,210	127,210	-	-	-	-	16,326
Star Converge, Foshan	Shunde District	90.0%	23,200	120,664	120,664	-	-	-	-	-
Jingduhui, Foshan	Shunde District	91.6%	7,708	56,038	56,038	-	-	-	-	-
Glamorous City, Zhuhai	Doumen District	100.0%	137,061	274,122	-	-	274,122	-	-	-
Haiyu Peninsula Garden (Continued Construction), Zhuhai	Xiangzhou District	50.0%	78,000	196,358	-	-	42,320	154,038	154,038	-
Dream Town, Zhuhai	Xiangzhou District	40.8%	193,150	624,223	-	445,878	623,840	-	-	383
Shihua No.66, Zhuhai	Xiangzhou District	19.1%	8,117	40,055	-	40,055	40,055	-	-	-
Mangrove East Coast, Tangjiawan, Zhuhai	Xiangzhou District	16.0%	333,668	500,536	-	58,039	58,039	266,409	133,726	26,482
Jade Center, Zhuhai	Xiangzhou District	98.8%	27,077	81,310	81,310	-	-	-	-	-
Golden Home, Zhongshan	Dongfeng Town	100.0%	260,982	830,525	-	145,265	589,885	-	-	205,495
Jinyu Center, Zhongshan	East District	97.8%	68,149	204,413	-	-	-	204,413	204,413	-
Dream Town, Zhongshan	Guzhen	90.0%	139,968	419,807	177,083	33,347	33,347	-	-	290,328
Baiyuewan, Zhongshan	Huoju Development District	65.0%	251,900	465,205	18,950	125,977	339,307	-	-	96,495
Golden Dream, Zhongshan	Huoju Development District	90.0%	6,628	14,635	-	-	-	-	-	14,635
Qian Hai Xi'an, Zhongshan	Huoju Development District	79.2%	77,974	233,835	75,719	-	-	158,116	158,116	-
The Paradise, Zhongshan	Shiqi District	74.2%	143,852	418,450	77,152	76,128	183,349	-	-	138,049
Dream Town, Haicang, Xiamen	Haicang District	40.0%	189,752	517,690	-	41,229	517,690	-	-	-
Guotou Project, Xiamen	Huli District	99.0%	11,190	26,613	26,613	-	-	-	-	-
Vanke Clouds, Xiamen	Huli District	100.0%	19,134	151,188	-	-	151,188	-	-	-
Wuyuan Vanke Li, Xiamen	Huli District	100.0%	44,800	70,020	-	-	-	-	-	-
Haixi Financial Plaza, Xiamen	Huli District	49.0%	10,730	31,858	31,858	-	-	-	-	-
Haixi Financial Plaza (Phase II), Xiamen	Huli District	100.0%	10,730	27,978	27,978	17,075	17,075	-	-	-
King Metropolis, Xiamen	Jimei District	100.0%	102,427	446,842	-	44,573	446,842	-	-	-
Vanke Plaza, Xiamen	Jimei District	100.0%	137,934	710,000	158,318	-	219,951	-	-	-
Vanke Cloud City, Xiamen	Jimei District	97.0%	47,454	148,110	-	49,698	86,644	-	-	61,466
Vanke Shimaowang, Xiamen	Tong'an District	31.9%	54,164	119,160	119,160	-	-	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Heron Hill, Xiamen	Xiang'an District	93.5%	86,368	95,000	-	-	-	-	-	-
Shoukai Vanke Heron Hill Phase II, Xiamen	Xiang'an District	47.1%	58,986	88,500	-	-	-	-	-	-
Vanke Agile Jinyu Tixiang, Xiamen	Xiang'an District	43.7%	7,964	19,100	19,100	-	-	-	-	-
Golden Paradise, Xiamen	Xiang'an District	97.4%	19,080	42,200	42,200	-	-	-	-	-
Dream Town, Quanzhou	Fengze District	60.0%	136,741	478,591	-	32,833	329,440	-	-	126,422
City Twilight, Quanzhou	Fengze District	30.7%	211,662	849,797	443,674	-	-	-	-	149,055
Lucheng, Quanzhou	Fengze District	98.9%	40,201	72,362	72,362	-	-	-	-	-
Joying Gold, Quanzhou	Qingmeng Development District	16.4%	54,864	202,995	-	-	-	-	-	-
Jinyu Center, Shishi	Yushan Town	70.0%	82,769	211,503	-	102,086	102,086	-	-	58,207
Jinyu Binjiang Phase 2, Jinjiang	Jinjiang City	40.8%	45,789	192,260	-	-	-	-	-	-
Jinyu Binjiang Phase 3, Jinjiang	Jinjiang City	40.8%	54,074	165,867	165,867	-	-	-	-	-
Jinyu Binjiang Phase 1, Jinjiang	Jinjiang City	44.0%	23,488	77,119	-	-	-	-	-	-
Dream Town, Zhangzhou	Xiangcheng District	38.1%	235,606	805,195	-	293,876	460,285	-	-	57,299
Jiulongtai, Zhangzhou	Xiangcheng District	10.0%	44,201	114,922	-	-	-	-	-	-
Jinyu Binjiang Garden, Fuzhou	Cangshan District	99.0%	80,013	415,774	147,706	56,629	56,629	42,729	42,729	-
Vanke Jiuli Commercial Center, Fuzhou	Cangshan District	100.0%	83,099	99,384	99,384	-	-	-	-	-
Jade Li, Fuzhou	Cangshan District	45.2%	23,628	30,931	30,931	-	-	-	-	-
Baihuazhou Project, Fuzhou	Cangshan District	48.2%	35,543	40,428	-	-	-	-	-	-
Lu Ling Garden, Fuzhou	Cangshan District	69.3%	34,000	77,129	77,129	-	-	-	-	-
Zhenmao Mansion, Fuzhou	Cangshan District	16.8%	81,196	145,500	145,500	-	-	-	-	-
Jiurufu, Fuzhou	Gulou District	96.3%	15,456	43,277	-	-	-	-	-	37,355
Dream Town, Putian	Licheng District	80.0%	250,708	537,279	-	-	537,279	-	-	-
Zitai, Fuzhou	Mawei District	38.7%	113,600	156,018	-	-	-	156,018	156,018	-
The Paradise, Fuzhou	Minhou County	51.0%	213,602	676,654	-	85,899	184,014	340,585	-	45,314
Vanke Plaza, Fuzhou	Taijiang District	100.0%	93,360	440,828	-	-	440,828	-	-	-
Jinyu Garden, Fuzhou	Taijiang District	60.0%	25,397	128,512	-	-	128,512	-	-	-
Financial Port Center, Fuzhou	Taijiang District	96.6%	41,761	104,156	-	104,156	104,156	-	-	-
Yongtai Dazhangxi Coast, Fuzhou	Yongtai County	51.0%	392,000	434,943	-	41,462	85,826	251,339	251,339	85,704
The Paradise, Changsha	Furong District	96.2%	120,208	362,976	-	73,456	288,217	-	-	74,759
Dream Town, Changsha	Kaifu District	70.0%	206,251	489,617	-	-	489,617	-	-	-
Zitai, Changsha	Tianxin District	70.0%	116,486	270,177	30,835	-	97,729	136,001	62,891	36,447

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Glamorous City, Changsha	Yuhua District	95.0%	460,237	1,335,730	291,321	233,206	589,080	286,048	220,013	169,281
Golden Wheat Fields, Changsha	Yuhua District	90.0%	16,459	36,300	-	-	-	36,300	36,300	-
Golden Dream, Changsha	Yuelu District	99.5%	151,064	517,107	-	-	-	517,107	233,922	-
Gushan Village, Changsha	Yuelu District	48.6%	479,778	863,600	-	-	-	863,600	300,000	-
Golden Paradise, Changsha	Yuelu District	100.0%	43,737	129,261	-	22,270	129,261	-	-	-
Jinyu Binjiang, Changsha	Yuelu District	58.0%	58,287	207,994	72,457	-	83,980	40,673	40,673	-
Heron Hill, Changsha	Yuelu District	100.0%	100,351	297,167	-	-	297,167	-	-	-
Jinyu International, Changsha	Yuelu District	51.0%	159,393	518,570	112,104	130,495	296,695	18,302	-	98,619
Meixi County, Changsha	Yuelu District	99.4%	129,323	310,501	-	25,995	310,501	-	-	-
Golden Paradise, Nanning	High & New Technology Industries Development Zone	90.2%	54,326	217,303	120,365	-	-	-	-	85,631
Joying Gold, Nanning	High & New Technology Industries Development Zone	90.8%	14,948	58,821	-	-	-	-	-	-
Yuewan, Nanning	High & New Technology Industries Development Zone	41.2%	11,989	41,962	-	-	-	-	-	17,459
Star Converge, Nanning	High & New Technology Industries Development Zone	70.0%	155,510	506,545	-	-	-	506,545	506,545	-
Yuejiangnan Project, Nanning	Jiangnan District	97.0%	78,589	232,489	232,489	-	-	-	-	-
Vanke Building, Nanning	Liangqing District	100.0%	25,545	117,834	-	-	49,586	-	-	68,248
Glamorous City, Nanning	Liangqing District	43.0%	104,174	329,887	-	-	329,887	-	-	-
The Paradise, Nanning	Liangqing District	69.4%	71,599	224,436	-	124,273	124,273	-	-	51,858
Jinyuzhongyang, Nanning	Liangqing District	40.1%	117,729	601,250	355,053	-	-	117,289	117,289	147,118
Park Avenue, Nanning	Liangqing District	40.1%	75,941	227,821	-	-	-	-	-	96,610
Dream Town, Nanning	Qingxiu District	84.7%	355,063	1,409,937	381,029	236,349	360,653	6,718	6,718	480,467
Zhen Shanyue, Nanning	Qingxiu District	69.3%	26,956	46,364	46,364	-	-	-	-	-
Jinyu Binjiang, Nanning	Yongning District	28.0%	69,104	171,401	129,337	-	-	42,064	36,677	-
Gaozhijuan, Sanya	Tiandu Town	65.0%	387,807	349,026	-	-	69,185	279,841	98,185	-
Forest Holiday Park, Sanya	Tiandu Town	65.0%	942,745	459,414	15,203	31,767	360,550	83,661	25,808	2,129
Lakeside Holiday Park, Sanya	Hedong District	80.0%	397,080	436,425	115,247	31,903	216,092	-	-	74,581
<b>Southern Region subtotal</b>			<b>22,122,763</b>	<b>55,879,518</b>	<b>8,701,203</b>	<b>6,068,242</b>	<b>24,494,728</b>	<b>10,682,515</b>	<b>6,250,232</b>	<b>8,205,341</b>
<b>Shanghai Region</b>										
Baoshan Industrial District 108-04 Plot, Shanghai	Baoshan District	47.0%	80,805	139,971	135,769	-	-	4,202	-	32,110
Mancheng Project, Shanghai	Baoshan District	33.2%	62,786	125,572	45,489	-	-	80,083	80,083	-
Shengtangjingyuan, Shanghai	Danghu Town	45.9%	42,348	83,971	83,971	-	-	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be completed in 2019
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Jinyu Nanqiao, Shanghai	Fengxian District	83.7%	58,531	134,622	-	5,478	125,522	-	-	-
Anting New Town Project, Shanghai	Jiading District	74.2%	624,428	490,575	81,919	48,422	216,322	131,370	131,370	51,970
Tianji, Shanghai	Jiading District	74.4%	84,838	199,881	132,662	-	-	67,219	62,232	-
Jade Albany, Shanghai	Jing'an District	50.2%	54,499	159,471	-	-	159,471	-	-	-
Zhongxing Road Project, Shanghai	Jing'an District	49.7%	31,034	109,754	-	-	-	109,754	60,000	-
Dream Town, Shanghai	Minhang District	70.0%	210,615	507,636	-	-	507,636	-	-	-
Qibao International, Shanghai	Minhang District	51.0%	269,476	451,437	-	58,040	451,437	-	-	-
Qibao Business District 17-04 Plot, Shanghai	Minhang District	20.6%	22,890	80,114	80,114	-	-	-	-	-
Qibao Business District 18-03 Plot, Shanghai	Minhang District	49.6%	30,324	87,939	87,939	-	-	-	-	-
Wujing Project, Shanghai	Minhang District	99.7%	71,552	128,794	-	-	-	128,794	128,794	-
Qibao 19-04 Plot, Shanghai	Minhang District	99.7%	34,000	99,000	-	-	-	99,000	99,000	-
Haishang Chuanqi, Shanghai	Pudong New District	60.0%	140,981	310,159	-	78,867	310,159	-	-	-
Golden City, Shanghai	Pudong New District	60.0%	264,646	349,038	-	-	285,443	-	-	63,595
Jade Park, Shanghai	Pudong New District	90.0%	79,548	227,402	-	51,543	227,402	-	-	-
Yuhe Mansion, Shanghai	Pudong New District	21.8%	137,270	162,141	-	76,719	162,141	-	-	-
Jin Yu Lan Wan, Shanghai	Pudong New District	23.4%	104,361	125,233	-	84,004	125,233	-	-	-
Jade Binjiang, Shanghai	Pudong New District	100.0%	78,334	225,266	-	-	198,695	-	-	26,571
Jin Yu Lan Wan Egret Villa, Shanghai	Pudong New District	49.6%	40,361	48,433	-	-	-	-	-	44,175
Sky City, Shanghai	Qingpu District	49.8%	260,119	455,247	105,529	40,170	40,170	283,947	283,947	-
Xujing 33-01Plot, Shanghai	Qingpu District	99.7%	49,466	89,039	32,747	-	-	56,292	56,292	-
Xuhui Vanke Center, Shanghai	Xuhui District	51.0%	107,486	493,447	328,860	-	164,587	-	-	-
Longhua Project, Shanghai	Xuhui District	54.8%	49,154	96,780	-	-	-	96,780	96,780	-
Qiaogao Project, Shanghai	Xuhui District	33.2%	118,282	356,933	-	-	-	356,933	72,679	-
19-2 Project, Taicang	High & New Technology Industries Development Zone	97.6%	43,004	90,318	90,318	-	-	-	-	-
Galaxy Bay Project, Taicang	Liuhe Town	13.2%	21,183	74,641	74,641	-	-	-	-	-
City Twilight, Nantong	Chongchuan District	68.6%	149,409	239,020	-	103,364	170,766	-	-	68,254
The Paradiso, Nantong	Gangzha District	100.0%	99,910	218,650	-	-	218,650	-	-	-
Heron Hill, Nantong	Gangzha District	88.8%	191,882	191,021	-	114,730	114,730	-	-	74,000
Fei Cui Dong Di, Nantong	Gangzha District	72.1%	98,003	155,486	155,486	-	-	-	-	-
Fei Cui Jia Di, Haimen	High & New Technology Industries Development Zone	46.9%	92,886	178,172	130,068	-	-	48,104	48,104	-
Central Park, Haimen	High & New Technology Industries Development Zone	21.2%	141,257	289,379	159,148	-	-	130,231	130,231	-
Jibao Lan'an Mingjun Project, Nantong	Development District	92.9%	85,145	161,246	146,416	14,830	14,830	-	-	-



## Section 4 Directors' Report

Unit: sq.m.

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Haishang Chuanqi, Nantong	Development District	16.9%	180,729	318,721	184,629	-	-	134,092	130,000	-
Bai Lu Wan, Nantong	Development District	56.2%	67,205	92,811	92,811	-	-	-	-	-
Jade Park, Nantong	Development District	97.0%	111,862	217,008	217,008	-	-	-	-	-
Chongzhoufu Project, Nantong	Development District	47.0%	48,794	48,308	48,308	-	-	-	-	-
Zhongchuang Metropolis, Nantong	Development District	11.5%	47,963	83,799	83,799	-	-	-	-	45,700
Metropolis, Nantong	Tongzhou District	24.1%	115,610	233,211	-	76,256	76,256	-	-	154,800
Hushan Yuanzhu Project, Nantong	Tongzhou District	29.9%	83,920	132,390	132,390	-	-	-	-	27,000
Anping Street, Nanjing	Baixia District	100.0%	27,325	22,770	-	5,469	5,469	-	-	17,301
The Paradiso, Nanjing	Jiangning District	100.0%	272,298	545,280	-	-	545,280	-	-	-
Xinduhui, Nanjing	Jiangning District	16.0%	36,043	107,275	-	-	72,691	-	-	-
Jade Park, Nanjing	Jiangning District	49.7%	94,624	260,543	-	164,796	259,067	-	-	1,476
Jinyu International, Nanjing	Jiangning District	98.7%	38,824	188,404	-	-	81,874	-	-	40,525
G46 Project, Nanjing	Jiangning District	50.9%	23,350	73,992	-	-	-	73,992	-	-
Jinyu Oriental, Nanjing	Jiangning District	32.2%	66,267	131,324	-	39,023	39,023	-	-	92,301
Duhui Tiandi, Nanjing	Jiangning District	28.2%	108,522	404,477	290,616	-	-	132,000	132,000	-
Shi Dai Tian Yue, Nanjing	Jiangning District	19.5%	54,173	173,156	173,156	-	-	-	-	-
Project West of Tianyin Avenue, Nanjing	Jiangning District	51.8%	153,261	370,233	-	-	-	370,233	370,233	-
Dream Town, Nanjing	Lishui District	69.5%	218,794	525,400	-	113,945	286,875	-	-	106,760
Golden Mountain, Nanjing	Pukou District	100.0%	62,291	102,127	-	-	100,233	-	-	1,894
Yun Du Hui, Nanjing	Qixia District	26.9%	117,922	237,300	131,321	-	-	105,979	105,979	-
Jiuduhui, Nanjing	Yuhuatai District	80.0%	126,058	317,203	-	-	232,560	-	-	57,668
Shangduhui, Nanjing	Yuhuatai District	49.0%	55,308	144,316	-	-	98,258	-	-	46,058
Jiuduhui South, Nanjing	Yuhuatai District	58.8%	42,401	108,934	-	70,556	70,556	-	-	38,378
Metropolis, Nanjing	Yuhuatai District	59.6%	71,334	172,382	-	41,750	41,750	-	-	130,632
Feicui Tianji, Nanjing	Yuhuatai District	16.4%	52,532	126,205	126,205	-	-	-	-	-
The Paradiso, Zhenjiang	Dagang New District	41.9%	133,100	317,654	188,134	-	-	129,520	-	-
Jin Yu Jiang Wan, Zhenjiang	Jingkou District	40.0%	83,500	112,703	112,703	-	-	-	-	41,072
Glamorous City, Zhenjiang	Runzhou District	100.0%	795,100	942,820	14,982	68,550	905,089	22,749	-	-
Blue Mountain Garden, Zhenjiang	Runzhou District	60.0%	285,683	406,101	157,330	32,706	212,905	-	-	48,866
Jade Park, Zhenjiang	Runzhou District	99.5%	112,889	247,033	61,331	-	-	185,702	185,702	-
Estuary Emerald, Zhenjiang	Runzhou District	40.8%	61,236	104,531	104,531	-	-	-	-	-
Yujianshan, Suzhou	High & New Technology Industries Development Zone	44.5%	167,206	234,059	-	79,895	195,089	-	-	38,970
Yujianshan Phase II, Suzhou	High & New Technology Industries Development Zone	49.8%	138,470	193,664	155,524	-	-	2,081	2,081	36,059
Feicuisiji Park, Suzhou	High & New Technology Industries Development Zone	20.1%	34,683	46,768	46,768	-	-	-	-	-

Unit: sq.m.

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Dajia, Suzhou	Industrial District	94.1%	51,579	30,948	-	-	-	-	-	30,948
Zuo'an Project, Suzhou	Industrial District	29.3%	22,826	199,358	-	-	-	199,358	199,358	-
Yuebi Garden, Suzhou	Wujiang District	40.0%	76,421	213,979	-	213,979	213,979	-	-	-
Gongyuanli, Suzhou	Wujiang District	40.0%	173,783	359,337	-	261,151	261,151	-	-	98,186
Liwanu Project, Suzhou	Wujiang District	13.3%	16,627	62,583	62,583	-	-	-	-	-
Jade Park, Suzhou	Wujiang District	22.5%	105,924	269,488	269,488	-	-	-	-	-
Dream Town, Suzhou	Wuzhong District	55.0%	144,535	361,338	-	36,729	306,599	-	-	54,739
Huxi Emerald, Suzhou	Wuzhong District	55.3%	122,976	270,546	-	239,444	270,546	-	-	-
Dongshan Park Lake, Suzhou	Wuzhong District	39.3%	38,949	69,960	-	-	-	-	-	69,960
VC Small Town, Suzhou	Xiangcheng District	100.0%	138,601	415,804	-	154,517	310,218	-	-	105,586
City Light, Zhangjiagang	Zhangjiagang	60.0%	191,795	469,378	-	-	119,897	237,001	117,104	-
Golf, Kunshan	Bacheng Town	100.0%	433,916	327,891	-	-	-	249,208	-	-
Glamorous City, Kunshan	Huaqiao Development District	100.0%	309,217	773,042	54,170	156,744	630,524	-	-	48,792
Park Avenue, Kunshan	Zhoushi Town	89.1%	383,117	451,293	266,780	46,184	46,184	-	-	83,748
Haishang Chuanqij, Kunshan	Jinxi Town	56.3%	163,930	246,067	126,135	-	-	54,812	54,812	65,120
Future City, Kunshan	High & New Technology Industries Development Zone	32.5%	350,761	514,619	162,749	69,339	69,339	189,833	189,833	91,000
Sky Park, Kunshan	Kunshan Huaqiao	16.0%	18,068	117,701	117,701	-	-	-	-	-
Gongwang, Changshu	Cultural District	42.9%	82,469	197,926	-	155,035	197,926	-	-	-
Jidige, Changshu	Yushan Town	18.8%	66,686	146,393	-	-	-	-	-	146,393
Pu Yue Ya Zhu, Changshu	Changshu City	24.9%	58,264	87,396	87,396	-	-	-	-	-
Zhen Wan Ya Zhu, Changshu	Yushan Town	28.6%	90,004	165,715	140,268	-	-	25,447	25,447	-
The Paradise, Wuxi	Binhu District	100.0%	154,468	386,170	16,468	50,960	267,442	86,809	-	-
Glamorous City, Wuxi	Binhu District	100.0%	962,116	1,346,963	55,854	-	1,267,121	-	-	79,842
Xinchengdao, Wuxi	Binhu District	100.0%	154,119	385,299	14,149	44,949	332,932	-	-	38,216
Haishang Chuanqij, Wuxi	Binhu District	74.0%	51,822	145,091	-	51,961	145,091	-	-	-
Jade East, Wuxi	Binhu District	99.3%	108,276	245,256	107,385	-	-	137,871	137,871	-
West of Jade East Project, Wuxi	Binhu District	99.5%	66,829	153,707	-	-	-	153,707	153,707	-
Tianyi Jiuzhu, Wuxi	Huishan District	46.0%	88,173	193,726	98,163	-	-	-	-	95,563
Vanke Youshan, Wuxi	Huishan District	90.0%	47,717	59,854	59,854	-	-	-	-	59,854
Tianyi Xinzhu, Wuxi	Huishan District	19.6%	103,846	275,714	204,091	-	-	-	-	83,003
Vanke Park AvenuePhase I, Wuxi	Jintan District	68.4%	191,268	381,419	111,600	-	-	269,819	138,180	-
Vanke Park AvenuePhase II, Wuxi	Jintan District	98.4%	182,741	366,461	-	-	-	366,461	-	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Beimentangshang, Wuxi	Liangxi District	39.2%	55,933	159,788	32,208	-	-	-	-	127,627
Yunhe Chuanqi, Wuxi	Liangxi District	50.3%	81,834	188,286	139,547	-	-	48,739	48,739	-
Golden Paradise, Wuxi	Xinwu District	100.0%	224,118	620,713	44,137	26,716	547,523	-	-	33,041
Wei Garden, Wuxi	Xinwu District	88.6%	73,769	138,581	-	56,200	56,200	-	-	82,381
Guanhu Lizhu, Wuxi	Xinwu District	37.4%	181,761	262,841	148,533	-	-	114,308	85,568	-
Chenyang Jiadi, Jingjiang	Jingjiang City	50.0%	370,700	564,917	281,761	-	-	283,156	283,156	69,723
Dream Town, Changzhou	Wujin District	100.0%	93,994	234,983	-	4,879	187,897	-	-	47,086
Junwang Jiadi, Changzhou	Xinbei District	37.3%	67,225	145,014	145,014	-	-	-	-	-
Feicui Yuntai, Yangzhou	Gaoyou City	43.0%	200,000	391,002	119,920	-	-	271,082	271,082	-
City Twilight, Yangzhou	Guangling District	55.1%	95,275	140,262	68,914	-	-	-	-	68,880
Spring Dew Mansion, Yangzhou	Guangling District	48.1%	28,103	29,917	29,917	-	-	-	-	-
Project 885, Yangzhou	Guangling District	34.9%	64,452	141,795	-	-	-	141,795	-	-
Dream Town, Yangzhou	Hanjiang District	100.0%	297,139	313,970	-	-	313,016	-	-	954
Golden Dream, Yangzhou	Hanjiang District	63.9%	87,325	215,850	-	18,741	214,573	-	-	1,277
Vanke Feicui Yunshan, Yangzhou	Hanjiang District	91.3%	78,409	107,449	-	107,449	107,449	-	-	-
Golden Dream Phase II, Yangzhou	Hanjiang District	27.5%	41,723	66,757	66,757	-	-	-	-	66,757
Jin Se Xin Zhu, Yangzhou	Hanjiang District	60.0%	28,641	45,825	-	-	-	-	-	45,825
Jade Park, Yangzhou	Hanjiang District	27.9%	52,581	90,965	90,965	-	-	-	-	-
Beichenzhiguang, Yangzhou	Hanjiang District	27.0%	69,326	110,922	110,922	-	-	-	-	110,922
Future Light, Yangzhou	Hanjiang District	16.1%	47,137	82,976	82,976	-	-	-	-	-
Lights of the Grand Canal, Yangzhou	Economic and Technological Development Zone	71.8%	94,464	151,142	151,142	-	-	-	-	28,823
Dream Town, Xuzhou	Gulou District	100.0%	692,037	1,351,698	-	33,136	920,262	-	-	260,428
Bei Chen Tian Di, Xuzhou	Gulou District	88.4%	28,149	95,707	-	-	95,707	-	-	-
Jielu, Xuzhou	Gulou District	30.8%	181,244	284,161	255,671	-	-	28,490	28,490	-
Project of Tricyclic West Road in Gulou District, Xuzhou	Gulou District	21.9%	163,394	434,109	-	-	-	434,109	434,109	-
Puyue Mountain, Xuzhou	Economic and Technological Development Zone	39.2%	67,015	87,108	-	37,283	87,108	-	-	-
Huaihai Paradise, Xuzhou	Quanshan District	85.0%	226,776	818,574	118,154	89,017	465,293	-	-	57,747
Jade Tianyu, Xuzhou	Quanshan District	58.5%	51,050	150,662	-	-	-	-	-	21,946
Future City, Xuzhou	Tongshan District	39.3%	49,448	86,589	-	86,589	86,589	-	-	-
Xinduhui, Xuzhou	Tongshan District	89.4%	132,703	382,414	168,254	-	-	-	-	171,902

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated	Area not	Area to be	Area to be
					commenced construction in 2018		completion area by 2018	yet under construction as at the end of 2018	commenced construction in 2019	completed in 2019
Times Light (Phase I), Xuzhou	Tongshan District	42.8%	72,878	145,756	-	-	-	145,756	145,756	-
Times Light (Phase II), Xuzhou	Tongshan District	42.8%	59,137	151,941	64,445	-	-	87,496	87,496	-
Times Light (Phase III), Xuzhou	Tongshan District	42.8%	103,670	258,930	41,097	-	-	217,833	217,833	-
Shangduhui, Xuzhou	Yunlong District	58.6%	53,697	181,997	-	-	-	52,405	52,405	124,337
Jade Light, Xuzhou	Yunlong District	50.3%	122,207	355,930	221,703	-	-	-	-	-
Jingyue, Xuzhou	Yunlong District	27.8%	19,634	49,084	49,084	-	-	-	-	-
Future Light, Suqian	Susu Industrial Park	41.0%	123,848	196,453	196,453	-	-	-	-	-
City Twilight, Hangzhou	Binjiang District	60.0%	41,153	90,536	-	-	90,536	-	-	-
Gongwang, Hangzhou	Fuyang District	100.0%	517,900	208,981	-	-	105,244	38,394	38,394	65,343
Jiuwang, Hangzhou	Fuyang District	20.0%	129,874	164,845	30,654	-	-	62,859	62,859	9,691
Junwang, Hangzhou	Fuyang District	43.0%	138,233	152,231	42,530	16,834	46,597	-	-	29,843
Jiuduhui, Hangzhou	Fuyang District	27.8%	30,063	66,139	-	-	-	-	-	45,594
Jinmao Vanke New Metropolis, Hangzhou	Fuyang District	50.0%	63,457	177,680	-	-	-	177,680	177,680	-
Gongyuanli, Hangzhou	Gongshu District	40.0%	41,295	103,238	-	61,472	103,238	-	-	-
Zhigu, Hangzhou	Gongshu District	90.0%	14,513	50,796	-	-	-	-	-	50,796
Zhongchenghui (Phase I), Hangzhou	Gongshu District	36.4%	39,950	103,800	103,800	-	-	-	-	-
Zhongchenghui (Phase II), Hangzhou	Gongshu District	99.3%	22,550	56,900	56,900	-	-	-	-	-
Shangtangfu, Hangzhou	Gongshu District	36.5%	42,000	84,000	-	-	84,000	-	-	-
Xurunhefu, Hangzhou	Gongshu District	36.5%	43,000	86,000	-	-	-	-	-	82,003
Yunhe Vanke Center, Hangzhou	Gongshu District	40.0%	36,592	128,072	128,072	-	-	-	-	-
LOFT49 Project, Hangzhou	Gongshu District	38.8%	15,925	36,628	36,628	-	-	-	-	-
Zijingshoufu, Hangzhou	Jiyang Street	36.5%	97,500	195,000	-	-	68,532	-	-	104,024
Metropolis No. 79, Hangzhou	Jiangan District	50.0%	21,915	76,703	-	76,703	76,703	-	-	-
Central Park, Hangzhou	Jiangan District	98.1%	59,413	95,061	-	95,061	95,061	-	-	-
Vanke Dajia Qiantang Mansion, Hangzhou	Jiangan District	50.0%	51,945	135,057	-	135,057	135,057	-	-	-
Lin'an Xiwang, Hangzhou	Lin'an District	93.4%	31,258	56,264	56,264	-	-	-	-	-
Huanglong Vanke Center, Hangzhou	Xihu District	51.0%	72,448	287,960	-	-	55,246	-	-	-
Hangzhou Yuquan Phase 2	Xihu District	40.0%	17,407	27,851	-	27,851	27,851	-	-	-
Hangzhou Seattle	Xihu District	48.8%	62,200	174,132	-	-	-	-	-	174,132
Zijinruigu, Hangzhou	Xihu District	17.2%	9,078	35,389	35,389	-	-	-	-	-
New Metropolis 1958, Hangzhou	Xiacheng District	98.2%	24,477	61,193	-	61,193	61,193	-	-	-
Shijizhiguang, Hangzhou	Xiaoshan District	30.5%	123,505	244,094	-	244,094	244,094	-	-	-
Golden Light, Hangzhou	Xiaoshan District	50.0%	67,425	188,790	-	188,790	188,790	-	-	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area		Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018	Completed area in 2018				
Hai Shang Ming Yue, Hangzhou	Xiaoshan District	33.0%	57,571	143,925	-	143,925	143,925	-	-	-
Vanke Tiejianjiangwan City, Hangzhou	Xiaoshan District	39.3%	80,340	200,848	-	-	-	-	-	200,848
West of Haishangmingyue, Hangzhou	Xiaoshan District	26.4%	21,211	46,665	-	-	-	-	-	46,665
Olympics Vanke Center, Hangzhou	Xiaoshan District	69.4%	13,969	69,845	69,845	-	-	-	-	-
Yuehongwan, Hangzhou	Xiaoshan District	24.7%	106,872	277,867	277,867	-	-	-	-	-
Liangzhu Cultural Village, Hangzhou	Yuhang District	100.0%	3,108,146	2,676,073	165,134	100,870	1,614,660	355,224	355,224	443,326
Beichenzhihuang, Hangzhou	Yuhang District	50.0%	115,683	293,409	-	-	293,409	-	-	-
Liangzhu Culture Village Future Town Phase 2, Hangzhou	Yuhang District	97.2%	99,814	249,535	-	249,535	249,535	-	-	-
Vanke Xingkong, Hangzhou	Yuhang District	88.6%	21,760	43,520	-	43,520	43,520	-	-	-
Hangchen Phase I, Hangzhou	Yuhang District	88.6%	38,333	84,333	-	84,333	84,333	-	-	-
Vanke Xiwang, Hangzhou	Yuhang District	26.4%	68,771	103,157	-	103,157	103,157	-	-	-
Future City, Hangzhou	Yuhang District	41.5%	82,834	182,235	-	22,320	22,320	-	-	157,640
Hangchen Phase II, Hangzhou	Yuhang District	89.5%	33,648	67,296	-	67,296	67,296	-	-	-
Quanxueli, Hangzhou	Yuhang District	89.3%	78,527	133,496	-	-	-	-	-	114,163
Hangxing Road Tianma, Hangzhou	Yuhang District	80.0%	27,305	68,263	-	-	-	-	-	68,263
Wei Lai Zhi Guang, Hangzhou	Yuhang District	100.0%	81,828	245,484	-	-	-	-	-	137,094
Donghai Xianhucheng Project in Yuhang District, Hangzhou	Yuhang District	14.9%	411,000	481,000	381,000	-	-	100,000	100,000	-
Mingchengboyuan, Hangzhou	Yuhang District	60.0%	82,981	232,341	-	-	232,341	-	-	-
Yue Zhong Huan, Jiaxing	Economic & Technological Development Zone	88.6%	47,260	113,179	-	113,179	113,179	-	-	-
Xiangzhang International, Jiaxing	Economic & Technological Development Zone	51.8%	88,912	222,139	-	-	-	-	-	122,139
Central Park, Jiaxing	Economic & Technological Development Zone	90.3%	37,911	83,354	-	-	-	-	-	43,354
Ziyuanshangcheng, Jiaxing	Economic & Technological Development Zone	36.5%	75,259	165,020	165,020	-	-	-	-	143,896
Jade Four Seasons, Jiaxing	Economic & Technological Development Zone	98.7%	56,608	118,847	118,847	-	-	-	-	-
Gem Mansion, Jiaxing	Nanhu District	57.5%	179,696	215,843	40,495	-	175,348	-	-	40,495
City Twilight, Jiaxing	Nanhu District	96.1%	88,411	176,784	176,784	-	-	-	-	-
Vanke Feicuitianyufu, Jiaxing	Tongxiang County	74.1%	42,027	75,641	75,641	-	-	-	-	-
Golden Dream, Jiaxing	Xiuzhou New District	100.0%	80,987	145,634	-	60,494	145,634	-	-	-
City Twilight, Haining	Chang'an Town	50.0%	29,300	73,250	-	-	-	-	-	73,250
Chaoqi Dongfang, Haining	Chang'an Town	44.0%	62,601	137,722	137,722	-	-	-	-	-
Kaiyuanmingdu, Haining	Xiashi Town	40.0%	52,965	156,111	-	-	-	-	-	156,111
Guiyu Dongfang (Phase I), Haining	Xucun Town	32.5%	37,696	82,931	82,931	-	-	-	-	-
Guiyu Dongfang (Phase II), Haining	Xucun Town	98.0%	63,805	146,752	146,752	-	-	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018			yet under construction as at the end of 2018		
Metropolis, Shaoxing	Yuecheng District	97.7%	65,200	136,000	136,000	-	-	-	-	-
Project of Taozhu Street, Shaoxing	Zhuji City	60.0%	62,190	74,628	-	-	-	74,628	74,628	-
Future Light, Ningbo	Beilun District	97.9%	87,392	174,766	174,766	-	-	-	-	-
Weilaili, Ningbo	Beilun District	96.4%	79,956	177,348	177,348	-	-	-	-	-
Oriental Imprint, Ningbo	Beilun District	18.6%	45,108	81,180	81,180	-	-	-	-	-
Jiuzhuli, Ningbo	High & New Technology Industries Development Zone	43.7%	44,814	80,659	-	80,659	80,659	-	-	-
Dongshengfu, Ningbo	High & New Technology Industries Development Zone	42.8%	57,413	126,144	-	126,144	126,144	-	-	-
Wanglu Huayuan, Ningbo	Haishu District	75.2%	30,247	60,893	-	-	-	-	-	60,893
Vanke Yin, Ningbo	Haishu District	24.6%	42,515	95,646	95,646	-	-	-	-	-
Yunluwan, Ningbo	Jiangbei District	85.0%	314,208	387,966	-	48,355	387,966	-	-	-
Guanshanwang Huayuan, Ningbo	Jiangbei District	90.0%	40,219	46,828	-	-	-	-	-	46,828
Yungu Center, Ningbo	Jiangbei District	94.1%	149,306	228,256	136,256	-	-	92,000	92,000	-
Yunzhu Huayuan, Ningbo	Jiangbei District	98.0%	60,556	166,787	166,787	-	-	-	-	-
Binhe Road, Ningbo	Jiangbei District	50.5%	86,800	180,834	-	-	-	180,834	180,834	-
Huaishu Road Project, Ningbo	Jiangbei District	99.7%	29,516	90,720	-	-	-	90,720	90,720	-
Jiangwanfu, Ningbo	Yinzhou District	92.2%	38,907	97,266	-	-	97,266	-	-	-
Metropolis, Ningbo	Yinzhou District	85.7%	30,804	73,930	-	73,930	73,930	-	-	-
Jiangwanfu Guobin, Ningbo	Yinzhou District	89.0%	21,787	47,931	-	47,931	47,931	-	-	-
Lanhujun, Ningbo	Yinzhou District	42.2%	141,377	211,457	-	87,966	211,457	-	-	-
Haiyuejiadi, Ningbo	Yinzhou District	40.8%	49,977	79,880	-	79,880	79,880	-	-	-
Guiyuli, Ningbo	Yinzhou District	42.7%	69,774	139,548	-	139,548	139,548	-	-	-
Gramercy, Ningbo	Yinzhou District	95.8%	53,549	80,312	-	-	-	-	-	80,312
East of Baishi Lake, Ningbo	Yinzhou District	69.4%	138,665	140,052	35,209	-	-	-	-	-
Dream Town, Ningbo	Zhenhai District	49.0%	297,572	573,644	-	-	527,862	-	-	45,782
Jiadi 17, Ningbo	Zhenhai District	40.3%	21,259	41,009	-	41,009	41,009	-	-	-
Hanlin Jiadi Beiyuan, Ningbo	Zhenhai District	95.5%	35,967	61,083	-	-	-	-	-	61,083
Hanlin Jiadi Nanyuan, Ningbo	Zhenhai District	59.9%	25,587	38,378	-	-	-	-	-	38,378
Blue Oriental, Ningbo	Zhenhai District	41.1%	87,051	200,178	-	-	-	-	-	100,178
Weilan City, Ningbo	Zhenhai District	99.1%	65,445	130,876	130,876	-	-	-	-	-
Ziyindongjun, Taizhou	Linhai City	22.3%	33,334	73,275	-	-	73,275	-	-	-
Shanhaishili, Taizhou	Luqiao District	99.2%	48,490	121,121	121,121	-	-	-	-	-
Dream Town, Taizhou	Jiaojiang District	65.8%	204,886	467,994	-	-	-	467,994	467,994	-
Longwan Garden, Wenzhou	Longwan District	60.0%	125,219	179,733	-	-	179,733	-	-	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
The Ideal City, Wenzhou	Longwan District	22.0%	65,148	168,065	168,032	-	-	-	-	-
TOD International New City, Wenzhou	Longwan District	16.6%	136,472	433,411	267,692	-	-	165,719	-	-
7 Xueyuan Road, Wenzhou	Lucheng District	67.5%	36,081	79,833	-	79,833	79,833	-	-	-
Vanke Times Center, Wenzhou	Lucheng District	38.8%	24,017	96,068	-	-	-	-	-	56,068
Times Center, Wenzhou	Lucheng District	32.0%	5,819	18,037	-	18,037	18,037	-	-	-
Ludaojiadi, Wenzhou	Lucheng District	37.3%	51,458	113,206	-	-	-	-	-	113,206
Feicuitiandi (Phase II), Wenzhou	Lucheng District	17.2%	10,240	22,528	22,528	-	-	-	-	-
Zhongyang Lvzhou D19/24/34/29/31 Land Lot, Wenzhou	Lucheng District	97.2%	75,727	84,530	74,449	-	-	10,183	10,183	-
Xinduhui, Wenzhou	Ouhai District	32.0%	61,843	182,859	-	-	-	-	-	182,859
Xijiang Yue, Wenzhou	Ouhai District	26.5%	59,678	149,194	149,194	-	-	-	-	-
Feicuitiandi (Phase I), Wenzhou	Ouhai District	39.2%	55,896	223,585	223,585	-	-	-	-	-
Yunzhu Project, Wenzhou	Ouhai District	24.1%	24,848	74,544	74,544	-	-	-	-	-
Metropolitan, Wenzhou	Ruian City	22.4%	43,253	95,157	95,157	-	-	-	-	-
Feicui Tianji, Hefei	Baohe District	24.8%	154,111	357,632	79,316	-	-	278,316	99,693	-
Yunfeng Garden, Hefei	Baohe District	24.6%	163,503	418,619	81,289	-	-	337,330	175,000	-
Times Hall, Hefei	Binhu District	40.0%	85,254	218,014	-	98,857	117,868	-	-	61,007
Times Impression, Hefei	Binhu District	27.6%	115,492	250,571	72,734	-	-	2,400	2,400	72,294
Metropolis Garden, Hefei	Binhu District	20.2%	111,380	254,572	70,967	-	-	4,312	4,312	115,738
Future Light, Hefei	Feidong County	59.8%	197,179	433,794	58,999	-	-	244,511	98,212	36,686
Vanke Hongjun, Hefei	Feidong County	90.0%	64,328	159,425	-	-	-	-	-	159,425
Hongjun Phase II, Hefei	Feidong County	90.3%	20,890	52,224	52,224	-	-	-	-	-
Forest City, Hefei	Luyang District	100.0%	516,459	1,394,439	128,141	200,454	996,234	58,332	58,332	97,166
City Mansion, Hefei	Luyang District	49.0%	151,514	424,239	-	78,147	372,229	-	-	40,320
King Metropolis, Hefei	Shushan District	50.0%	115,628	412,101	-	-	412,101	-	-	-
Chunhuiyuefu, Hefei	Yushan District	36.6%	57,930	73,372	73,372	-	73,372	-	-	-
Park Avenue, Hefei	Changfeng District	98.7%	122,070	256,262	198,735	-	-	57,527	57,527	-
Central Mansion, Hefei	Changfeng County	39.7%	212,512	410,507	151,109	-	-	145,752	92,204	97,865
Duhui Shangcheng, Hefei	Changfeng County	24.3%	109,852	209,742	117,287	-	-	92,455	92,455	-
Dream Town, Wuhu	Jiujiang District	100.0%	274,404	491,466	-	132,629	491,466	-	-	-
Haishang Chuangqi, Wuhu	Yijiang District	48.5%	121,895	413,157	2,515	78,596	278,199	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Jiangdongfu, Wuhu	Jinghu District	40.5%	84,372	110,518	96,971	-	-	13,547	13,547	-
Dream Town, Nanchang	High & New Technology Industries Development Zone	32.5%	299,708	417,362	-	-	365,826	51,536	51,536	-
Haishang Chuanqi, Nanchang	High & New Technology Industries Development Zone	50.0%	163,213	348,201	-	-	319,159	23,559	23,559	1,931
Cuidieyuan, Nanchang	Honggutan District	50.0%	80,120	184,273	-	-	156,226	-	-	-
Times Square, Nanchang	Honggutan District	30.0%	83,800	293,400	-	-	171,162	84,269	84,269	-
Jiuli, Nanchang	Honggutan District	44.9%	57,493	145,076	145,076	-	-	-	-	110,753
Jinyu International, Nanchang	Jinkai District	45.6%	129,142	322,839	-	61,605	315,344	-	-	3,068
Legend on Midtown, Nanchang	Jinkai District	35.9%	87,065	174,124	-	125,566	161,534	-	-	6,420
Sky City, Nanchang	Nanchang County	20.8%	195,547	506,352	12,063	-	-	156,296	147,312	84,420
City Garden, Nanchang	Nanchang County	32.5%	78,733	196,832	-	119,302	119,302	-	-	77,530
Gongyuanli, Nanchang	Qingshanhu District	43.5%	110,163	176,260	-	-	176,260	-	-	-
Golden Paradise Binjiang, Nanchang	Qingshanhu District	16.2%	20,069	50,172	-	50,172	50,172	-	-	-
Hongjun, Nanchang	Qingshanhu	26.0%	121,873	219,371	117,966	-	-	-	-	107,610
Hongdu 1951, Nanchang	Qingyunpu District	24.8%	27,879	94,785	-	46,670	46,670	-	-	28,249
Puyueli, Nanchang	Wanli District	8.3%	116,115	201,918	-	-	-	-	-	198,110
Wanyue Garden, Yancheng	City South New District	27.2%	126,022	264,645	242,050	-	-	22,595	22,595	31,460
Yueda City Plaza, Yancheng	Tinghu District	44.7%	54,286	94,607	94,607	-	-	-	-	-
Chongwenyuan, Yancheng	Tinghu District	44.7%	39,251	78,436	65,331	-	-	13,105	13,105	-
<b>Shanghai Region subtotal</b>			<b>32,846,638</b>	<b>61,320,665</b>	<b>15,294,427</b>	<b>7,021,089</b>	<b>25,695,188</b>	<b>9,946,629</b>	<b>7,533,027</b>	<b>8,181,050</b>
<b>Northern Region</b>										
King Metropolis, Beijing	Changping District	50.0%	198,007	559,214	-	26,714	559,214	-	-	-
TBD Vanke Center, Beijing	Changping District	50.0%	68,944	240,089	-	115,274	115,274	-	-	66,896
Jade Garden, Beijing	Changping District	40.9%	255,088	430,899	32,483	60,956	60,956	166,463	-	203,480
Aifudun Project, Beijing	Changping District	100.0%	23,084	113,651	113,651	113,651	113,651	-	-	-
Metropolis No.79, Beijing	Chaoyang District	100.0%	16,782	51,895	-	-	-	-	-	51,895
Red Scarf Bridge Project, Beijing	Chaoyang District	59.5%	15,593	90,000	90,000	-	-	-	-	-
Eastern Metropolis, Beijing	Daxing District	50.0%	57,826	144,564	-	-	144,564	-	-	-
Vanke Cheng, Beijing	Daxing District	50.0%	43,446	155,207	-	-	155,207	-	-	-
Shoukai Vanke Centre, Beijing	Daxing District	50.0%	41,092	126,996	-	83,921	124,113	-	-	2,883
Beijing Vanke City	Daxing District	14.4%	47,000	144,385	-	135,989	144,385	-	-	-



## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area		Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018	Completed area in 2018				
No. 77 Beihe Yanjia, Beijing	Dongcheng District	100.0%	4,103	14,372	-	-	14,372	-	-	-
Changyang Bandao, Beijing	Fangshan District	50.0%	437,179	859,085	-	2,535	855,750	-	-	3,335
Golden Paradise, Beijing	Fangshan District	40.0%	65,967	155,293	-	-	155,293	-	-	-
Changyang Tiandi, Beijing	Fangshan District	69.0%	112,673	242,447	16,652	-	208,351	17,444	17,444	16,652
Center City, Changyang Peninsula, Beijing	Fangshan District	34.0%	63,950	156,384	8,659	97,912	147,725	-	-	8,659
Qishu Villa, Beijing	Fangshan District	50.4%	89,132	133,698	133,698	-	-	-	-	-
FS16-0201-0012 Plot, Beijing	Fangshan District	19.8%	133,033	210,500	167,548	-	-	42,952	-	-
Xihuafu, Beijing	Fengtai District	15.0%	233,209	629,170	-	175,724	629,170	-	-	-
Qinglong Lake Project, Beijing	Fengtai District	39.8%	230,355	249,999	155,989	-	-	94,010	-	-
Ruyuan C1, Beijing	Haidian District	50.0%	85,099	197,813	-	19,497	197,813	-	-	-
Daoxiang Lake, Beijing	Haidian District	100.0%	20,680	62,041	62,041	-	-	-	-	62,041
North of Cuihu International, Beijing	Haidian District	50.0%	17,630	52,889	52,889	-	-	-	-	52,889
Feicuiyuntu, Beijing	Haidian District	88.1%	54,881	104,000	104,000	-	-	-	-	-
Jade Chang'an, Beijing	Mentougou District	49.4%	65,821	252,082	-	69,332	69,332	97,910	97,910	29,579
Junzhuang Project, Beijing	Mentougou District	50.0%	74,720	44,200	-	-	-	44,200	-	-
Beijing Vernon Town	Miyun District	40.0%	400,486	384,881	25,758	-	95,301	164,458	-	125,122
Feicui Shanxiao, Beijing	Shijingshan District	39.6%	202,600	346,500	87,899	-	-	258,601	258,601	-
Guancheng Villa, Beijing	Shunyi District	35.0%	187,830	170,568	-	16,120	43,325	-	-	13,048
Shunyi 28 Street District Project, Beijing	Shunyi District	49.6%	22,913	41,200	-	41,200	41,200	-	-	-
Guancheng Dajia, Beijing	Shunyi District	49.8%	155,133	156,761	118,422	-	-	38,339	-	-
Tianzhuyuefu, Beijing	Shunyi District	32.7%	10,282	19,758	19,758	-	-	-	-	19,758
Jade Four Season, Beijing	Tongzhou District	50.0%	88,767	210,738	11,805	-	198,933	-	-	-
Jade Four Season (Phase II), Beijing	Tongzhou District	50.0%	61,717	123,434	-	47,171	74,434	-	-	49,000
City Twilight, Beijing	Tongzhou District	35.0%	34,657	122,483	-	33,694	101,984	-	-	-
Yunchuang Tiandi, Beijing	Tongzhou District	49.0%	144,005	258,969	13,005	-	-	208,204	-	-
Metropolis Binjiang, Beijing	Tongzhou District	88.8%	9,293	94,966	-	-	-	-	-	-
Beijing Xianghe Project 2012	Xianghe County	50.0%	201,386	328,149	-	-	261,868	66,281	-	-
Harrow Town, Beijing	Xianghe County	50.0%	302,741	696,506	-	-	-	696,506	696,506	-
Construction Dream Town, Beijing	Yanqing District	20.0%	166,117	232,564	5,715	-	98,640	-	-	29,000

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018			yet under construction as at the end of 2018		
Beidaihe Town, Qinhuangdao	Beidaihe District	50.0%	76,384	84,932	-	16,843	79,584	-	-	5,348
Mijas, Qinhuangdao	Beidaihe District	100.0%	85,659	92,357	92,357	-	-	-	-	-
Time Sea, Qinhuangdao	Beidaihe New District	16.0%	89,811	94,707	94,707	-	-	-	-	10,311
Future City (Phase II), Qinhuangdao	Haigang District	59.2%	68,011	136,022	-	-	-	136,022	136,022	-
Holiday Views, Qinhuangdao	Haigang District	60.0%	124,672	306,612	-	-	184,960	-	-	75,255
Yashe Island Project, Panjin	Liangdongwan New District	40.0%	449,889	201,508	-	-	-	201,508	-	-
Yongqing Project Phase I, Langfang	Yongqing County	89.5%	24,057	43,302	43,302	-	-	-	-	-
The Light of Sailing Phase II, Langfang	Yongqing County	89.5%	32,202	57,963	-	-	-	57,963	57,963	-
Dongjianta Project, Langfang	Nanjianta Town	38.5%	38,714	71,790	-	-	-	71,790	71,790	-
Longhe Project in Anci, Langfang	High-tech Industrial Zone, Longhe	79.8%	71,400	142,800	-	-	-	142,800	-	-
Times Light, Bazhou	Bazhou City	33.6%	44,442	111,104	-	-	-	111,104	111,104	-
Peacock Lake - 77 Mu Land, 39 Mu Land Project, Bazhou	Bazhou City	64.8%	77,510	116,265	-	-	-	116,265	116,265	-
Intercity Light, Zhuozhou	Zhuozhou City	92.1%	67,392	269,500	-	-	-	269,500	269,500	-
Matou Town Project, Zhuzhou	Zhuozhou City	79.8%	63,500	127,000	-	-	-	127,000	127,000	-
231 & 232 Land Lot, Dachang	Dachang Hui Autonomous County	79.8%	76,388	146,269	-	-	-	146,269	146,269	-
233 & 234 Land Lot, Dachang	Dachang Hui Autonomous County	79.8%	126,700	240,730	-	-	-	240,730	95,846	-
King Metropolis (Phase II), Tangshan	Fengrun District	32.0%	50,879	124,992	124,992	-	-	-	-	-
New Milestone, Tangshan	Fenghuang New City	48.0%	88,848	267,427	-	32,082	267,427	-	-	-
Vanke Lanshan Project, Tangshan	High-tech Industrial Zone, Tangshan	49.8%	80,103	197,059	197,059	-	-	-	-	-
Future City, Tangshan	High & New Technology Industries Development Zone	53.6%	68,237	170,575	58,912	-	-	111,663	111,663	-
King Metropolis, Tangshan	Lubei District	60.0%	84,194	154,769	-	10,662	152,075	-	-	2,694
King Metropolis (Phase III), Tangshan	Lubei District	40.8%	39,462	110,377	-	110,377	110,377	-	-	-
Golden Paradise, Tangshan	Lubei District	41.0%	53,400	138,199	-	-	-	-	-	138,199
Garden Avenue, Tangshan	Lubei District	13.8%	185,802	446,710	296,710	-	-	150,000	150,000	-
Stratford, Tangshan	Lunan District	100.0%	200,534	151,606	-	23,886	151,606	-	-	-
Nanhuchunxiao, Tangshan	Lunan District	24.0%	165,834	431,738	90,281	129,788	276,755	-	-	-
Jade Garden, Tangshan	Lunan District	50.4%	106,070	265,175	-	-	-	145,616	145,616	-
Chengningfu, Tianjin	Beichen District	27.7%	18,500	36,937	36,937	-	-	-	-	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Binhai Metropolis, Tianjin	Binhai New Area	26.0%	215,899	685,896	274,982	-	100,282	219,765	79,300	-
Harbor, Tianjin	Binhai New Area	51.0%	149,483	373,053	-	40,106	373,053	-	-	-
Jinyu International, Tianjin	Binhai New Area	100.0%	108,389	190,048	-	-	88,274	-	-	67,236
Zitainan Project, Tianjin	Binhai New Area	40.8%	56,545	136,534	-	76,469	76,469	-	-	43,908
Guanlan, Tianjin	Binhai New Area	48.6%	90,781	196,848	122,501	-	-	74,347	24,000	-
Waterfront, Tianjin	Dongli District	100.0%	2,708,886	1,763,059	81,916	89,544	1,332,336	29,000	29,000	173,279
King Metropolis, Tianjin	Dongli District	51.0%	221,217	358,360	-	90,369	324,072	-	-	34,288
Minhexiang, Tianjin	Dongli District	87.0%	257,768	438,230	155,749	104,015	289,580	-	-	28,338
City Twilight, Tianjin	Dongli District	20.0%	72,358	144,717	-	35,677	35,677	-	-	109,040
Tianjin Vanke City	Dongli District	49.9%	147,353	183,000	34,000	-	34,000	149,000	100,000	-
Qilin Wetland Vanke Town, Tianjin	Dongli District	49.1%	166,735	185,034	111,534	-	-	73,500	49,000	-
Tianjin Dongjun	Dongli District	50.0%	34,710	60,325	60,325	-	-	-	-	-
Diecaidao Project, Tianjin	Hexi District	33.1%	24,013	47,996	47,996	-	-	-	-	-
Haitianyanju, Tianjin	Ji County	53.9%	81,935	82,843	10,756	-	-	-	-	82,843
Xinduhui, Tianjin	Nankai District	49.0%	40,068	139,099	-	-	-	73,599	73,599	-
Nanhujun, Tianjin	Wuqing District	88.9%	62,440	76,778	-	76,778	76,778	-	-	-
Wonderland, Tianjin	Xiqing District	51.0%	409,701	502,892	-	126,730	502,892	-	-	-
Dongdi Project, Tianjin	Xiqing District	40.8%	133,014	308,328	63,550	102,720	102,720	-	-	89,767
Jade Avenue, Tianjin	Xiqing District	34.0%	167,723	325,895	13,068	-	-	193,770	52,331	-
Yangwuzhuangbei Project, Tianjin	Xiqing District	51.0%	192,144	378,267	3,655	-	-	374,612	-	-
Xihuafu, Tianjin	Xiqing District	57.8%	181,503	298,539	173,718	-	-	124,821	124,821	-
Jinlu, Tianjin	Xiqing District	28.5%	40,547	72,985	72,985	-	-	-	-	-
South of Xilu, Tianjin	Xiqing District	99.0%	49,684	81,729	81,729	-	-	-	-	-
North of Xilu, Tianjin	Xiqing District	98.8%	52,189	103,963	21,167	-	-	82,796	82,796	-
City Twilight, Shenyang	Dadong District	94.6%	87,643	350,517	-	241,934	350,517	-	-	-
Times Light, Shenyang	Dadong District	69.0%	30,742	91,765	-	24,223	24,223	-	-	67,542
Whistler, Shenyang	Dongling District	100.0%	285,599	286,141	57,782	39,902	100,619	127,740	-	57,782
Rotterdam, Shenyang	Heping District	100.0%	120,333	360,999	-	30,815	360,999	-	-	-
Sun Yat-Sen Park, Shenyang	Heping District	40.0%	9,444	75,965	-	73,992	73,992	-	-	1,973
Manrong Project, Shenyang	Heping District	99.2%	79,763	159,526	-	-	-	159,526	159,526	-
Holiday Views, Shenyang	Huanggu District	100.0%	200,000	474,883	59,486	122,570	329,015	-	-	101,232
Zitai, Shenyang	Huanggu District	52.7%	67,720	195,450	-	38,723	195,450	-	-	-
Metropolis AD, Shenyang	Huanggu District	32.5%	16,247	113,483	113,483	-	-	-	-	-
Ideal New Town Project, Shenyang	Hunnan District	40.1%	198,479	407,938	182,624	61,832	79,607	57,146	57,146	89,148

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be completed in 2019
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Jade Academy, Shenyang	Hunnan District	30.1%	56,325	122,881	122,881	-	-	-	-	63,572
Jade Four Season, Shenyang	Hunnan District	72.8%	60,148	142,097	142,097	-	-	-	-	78,630
Jibao Project, Shenyang	Hunnan District	99.4%	73,638	186,295	-	-	-	186,295	186,295	-
Baihewan East, Shenyang	Hunnan District	98.9%	82,371	140,031	66,536	-	-	73,495	73,495	-
China Travel Dream Town, Shenyang	Hunnan District	49.6%	1,018,234	1,057,074	-	-	22,067	1,035,007	76,500	-
Tomorrow City, Shenyang	Hunnan New District	69.5%	199,319	597,957	-	112,454	597,957	-	-	-
Xihuafu, Shenyang	Economic and Technological Development Zone	97.7%	208,177	372,382	259,532	6,540	6,540	-	-	178,699
Chunheli, Shenyang	Shenhe District	100.0%	81,378	431,232	-	42,250	342,393	-	-	8,158
Ruyuan, Shenyang	Shenhe District	40.0%	12,051	41,966	41,966	-	-	-	-	41,966
Tomorrow Light, Shenyang	Sujiatun District	72.8%	127,099	284,223	-	-	-	116,628	116,628	99,591
Tiexi Blue Moutain, Shenyang	Tiexi District	99.1%	51,832	154,638	-	-	154,638	-	-	-
City Sunshine, Shenyang	Tiexi District	62.4%	54,257	166,356	-	-	-	-	-	86,356
Fei Cui Zhi Guang, Shenyang	Tiexi District	18.0%	40,877	199,937	-	-	-	199,937	199,937	-
Fei Cui Zhi Guang Phase II, Shenyang	Tiexi District	54.0%	67,305	286,886	-	151,658	151,658	-	-	135,228
Fei Cui Xinduhui, Shenyang	Tiexi District	67.6%	61,217	140,799	140,799	-	-	-	-	-
Park Avenue, Shenyang	Yuhong District	100.0%	169,774	407,374	-	71,382	407,374	-	-	-
Feicui Park, Shenyang	Yuhong District	62.8%	109,776	219,552	-	101,210	101,210	-	-	118,342
Four Seasons Garden, Shenyang	Yuhong District	89.6%	45,100	99,220	-	36,971	36,971	-	-	62,249
Changjiangfu, Shenyang	Yuhong District	88.6%	24,143	48,286	-	22,215	22,215	-	-	26,071
Qianshanfu, Shenyang	Yuhong District	97.0%	19,105	66,867	66,867	-	-	-	-	-
The Paradise, Fushun	Development District	100.0%	300,150	675,968	109,266	52,812	238,575	328,127	328,127	109,266
Jinyu International, Fushun	Shuncheng District	100.0%	72,560	293,351	-	64,661	293,351	-	-	-
Yingkou Harbor, Shenyang	Bayuquan District	100.0%	138,990	388,637	128,125	-	153,765	106,747	106,747	-
Jinyu International, Anshan	Tiedong District	51.0%	225,715	673,206	91,534	51,143	186,206	338,685	133,022	145,603
Whistler Town, Anshan	Tiedong District	100.0%	422,171	626,572	71,566	91,361	451,761	-	-	108,568
West Moutain Villa, Dalian	Ganjingzi District	55.0%	90,404	91,308	-	-	91,308	-	-	-
Blue Mountain, Dalian	Ganjingzi District	100.0%	125,100	214,470	-	-	214,470	-	-	-
Park Avenue, Dalian	Ganjingzi District	90.0%	19,131	37,627	-	-	37,627	-	-	-
King Metropolis, Dalian	Ganjingzi District	87.0%	44,085	80,337	-	-	80,337	-	-	-
City Twilight, Dalian	Ganjingzi District	93.4%	153,500	283,975	-	94,869	269,813	-	-	4,089
Jade Garden, Dalian	Ganjingzi District	22.2%	146,290	248,710	-	104,840	104,840	26,712	26,712	77,158
Badongshu, Dalian	Ganjingzi District	88.6%	36,169	46,336	-	16,601	16,601	-	-	29,735

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Xinduhui, Dalian	Ganjingzi District	95.7%	55,138	135,345	30,950	62,539	62,539	-	-	37,541
Jade Four Season, Dalian	Ganjingzi District	45.5%	73,601	129,292	-	-	-	-	-	129,292
Guan Xian Villa, Dalian	Ganjingzi District	48.7%	126,155	134,550	134,550	-	-	-	-	-
Daxiangsu Project, Dalian	Ganjingzi District	97.7%	25,636	44,232	44,232	-	-	-	-	-
Feicui Duhui, Dalian	Ganjingzi District	99.4%	125,744	311,150	-	-	-	311,150	116,722	-
Cherry Blossom Garden, Dalian	High-Tech Industrial Zone	100.0%	146,677	342,625	113,165	20,034	176,300	-	-	25,859
Binhai Metropolis, Dalian	High-Tech Industrial Zone	90.0%	10,955	26,292	26,292	-	-	-	-	-
Cherry Blossom Late Stage Project	High-tech Industrial Zone	76.1%	193,011	177,795	66,606	-	-	111,189	22,897	-
Jade Light, Dalian	Jinzhou District	88.6%	83,330	243,918	96,971	-	-	146,947	146,947	96,971
Dream Town, Dalian	Jinzhou District	100.0%	284,806	620,607	43,419	89,224	431,685	-	-	177,393
Harbor, Dalian	Pulandian District	55.0%	581,172	968,300	121,592	19,962	241,128	605,580	-	51,199
Chenghua East Project, Dalian	Shahekou District	51.0%	35,757	64,260	-	-	-	64,260	64,260	-
Ban Shan Ban Hai, Dalian	Shahekou District	88.6%	12,233	45,140	-	45,140	45,140	-	-	-
Metropolis Xinghai, Dalian	Shahekou District	26.5%	7,399	76,778	76,778	-	-	-	-	-
Zhongnanfu, Dalian	Zhongshan District	88.6%	15,300	32,400	-	32,400	32,400	-	-	-
The Stoge, Dalian	Zhongshan District	62.1%	42,400	166,400	62,635	-	-	103,765	56,790	-
Zhongshanzhong, Dalian	Zhongshan District	42.5%	2,968	27,633	-	-	-	27,633	27,633	-
Baicuiyuan, Changchun	Chaoyang District	100.0%	267,981	503,349	145,411	69,819	357,938	-	-	80,879
Fanrongli Project, Changchun	Chaoyang District	41.7%	16,162	56,567	-	-	-	-	-	56,567
Blue Mountain, Changchun	Erdao District	100.0%	228,670	501,678	47,053	-	454,625	-	-	-
Xinduhui, Changchun	High & New Technology Industries Development Zone	95.3%	50,003	103,600	71,849	-	-	31,751	31,751	71,849
Jade College, Changchun	High & New Technology Industries Development Zone	49.3%	82,000	174,193	154,693	-	19,500	-	-	63,899
Changchun Whistler Town	Jingyue District	50.0%	399,715	484,714	-	23,219	340,644	139,731	43,454	4,339
Dream Town, Changchun	Jingyue District	51.0%	350,965	1,068,964	194,080	272,385	601,589	239,948	95,042	61,792
Ruyuan, Changchun	Jingyue District	42.9%	181,283	240,600	15,858	37,053	117,322	-	-	51,684
Changchun Whistler Banff Garden	Jingyue District	45.9%	187,439	243,671	41,370	92,021	92,021	9,219	9,219	85,464
Yuanjing Ducheng, Changchun	Jingyue District	90.0%	80,000	120,000	120,000	-	-	-	-	-
City Twilight, Changchun	Lvyuan District	96.3%	181,060	435,039	1,991	119,130	119,130	173,667	79,977	57,829
Jinyu Changchun	Nanguan District	100.0%	121,109	343,058	-	102,122	215,272	-	-	70,724
Jade Binjiang, Changchun	Nanguan District	92.3%	111,757	702,385	200,523	-	187,385	314,477	138,000	-
Golden Miles, Changchun	Qikai District	88.6%	44,154	75,002	-	26,209	75,002	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Xichen Light, Changchun	Qikai District	40.0%	154,246	308,500	165,876	-	-	142,624	142,624	-
Dream Town, Jilin	High & New Technology Industries Development Zone	65.0%	728,139	2,001,721	46,197	93,513	918,928	766,478	322,611	151,388
Binjiangjiuli, Jilin	Fengman District	24.5%	35,476	106,428	106,428	-	-	-	-	22,995
Songhua Lake Project, Jilin	Fengman District	100.0%	531,598	599,999	-	16,333	173,767	280,491	41,248	103,498
City Twilight, Harbin	Xiangfang District	45.0%	110,669	360,822	139,142	-	7,822	-	-	109,814
Park Avenue, Harbin	Daowai District	24.1%	39,392	101,800	-	-	-	101,800	101,800	-
Binjiang Metropolis, Harbin	Daoli District	49.9%	29,360	120,374	-	-	-	120,374	120,374	-
Meiguili, Qingdao	Chengyang District	60.0%	340,069	535,153	-	100,600	500,650	-	-	31,061
Taohuayuan, Qingdao	Chengyang District	57.2%	129,032	229,399	-	93,722	229,399	-	-	-
Taohuayuan Phase II, Qingdao	Chengyang District	59.4%	134,669	244,046	-	244,046	244,046	-	-	-
King Metropolis, Qingdao	Chengyang District	59.2%	63,599	127,198	-	127,198	127,198	-	-	-
King Metropolis A1 Plot, Qingdao	Chengyang District	58.6%	64,222	128,444	-	-	-	-	-	128,444
Ruiyang Road Houtian B Land Project, Qingdao	Chengyang District	59.2%	56,286	95,934	-	-	-	95,934	95,934	-
Tuanjie Road Project, Qingdao	Huangdao District	55.3%	123,719	284,109	183,354	-	-	34,718	34,718	-
Changjiangshoufu Project, Qingdao	Huangdao District	87.8%	25,836	168,348	125,944	-	-	42,404	-	-
Bashan Project in Huangdao, Qingdao	Huangdao District	46.0%	131,985	308,597	81,078	-	-	227,519	227,519	-
Qingdao Dongjun	Jimo District	55.0%	196,446	462,142	-	94,333	384,979	-	-	52,417
Qingdao Town	Development District	34.0%	933,293	947,990	35,790	60,763	382,696	490,604	78,328	-
Ecological New Town, Qingdao	Licang District	100.0%	110,919	350,385	-	156,457	350,385	-	-	-
Shiniushan Road Project, Qingdao	Licang District	22.0%	203,831	501,950	-	-	-	501,950	-	-
Pingdu Dream Town, Qingdao	Pingdu District	100.0%	59,308	181,845	-	-	113,215	37,071	-	-
Vanke Future City, Qingdao	Shibei District	36.8%	139,768	442,015	129,277	312,738	312,738	-	-	-
Fuzhou Road Vanke Center, Qingdao	Shibei District	100.0%	38,775	123,703	-	-	123,703	-	-	-
Tailiu Road No.312 Plot, Qingdao	Shibei District	50.0%	11,222	39,300	39,300	-	-	-	-	-
Zitainan Project, Qingdao	Shibei District	54.6%	5,043	17,649	17,649	-	-	-	-	-
Holiday Views, Yantai	Fushan District	70.0%	190,281	362,813	-	-	298,457	-	-	64,356
City Twilight, Yantai	Fushan District	32.0%	47,988	129,948	-	129,948	129,948	-	-	-
City Twilight II, Yantai	Fushan District	24.9%	58,514	109,477	-	-	-	109,477	109,477	-
City Twilight III, Yantai	Fushan District	51.1%	55,711	150,600	77,858	-	-	72,742	72,742	-
Tianyue Bay, Yantai	High & New Technology Industries Development Zone	93.5%	190,000	401,000	-	-	-	401,000	70,444	-
Baishengyuan, Yantai	Economic and Development Zone	57.7%	176,746	312,390	144,549	-	-	167,841	107,143	-
Dream Town, Yantai	Development District	51.0%	241,467	469,165	-	12,827	283,109	-	-	137,005
Jade Bay, Yantai	Laishan District	89.4%	50,620	111,300	-	-	-	-	-	85,543

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Jade Avenue, Yantai	Laishan District	24.0%	189,041	460,414	232,788	-	-	227,626	98,800	-
Feicui Chang'an, Yantai	Laishan District	29.4%	105,056	189,100	-	-	-	189,100	93,750	-
Haiyuntai, Yantai	Zhifu District	100.0%	311,614	444,000	-	145,024	422,272	-	-	11,885
Yulongshan, Yantai	Zhifu District	51.0%	341,943	422,791	33,660	7,128	194,528	-	-	125,187
Jade Garden, Yantai	Zhifu District	78.6%	57,892	116,000	8,745	68,458	68,458	-	-	42,808
Seattle, Yantai	Zhifu District	41.0%	61,499	120,300	120,300	-	-	-	-	-
Vanke Lucheng, Jinan	High & New Technology Industries Development Zone	71.1%	20,000	65,253	-	65,253	65,253	-	-	-
Vanke Center, Jinan	High & New Technology Industries Development Zone	100.0%	15,188	90,070	-	90,070	90,070	-	-	-
Quanxueli, Jinan	High & New Technology Industries Development Zone	33.4%	133,532	333,345	-	-	-	333,345	333,345	-
Vanke Ruyuan, Jinan	High & New Technology Industries Development Zone	32.7%	61,289	85,760	85,760	-	-	-	-	-
Vanke Gongyuanli, Jinan	Huaiyin District	42.7%	48,763	152,371	-	-	152,371	-	-	-
Industrial Town Industry Land Lot, Jinan	Jiyang District	51.0%	176,075	178,128	178,128	-	-	-	-	-
City Twilight Jinan	Licheng District	24.0%	203,151	451,722	124,405	55,450	55,450	-	-	396,272
Haiyoufu, Jinan	Licheng District	97.9%	35,260	70,556	-	-	-	-	-	70,556
Feicuishanyu, Jinan	Licheng District	98.8%	126,244	265,097	113,682	-	-	151,415	151,415	-
Jiutangfu, Jinan	Licheng District	16.1%	100,470	221,034	221,034	-	-	-	-	-
Tianchen, Jinan	Licheng District	18.0%	103,211	260,092	214,365	-	-	45,727	45,727	-
Glamorous City, Jinan	Licheng District	66.6%	110,494	277,340	113,943	-	-	163,397	67,345	-
Vanke Haiyan Gate, Jinan	Lixia District	59.4%	31,976	132,939	-	-	-	-	-	132,939
Dream Town, Jinan	Lixia District	100.0%	191,418	481,001	-	-	481,001	-	-	-
King Metropolis, Jinan	Lixia District	30.3%	103,870	316,999	-	214,545	316,999	-	-	-
Jade Garden, Jinan	Lixia District	50.0%	87,149	287,555	237,543	-	-	-	-	-
Metropolis, Jinan	Lixia District	32.3%	78,771	245,200	99,895	-	-	145,305	145,305	-
Yue Mountain, Jinan	Shizhong District	98.0%	16,906	80,378	33,386	46,992	46,992	-	-	33,386
Vanke Shanwang, Jinan	Shizhong District	24.4%	120,618	572,429	107,769	-	-	464,660	159,978	-
Vanke Joying Gold, Jinan	Tianqiao, District	49.0%	74,722	250,913	-	131,594	250,913	-	-	-
Zhonglufu, Jinan	Zhangqiu District	31.1%	110,411	215,782	114,924	-	-	100,858	100,858	-
Baimaiyuefu, Jinan	Zhangqiu District	24.8%	201,116	402,189	189,228	-	-	212,961	212,961	-
Jiangshan Yipin, Jinan	Zhangqiu District	28.4%	23,856	38,170	38,170	-	-	-	-	-
Vanke Jade College, Zibo	Zhangdian District	17.0%	128,501	321,245	321,245	-	-	-	-	-
Vanke Xinduhui, Zibo	Zhangdian District	50.0%	20,486	71,058	-	-	-	71,058	71,058	-
Park Avenue, Taiyuan	Jiancaoping District	88.6%	66,179	210,491	-	-	-	-	-	210,491
Taiyuan Town	Jiancaoping District	89.1%	263,066	434,359	79,714	-	-	-	-	173,768

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018			yet under construction as at the end of 2018		
The Paradiso, Taiyuan	Jinyuan District	88.6%	40,047	148,740	-	144,578	144,578	-	-	-
The Paradiso Phase II, Taiyuan	Jinyuan District	50.0%	29,195	114,039	-	-	-	-	-	79,979
Central Park, Taiyuan	Jinyuan District	50.0%	35,492	136,854	136,854	-	-	-	-	-
Jade Garden Project, Taiyuan	Jinyuan District	36.0%	75,832	257,786	257,786	-	-	-	-	-
Jade Jinyang Lake, Taiyuan	Jinyuan District	48.9%	127,040	254,079	-	-	-	254,079	168,041	-
Park Avenue, Taiyuan	Jinyuan District	33.1%	32,450	139,534	-	-	-	139,534	139,534	-
Baotou Business Department Project, Taiyuan	Qingshan District	97.2%	228,173	560,431	-	-	-	560,431	360,882	-
Blue Mountain, Taiyuan	Wanbailin District	51.0%	198,392	687,372	-	67,915	614,794	-	-	72,578
Transportation Company Land Lot, Taiyuan	Wanbailin District	100.0%	37,060	177,415	-	-	-	177,415	-	-
Zijun, Taiyuan	Wanbailin District	24.0%	72,496	201,471	-	201,471	201,471	-	-	-
Changfeng Mansion, Taiyuan	Wanbailin District	42.0%	16,228	56,350	56,350	-	-	-	-	-
Chunhejingming, Taiyuan	Wanbailin District	41.0%	239,977	534,439	253,925	-	-	280,514	199,692	-
Dream Town, Taiyuan	Xiaodian District	49.6%	323,777	793,157	-	519,450	689,020	-	-	104,137
Xinduxin, Taiyuan	Xiaodian District	49.6%	37,876	97,537	-	-	-	-	-	97,537
The Paradiso, Yangqu	Yangqu County	50.0%	84,308	209,643	209,643	-	-	-	-	-
Zi Yuan, Taiyuan	Yingze District	98.0%	74,373	210,450	-	-	-	-	-	188,177
City Lights, Taiyuan	Yingze District	90.1%	133,214	400,716	321,152	-	-	79,564	79,564	-
Ziyuan, Jinzhong	Yuci District	50.6%	29,143	58,285	58,285	-	-	-	-	-
Zijun, Jinzhong	Yuci District	50.0%	93,947	187,894	-	-	-	187,894	187,894	-
Jade Garden (Phase I), Shijiazhuang	Qiaoxi District	41.0%	53,100	180,554	-	-	-	-	-	-
Jade Academy, Shijiazhuang	Chang'an District	49.9%	168,944	411,746	-	-	-	411,746	317,000	-
Zijun, Shijiazhuang	Chang'an District	48.2%	30,908	95,408	95,408	-	-	-	-	-
Xinduhui, Shijiazhuang	Recycling Chemical Industrial Park	41.0%	60,661	224,049	224,049	-	-	-	-	-
Jade Garden, Shijiazhuang	Qiaoxi District	51.0%	70,549	164,064	-	-	-	164,064	164,064	-
<b>Northern Region Subtotal</b>			<b>33,745,019</b>	<b>65,824,585</b>	<b>12,624,000</b>	<b>7,972,357</b>	<b>26,610,701</b>	<b>18,307,890</b>	<b>10,143,348</b>	<b>7,035,203</b>
<b>Central and Western Region</b>										
Vanke Huamao Plaza, Chengdu	Chenghua District	100.0%	29,720	208,037	-	-	208,037	-	-	-
Jinse Yuefu Music Plaza, Chengdu	Chenghua District	60.0%	152,852	759,036	-	-	268,896	197,541	149,704	-
Chongli 937 Mu Project, Meishan	Dongpo District	94.4%	624,711	1,026,894	-	-	-	1,026,894	97,588	-
No.5 Park Front Boutique Apartment, Chengdu	High-tech Industrial Development Zone	50.0%	87,822	263,464	3,505	3,505	80,155	183,309	-	-



## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Chenguangheyue, Chengdu	High-tech Industrial Development Zone	21.5%	62,229	165,130	165,130	-	-	-	-	-
Chuanshang Project, Chengdu	High-tech Industrial Development Zone	69.8%	20,939	100,505	-	-	-	100,505	-	-
Jinnantang, Chengdu	High-tech Industrial Development Zone	70.0%	84,423	168,848	168,848	-	-	-	-	-
Xinchuan 49 Mu Project, Chengdu	High-tech Industrial Development Zone	99.0%	32,637	123,470	-	-	-	123,470	-	-
Golden City, Chengdu	Longquanyi District	100.0%	72,102	288,410	-	-	288,410	-	-	-
Dream Town, Chengdu	Pidu District	62.0%	167,375	560,963	-	276,553	424,170	-	-	136,793
Ideal City, Chengdu	Pidu District	93.5%	201,981	640,170	105,396	182,863	190,689	-	-	344,085
Jiuxitang, Chengdu	Pidu District	60.0%	78,671	182,570	-	-	-	-	-	182,570
Times Runyuan, Chengdu	Pidu District	91.8%	44,976	89,951	89,951	-	-	-	-	-
Light of the Times (Phase I), Chengdu	Qingbaijiang District	42.6%	22,829	68,488	68,488	-	-	-	-	-
Light of the Times (Phase II), Chengdu	Qingbaijiang District	42.6%	40,565	121,695	121,695	-	-	-	-	-
Yuehaiyuan, Chengdu	Qingbaijiang District	51.0%	104,624	418,494	-	-	-	418,494	418,494	-
Honor of the City, Chengdu	Renshou County	26.8%	68,501	137,002	137,002	-	-	-	-	137,002
Dream Light, Chengdu	Renshou County	50.3%	42,293	93,041	93,041	-	-	-	-	-
No.5 City, Chengdu	Shuangliu District	97.8%	274,323	819,126	-	408,778	582,974	-	-	236,152
Park Jiuli, Chengdu	Shuangliu District	49.0%	136,000	411,842	-	120,864	128,001	-	-	-
Yixin Lake 133 Mu Project, Chengdu	Shuangliu District	50.0%	88,336	265,009	-	-	-	265,009	132,505	-
Yixin Lake 122 Mu Project, Chengdu	Shuangliu District	50.0%	81,356	220,803	-	-	-	220,803	100,401	-
Jade Garden, Chengdu	Tianfu New District	51.5%	146,745	409,541	-	133,268	133,268	-	-	276,273
Vanke Cloud City (Phase I), Chengdu	Tianfu New District	98.8%	34,501	198,690	67,357	-	-	131,333	131,333	-
Vanke Cloud City (Phase II), Chengdu	Tianfu New District	98.8%	45,067	232,725	60,438	-	-	172,287	153,992	-
Junyi, Chengdu	Tianfu New District	93.4%	27,266	54,531	54,531	-	-	-	-	-
Jinxiu, Chengdu	Tianfu New District	99.3%	157,109	392,773	77,164	-	-	315,609	105,203	-
Park Legend, Chengdu	Tianfu New District	69.6%	108,704	329,284	44,531	-	-	284,753	284,753	-
Jade Heyue, Chengdu	Tianfu New District	32.8%	55,926	82,600	82,600	-	-	-	-	-
Future Light, Meishan	Wenlin Town	40.0%	43,661	109,152	109,152	-	-	-	-	-
Jinyu Tixiang, Chengdu	Xindu District	100.0%	111,166	329,000	101,409	-	227,591	-	-	-
Feicuijun, Chengdu	Xindu District	100.0%	65,858	118,564	-	-	118,564	-	-	-
Wu Long Shan Lan Shan, Chengdu	Xindu District	100.0%	121,000	145,139	-	103,157	130,588	-	-	-
Jinrun Huafu, Nanchong	Gaoping District	100.0%	182,012	518,004	-	109,412	408,605	-	-	109,399
Vanke 17 Du, Xichang	Xichang City	27.0%	595,021	621,374	-	-	-	621,374	425,068	-
Huashan Ziyuewan, Wuhan	East Lake New Technology Development Zone	50.0%	199,709	299,563	-	118,825	299,563	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Vanke Jincheng, Wuhan	East Lake New Technology Development Zone	95.5%	38,286	202,620	-	-	202,620	-	-	-
Vanke Gaoerfuxi'an, Wuhan	Dongxihu District	76.0%	35,075	96,278	96,278	-	-	-	-	-
Vanke Colorful City, Wuhan	Gedian Economic and Technological Development Zone	41.0%	126,026	295,398	164,393	-	-	-	-	86,004
Yaohu Village Project of Gedian, Wuhan	Gedian Development Zone	60.0%	21,452	80,760	-	-	-	80,760	80,760	-
Hanyang International, Wuhan	Hanyang District	100.0%	166,817	568,974	-	-	568,974	-	-	-
Feicui Binjiang, Wuhan	Hanyang District	52.7%	225,157	912,308	-	36,105	168,226	744,082	744,082	-
Vanke Jinyu International, Wuhan	Hanyang District	95.8%	114,629	569,843	-	-	-	569,843	569,843	-
Vanke Cloud City, Wuhan	Hongshan District	79.8%	119,037	425,989	254,136	-	-	171,853	148,388	-
Golden City, Wuhan	Hongshan District	100.0%	273,850	891,842	-	-	891,842	-	-	-
Vanke Feichui Yuntai, Wuhan,	Hongshan District	41.0%	53,866	73,299	-	73,299	73,299	-	-	-
Vanke Home, Wuhan	Hongshan District	98.9%	57,253	262,387	-	-	-	-	-	119,940
Weipeng Vanke Yuxibinjiang, Wuhan	Jiang'an District	40.0%	43,274	208,965	208,965	-	-	-	-	-
Golden Lake Courtyard, Wuhan	Jiangnan District	100.0%	66,077	370,566	29,925	-	104,905	29,925	29,925	106,574
Hankou Chuanqi, Wuhan	Jiangnan District	50.0%	232,206	1,168,179	254,863	308,657	703,665	19,265	19,265	96,848
Vanke Liantou Ideal Star 083 Land Lot, Wuhan	Jiangxia District	19.4%	65,548	185,404	185,404	-	-	-	-	-
Vanke Liantou Ideal Star 082 Land Lot, Wuhan	Jiangxia District	49.0%	64,726	176,069	176,069	-	-	-	-	-
Vanke Fei Cui Jiu Xi, Wuhan	Economic and Technological Development Zone	50.0%	160,682	370,689	-	194,875	194,875	-	-	175,814
Vanke Jinyutiandi, Wuhan	Qiaokou District	46.0%	6,711	23,897	-	-	-	23,897	23,897	-
Vanke Ideal City, Wuhan	Yiling District	82.7%	182,149	437,180	279,590	-	-	157,590	157,590	-
Vanke Ideal City Yuefu, Wuhan	Yiling District	90.0%	32,041	51,050	51,050	-	-	-	-	-
Vanke Guancheng, Chongqing	Beibei District	41.6%	195,027	422,818	98,999	-	-	-	-	131,313
17 Miles, Chongqing	Beibei District	97.6%	212,044	214,165	214,165	-	-	-	-	-
King Metropolis, Chongqing	Beibei District	61.8%	128,615	257,231	257,231	-	-	-	-	-
Dream Town, Chongqing	Northern New District	55.0%	278,167	654,419	7,042	65,835	617,237	-	-	37,182
Yuewan, Chongqing	Jiangbei District	45.0%	435,499	649,159	-	248,688	585,585	10,139	10,139	53,435
Gailanxi, Chongqing	Jiangbei District	100.0%	129,535	652,785	130,772	62,022	191,231	205,593	120,941	98,757
Jiakaicheng, Chongqing	Jiangbei District	60.0%	58,347	135,986	24,658	-	-	111,328	111,328	14,530
Vanke Xicheng, Chongqing	Jiulongpo District	100.0%	60,276	271,207	-	-	271,207	-	-	-
Vanke Xijiu, Chongqing	Jiulongpo District	50.0%	27,593	151,620	-	-	151,620	-	-	-

## Section 4 Directors' Report

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area		Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018	Completed area in 2018				
Chongqing Jinshang	Jiulongpo District	94.3%	69,160	164,393	-	87,466	164,393	-	-	-
Jinkai Yuefu, Chongqing	Liangjiang New District	69.6%	173,474	304,927	175,587	-	-	129,340	69,000	-
Forest Park Project, Chongqing	Liangjiang New District	65.5%	204,218	398,940	95,849	-	-	303,091	160,000	-
Jinyu Academy, Chongqing	Nan'an District	13.5%	241,314	837,204	135,393	142,108	293,512	280,882	237,996	88,453
Joying Gold, Chongqing	Shapingba District	80.0%	175,000	692,431	-	158,140	606,542	-	-	55,889
Jinyu Huating, Chongqing	Shapingba District	90.1%	26,325	181,642	181,642	-	-	-	-	86,196
The Paradiso, Chongqing	Yubei District	90.7%	105,079	244,116	54,663	-	66,608	42,428	1,298	54,663
Jade Garden, Chongqing	Yubei District	97.8%	46,592	113,233	60,728	-	-	52,505	52,505	-
Elingfeng, Chongqing	Yuzhong District	49.7%	27,197	32,542	-	32,542	32,542	-	-	-
Feicui Duhui, Chongqing	Yuzhong District	69.5%	23,512	117,428	-	-	-	107,781	107,781	-
Tiandi, Chongqing	Yuzhong District	38.4%	228,476	1,354,598	200,850	-	-	555,417	71,772	131,727
The Paradiso, Xi'an	Baqiao District	90.0%	144,467	146,302	-	-	-	-	-	101,796
Eastern Metropolis, Xi'an	Chan-Ba Ecological District	100.0%	175,387	697,947	-	67,344	423,308	185,286	185,286	14,617
Vanke Yuewan, Xi'an	Chan-Ba Ecological District	47.6%	75,406	178,256	36,096	-	-	142,160	142,160	-
Vanke Lan'an, Xi'an	Chan-Ba Ecological District	99.8%	140,736	288,027	-	-	-	288,027	208,642	-
Vanke Metropolis Phase I, Xi'an	Fengxi New Town	86.9%	141,500	362,187	256,387	-	-	105,800	-	-
Vanke Metropolis Phase II, Xi'an	Fengxi New Town	65.9%	135,900	359,384	-	-	-	359,384	224,984	-
Dijian Vanke Binghe Four Seasons, Xi'an	Fuping County	26.5%	160,997	321,598	247,531	-	-	8,741	8,741	76,716
Jade Guobin, Xi'an	High & New Technology Industries Development Zone	72.3%	161,244	613,227	361,128	-	-	252,099	252,099	-
King Metropolis, Xi'an	Jingkai District	100.0%	106,667	384,044	-	-	384,044	-	-	-
Joying Gold, Xi'an	Lianhu District	80.0%	193,571	687,958	-	166,002	677,411	-	-	-
Joying Gold DK1 Project, Xi'an	Lianhu District	100.0%	36,708	150,121	-	-	-	-	-	68,736
City Twilight, Xi'an	Qujiang New District	78.6%	100,340	309,081	-	24,957	271,037	35,394	35,394	2,650
City Twilight Mi You, Xi'an	Qujiang New District	91.9%	20,000	70,170	-	35,699	70,170	-	-	-
City Twilight South, Xi'an	Qujiang New District	40.8%	60,136	210,483	49,789	-	-	44,186	44,186	47,236
Xi'an Daminggong	Weiyang District	70.0%	69,052	222,690	-	-	159,539	-	-	-
Happiness Garden, Xi'an	Weiyang District	100.0%	65,628	227,885	-	46,204	227,885	-	-	-
Jinyu Weiyang, Xi'an	Weiyang District	60.0%	41,840	204,238	-	-	-	-	-	-
Xingfu Zhenyuan, Xi'an	Weiyang District	90.0%	49,197	137,636	137,636	-	-	-	-	-
Vanke Ideal City, Xi'an	Xixian New District	90.1%	459,707	901,141	219,219	-	-	681,922	272,785	-
Jinyu International, Xi'an	Yanta District	90.6%	23,831	152,133	-	74,479	152,133	-	-	-
Prestigious Academy, Xi'an	Yanta District	69.8%	114,745	477,642	-	110,970	380,097	-	-	97,545
Oriental Legend, Xi'an	Yanta District	40.5%	109,695	383,057	4,453	80,001	224,505	-	-	86,459
Jade Tianyu, Xi'an	Yanta District	88.6%	74,527	296,106	-	106,010	106,010	-	-	143,255
Feicui International, Xi'an	Yanta District	41.0%	283,130	1,003,799	175,016	105,825	105,825	476,361	476,361	96,089

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area	Completed area in 2018	Accumulated completion area by 2018	Area not	Area to be commenced construction in 2019	Area to be completed in 2019
					commenced construction in 2018			yet under construction as at the end of 2018		
Prestigious Academy (Late Stage), Xi'an	Yanta District	49.8%	55,255	162,661	37,700	-	-	-	-	52,641
Gongyuan Huafu, Xi'an	Yanta District	78.6%	121,741	356,336	143,945	-	-	-	-	139,880
Vanke Yungu, Xi'an	Yanta District	78.7%	31,569	47,353	47,353	-	-	-	-	-
Vanke Park Avenue, Xi'an	Yanta District	40.0%	49,898	139,668	79,037	-	-	60,631	60,631	-
Land Lot 7# Dream Town Project, Xi'an	Chang'an District	85.0%	186,849	619,565	-	-	480,819	135,730	68,000	3,016
Land Lot 3# Dream Town Project, Xi'an	Chang'an District	100.0%	113,231	345,959	-	-	319,343	26,616	26,616	-
Land Lot 8# Dream Town Project, Xi'an	Chang'an District	100.0%	89,377	199,691	-	-	184,474	15,217	15,217	-
Dream Town Runyuan, Xi'an	Chang'an District	88.6%	144,467	478,771	93,739	186,319	186,319	-	-	154,642
Dream Town Ruyuan, Xi'an	Chang'an District	90.0%	83,289	267,268	118,243	-	-	149,025	141,509	-
Vanke Metropolis, Zhengzhou	Erqi District	88.6%	242,021	718,099	109,157	231,943	397,739	-	-	169,739
Bairong E5 Project, Zhengzhou	Erqi District	100.0%	59,332	236,904	-	-	-	236,904	236,904	-
Vanke Meijing Dream Town, Zhengzhou	High & New Technology Industries Development Zone	51.0%	508,421	1,560,281	-	476,320	1,326,715	-	-	233,566
Dream Town Phase VII Project, Zhengzhou	High & New Technology Industries Development Zone	41.0%	129,527	453,065	453,065	-	-	-	-	-
Vanke Meijing Chengguo, Zhengzhou	High & New Technology Industries Development Zone	41.0%	7,893	21,688	21,688	-	-	-	-	-
Vanke Meijing Longmen Longtang, Zhengzhou	Guancheng District	51.0%	79,457	286,838	-	-	207,703	39,473	-	39,662
Vanke Meijing Glamorous City, Zhengzhou	Airport Area	51.0%	327,697	801,038	179,490	286,012	516,948	104,601	95,999	121,653
Vanke Tianlun Zitai, Zhengzhou	Hujji District	42.7%	205,979	572,422	-	174,417	174,417	18,978	-	379,027
Vanke Min'an Cloud City, Zhengzhou	Hujji District	42.1%	51,704	154,836	154,836	-	-	-	-	-
Vanke Min'an Jiangshanfu, Zhengzhou	Hujji District	46.2%	55,312	220,778	211,870	-	-	8,908	8,908	-
Vanke Meijingshijie, Zhengzhou	Jinshui District	68.2%	62,197	186,346	-	-	-	-	-	-
Vanke Xiwang, Zhengzhou	Jingkai District	99.3%	60,374	150,588	150,588	-	-	-	-	-
Vanke Min'an Sanduhushan, Zhengzhou	Shangjie District	43.2%	374,620	426,833	51,787	-	-	375,046	121,322	-
Vanke Fusheng Wankeyu, Zhengzhou	Zhengdong New District	40.8%	17,923	71,618	-	-	-	-	-	71,618
Racho Sante Fe, Zhengzhou	Zhongmu County	40.8%	181,326	303,582	-	46,580	46,580	59,439	59,439	90,796
Changjiyunlu, Zhengzhou	Zhongmu County	43.0%	146,726	158,941	138,824	-	-	20,117	-	62,099
Vanke Min'an Stars, Zhengzhou	Zhongyuan District	46.0%	17,754	72,588	-	-	-	-	-	72,588
Vanke Pu Tian Long Tang District, Zhoukou	Chuanhui District	41.2%	151,933	472,115	-	-	-	472,115	472,115	-
Feicultianjiao, Guiyang	Guanshan Lake District	32.0%	69,977	243,231	194,375	-	-	48,856	48,856	-
Vanke Ideal City, Guiyang	Guanshan Lake District	41.1%	287,563	794,299	404,690	-	-	163,763	50,198	341,775

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Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced construction in 2018	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
Jade Garden Project, Guiyang	Guanshan Lake District	41.0%	374,968	935,661	147,739	-	-	787,922	129,872	-
Xinduhui, Guiyang	Guanshan Lake District	45.2%	612,054	816,428	261,092	-	7,512	464,587	214,189	87,818
Huaxi Metropolis, Guiyang	Huaxi District	41.8%	173,285	432,277	228,209	-	-	-	-	164,350
Jade Binjiang, Guiyang	Nanming District	33.7%	98,327	217,051	153,305	-	-	63,746	63,746	-
King Metropolis, Guiyang	Xiaohe District	100.0%	351,800	581,217	-	-	581,217	-	-	-
Metropolis, Guiyang	Xiaohe District	100.0%	159,972	649,917	-	34,677	649,917	-	-	-
Vanke Metropolis Huayang, Guiyang	Xiaohe District	60.2%	72,043	369,722	184,426	-	-	87,639	87,639	153,220
Nimble Bay, Guiyang	Yunyan District	100.0%	80,594	200,705	-	-	200,705	-	-	-
Joy City, Guiyang	Yunyan District	51.0%	85,341	262,728	-	31,265	260,227	-	-	2,501
Dream Town, Guiyang	Yunyan District	70.0%	343,142	921,846	107,515	252,095	747,012	-	-	46,750
No.5 Park Front Boutique Apartment, Guiyang	Yunyan District	58.5%	10,927	98,132	-	-	98,132	-	-	-
Yunyan Metropolis, Guiyang	Yunyan District	20.5%	49,054	275,961	30,662	70,517	137,964	-	-	98,171
Gong Yuan Chuan Qi, Guiyang	Yunyan District	42.7%	34,325	130,392	-	-	-	-	-	110,871
Jade Legend, Guiyang	Yunyan District	46.0%	109,630	314,021	46,037	82,053	82,053	-	-	171,088
Vanke Guiyang Chuan Qi, Guiyang	Yunyan District	56.0%	6,555	58,991	-	-	-	58,991	58,991	-
China Fuxian Lake International Resorts, Yuxi	Chengjiang County	33.2%	2,512,591	1,461,194	177,893	-	148,494	1,098,963	240,300	126,951
Yinhalboan Project, Kunming	Dianchi Tourist Resort	29.7%	243,605	442,311	131,077	120,288	249,151	60,480	60,480	90,308
Xin Jin Hua Yuan, Kunming Industries Development Zone	High & New Technology Industries Development Zone	88.6%	37,450	145,292	-	145,292	145,292	-	-	-
Glamorous City, Kunming	Guandu District	100.0%	417,919	1,662,861	314,581	147,325	883,688	277,163	277,163	167,701
Park Avenue, Kunming	Guandu District	97.9%	212,139	561,703	-	172,397	348,527	164,924	164,924	48,252
Xinghejiayuan, Kunming	Guandu District	60.0%	108,375	445,104	102,004	-	-	165,429	165,429	172,286
Feicui Binjiang, Kunming	Guandu District	30.6%	161,266	527,960	212,223	-	-	315,737	148,766	72,096
Jade Nanjun, Kunming	Guandu District	24.1%	92,972	289,349	124,646	-	-	164,703	164,703	-
City Twilight, Kunming	Panlong District	96.7%	37,916	153,236	-	121,263	121,263	-	-	31,973
Vanke Tingyuan, Kunming	Panlong District	99.5%	65,004	287,406	287,406	-	-	-	-	144,925
Baisha Runyuan (Follow-up) Project, Kunming	Panlong District	90.0%	14,932	52,947	52,947	-	-	-	-	-
Golden Field, Kunming	Wuhua District	100.0%	105,484	314,642	-	-	256,450	58,192	-	-
Xiangxiebeijun, Kunming	Wuhua District	54.4%	43,053	166,487	166,487	-	-	-	-	-
Wangjiaqiao Project, Kunming	Wuhua District	50.0%	246,576	912,045	-	-	-	912,045	185,228	-
Wonderland, Urumqi Industries Development Zone	High & New Technology Industries Development Zone	44.5%	188,748	555,676	228,450	126,567	292,152	-	-	57,454
Gongyuanli, Urumqi Industries Development Zone	High & New Technology Industries Development Zone	61.0%	61,148	145,419	145,419	-	-	-	-	-
Park Avenue, Urumqi	Midong District	87.9%	85,938	300,782	-	-	-	300,782	300,782	-
Rancho Sante Fe, Urumqi	Shayibake District	60.0%	204,798	208,972	-	36,872	185,337	-	-	-

Unit: sq.m.

Project Name	Location	Shareholding	Site area	Planned GFA	Area commenced	Completed area in 2018	Accumulated completion area by 2018	Area not yet under construction as at the end of 2018	Area to be commenced construction in 2019	Area to be completed in 2019
					in 2018			in 2018	in 2018	in 2019
Legend of Metropolis, Urumqi	Shayibake District	90.0%	42,879	105,523	105,523	-	-	-	-	12,663
Legend of Metropolis Phase II, Urumqi	Shayibake District	54.1%	38,204	92,975	-	-	-	92,975	92,975	-
Central Park, Urumqi	Shuimogou District	80.0%	80,698	201,745	-	67,948	189,047	-	-	-
Central Park Phase II, Urumqi	Shuimogou District	88.6%	39,065	117,196	-	-	-	-	-	117,196
Guanlanjingyuan, Urumqi	Shuimogou District	80.0%	11,825	41,184	41,184	-	-	-	-	-
Metropolitan, Urumqi	Shuimogou District	70.0%	36,104	162,470	162,470	-	-	-	-	39,933
Tianshan Fu, Urumqi	Tianshan District	49.1%	120,090	280,300	-	-	-	280,300	169,879	-
Feicuitianjiao, Urumqi	Tianshan District	77.1%	101,944	255,484	148,587	-	-	106,897	106,897	-
Southern Hillside, Urumqi	Urumqi County	100.0%	32,298	15,947	-	-	-	-	-	-
King Metropolis, Urumqi	Xinshi District	82.0%	83,366	245,779	-	7,164	245,779	-	-	-
Dream Town, Lanzhou	Gaolan County	41.0%	373,305	1,114,330	241,739	-	-	872,591	372,591	-
Vanke Times, Lanzhou	Yuzhong County	50.3%	129,835	338,646	-	-	-	338,646	120,946	-
Dream Town (Wanlan), Xining	Chengzhong District	39.0%	70,667	176,668	-	-	-	176,668	176,668	-
Dream Town (Wancan), Xining	Chengzhong District	39.0%	164,608	441,771	-	-	-	441,771	441,771	-
Dream Town (Wanxian), Xining	Chengzhong District	39.0%	37,140	100,316	-	-	-	100,316	-	-
Yuchen, Yinchuan	Jinfeng District	16.9%	56,556	84,833	-	-	-	84,833	84,833	-
Ideal City, Yinchuan	Jinfeng District	25.5%	98,215	239,874	-	-	-	239,874	239,874	-
Jade Garden, Yinchuan	Jinfeng District	19.2%	179,686	165,190	165,190	-	-	-	-	-
City Light Chuxinyuan, Yinchuan	Xingqing District	22.4%	89,837	152,717	152,717	-	-	-	-	-
City Light Chenxingyuan, Yinchuan	Xingqing District	33.8%	106,121	180,402	180,402	-	-	-	-	-
Vanke Morcitta, Xishuangbanna	Menghai County	23.3%	454,043	579,895	42,550	-	-	537,345	123,177	-
<b>Central and Western Region Subtotal</b>			<b>25,949,562</b>	<b>65,496,583</b>	<b>13,308,612</b>	<b>6,501,767</b>	<b>22,231,334</b>	<b>20,425,398</b>	<b>12,163,726</b>	<b>7,343,907</b>
<b>Group total</b>			<b>114,663,982</b>	<b>248,521,351</b>	<b>49,928,242</b>	<b>27,563,455</b>	<b>99,031,951</b>	<b>59,362,432</b>	<b>36,090,333</b>	<b>30,765,501</b>

## Section 4 Directors' Report

### Special Risk Warning:

The plan to start and complete for the project above may adjust due to the following reasons:

- a. Changes in macroeconomic as well as the real estate market, or changes in the sales on an individual project;
- b. The new regulations require more stringent project approval, therefore the processing of the licenses and certificates of projects under development may delay and affect the pace of development;
- c. The demolition progress of projects involving demolition may have an impact on the development plan;
- d. Significant weather changes may have an impact on the project schedule and then delay the completion of the project;
- e. Other significant events may have unpredictable impact on the project schedule.

## 4.2 Investment of the Company

### 4.2.1 Investment in Financial Assets

#### 1. Investment of securities

Unit: RMB

Stock Code	Stock Name	Stock Exchange which the stock is listed	Initial Investment Amount	Shareholding Percentage in the company	Book Value at the end of the Reporting Period	Gain or Loss in the Reporting Period	Change of ownership interest during the Reporting Period
0267	CITIC Limited	SEHK	509,672,542.36	About 0.19%	586,988,695.87	81,735,175.76	-
Total			509,672,542.36	About 0.19%	586,988,695.87	81,735,175.76	-

## 2. Investment in derivatives

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

As of the end of the Reporting Period, the Group's derivative financial instruments mainly include deliverable forward ("DF") contracts, cross currency swaps ("CCS"), and interest rate swaps ("IRS"). The risks exposed to DF and CCS are related to the exchange rate market risks and the certainty of cash flow of the Group's future foreign currency loan. The risks exposed to IRS are related to the interest rate market risks and the certainty of interest cash flow of the Group's future foreign currency loan. The Group's control measures on derivative financial instruments are mainly reflected in the following aspects: regarding derivatives trading, the Group strictly regulates the authorization and business operation procedures, carefully selects and determines the types and quantities of new derivative financial instruments, and strictly controls the credit level of the Group and related entities.

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

CCS expired during the year contributed loss of RMB705.4 thousand for the Company during the Reporting Period.

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

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

Nil

Special opinion on derivative investment and risk control from independent non-executive directors, sponsors or financial advisors

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

### Derivative positions as at the end of the Reporting Period

Unit: RMB'0000

Type of contracts	Contract amount as at the beginning of the period	Contract amount as at the end of the period	Profit or loss during the Reporting Period	Contract amount as a percentage of the Company's net assets as at the end of 2018
IRS	416,850.00	438,600.00	-	1.86%
CCS	794,744.60	2,017,208.16	(70.54)	8.56%
DF	1,319,145.75	601,177.50	-	2.55%
Total	2,530,740.35	3,056,985.66	(70.54)	12.97%



## Section 4 Directors' Report

### 3. Investment in wealth management products

Summary of entrusted wealth management during the Reporting Period

				Unit: RMB'0000
Specific Type	Source of funds for entrusted wealth management	Amounts for entrusted wealth management	Outstanding balance	The amount due but not receive
Wealth management products of banks	Self-owned capital	1,428,290.52	1,210,080.63	-
Total		1,428,290.52	1,210,080.63	-

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

Applicable  Not applicable

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

Applicable  Not applicable

#### 4.2.2 Equity investment

(1) During the Reporting Period, new additional investment amounted to RMB57.13 billion, which were used as follows:

- i promoted and established 8 new subsidiaries, each with registered capital of over RMB100 million, and actual investment had been made. The details are as follows:

No.	Name of the newly established company	Currency	Registered capital (original currency)	Actual investment by Vanke (RMB equivalent)	Scope of business
1	Tianjin Wanjin Corporate Management Co., Ltd.	RMB	1,150,000,000.00	1,150,000,000.00	Corporate Management
2	Changchun Vanke Metro Real Estate Development Co., Ltd.	RMB	250,000,000.00	250,000,000.00	Property development
3	Wuhan Wanyun Real Estate Co., Ltd.	RMB	1,000,000,000.00	1,000,000,000.00	Property development
4	Zhenjiang Wangang Property Co., Ltd.	RMB	340,000,000.00	340,000,000.00	Property development
5	Wuxi Xuheng Real Estate Co., Ltd.	RMB	1,660,000,000.00	1,660,000,000.00	Property development
6	Shenzhen Fuke Industrial Operation Management Co., Ltd.	RMB	500,000,000.00	37,500,000.00	High-tech industrial park operation and management
7	Jiaxing Wanjing Industrial Investment Co., Ltd.	RMB	305,000,000.00	299,480,000.00	Industrial investment
8	Hangzhou Vanke Asian Games Village Development Co., Ltd.	RMB	1,000,000,000.00	12,400,000.00	Property development
	<b>Total</b>	-	-	<b>4,749,380,000</b>	-

In addition, another 842 new companies were also promoted and established, with a total investment amount of RMB4.33 billion.

## Section 4 Directors' Report

### ii Major companies acquired during the Reporting Period are as follows:

During the Reporting Period, a total of 208 companies were acquired with a total consideration of RMB39.39 billion.

### iii During the Reporting Period, the Group increased the capital of 49 subsidiaries by RMB8.66 billion, among which, RMB2.29 billion was for Vanke Holdings USA LLC and RMB6.37 billion for other companies.

## (2) Project Investment

During the Reporting Period, the Group had 227 new development projects. The aggregate planned GFA attributable to the Company's equity holding amounted to approximately 24.902 million sq.m., while the aggregate GFA amounted to approximately 46.814 million sq.m.

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
1	Golden Dream, Changsha	Yuelu District	99.5%	151,064	517,107	514,521	Pre-construction
2	Financial Valley Project in Songshanhu, Dongguan	Songshanhu	99.8%	110,958	168,250	167,914	Under construction
3	Binhai Metropolis, Dongguan	Humen Town	78.6%	20,050	60,145	47,274	Under construction
4	City Garden II, Dongguan	Dongcheng District	49.5%	32,196	90,062	44,581	Under construction
5	Vanke Shifu Golden Home, Dongguan	Liaobu Town	18.2%	51,675	186,149	33,879	Under construction
6	Jiangnan Yard, Dongguan	Shatian Town	68.2%	84,903	152,422	103,952	Under construction
7	Feicuidongwang, Dongguan	Nancheng District	32.5%	67,477	235,911	76,671	Under construction
8	Huanhu Road Project in Songshanhu, Dongguan	Songshanhu	29.6%	23,037	44,142	13,066	Pre-construction
9	Wonderland, Dongguan	Fenggang Town	39.1%	50,325	101,437	39,662	Pre-construction
10	Star Converge, Foshan	Shunde District	90.0%	23,200	120,664	108,598	Under construction
11	City Garden, Foshan	Sanshui District	65.8%	35,271	98,757	64,982	Under construction
12	Jingduhui, Foshan	Shunde District	91.6%	7,708	56,038	51,331	Under construction
13	West of the Paradise, Foshan	Nanhai District	99.1%	76,956	230,869	228,791	Pre-construction
14	Zhenmao Mansion, Fuzhou	Cangshan District	16.8%	81,196	145,500	24,444	Under construction
15	Jinyubinjiang, Nanning	Yongning District	28.0%	69,104	171,401	47,992	Under construction
16	Star Converge, Nanning	High & New Technology Industries Development Zone	70.0%	155,510	506,545	354,582	Pre-construction
17	Haixi Financial Plaza (Phase I), Xiamen	Huli District	49.0%	10,730	31,858	15,610	Under construction
18	Haixi Financial Plaza (Phase II), Xiamen	Huli District	100.0%	10,730	27,978	27,978	Under construction

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
19	Lucheng, Quanzhou	Fengze District	98.9%	40,201	72,362	71,566	Under construction
20	Hefengxuan, Heyaxuan and Hesongxuan, Shenzhen	Longhua District	27.8%	95,999	487,279	135,464	Under construction
21	Qian Hai Xi'an, Zhongshan	Huojia Development Zone	79.2%	77,974	233,834	185,197	Under construction
22	Jinyu Center, Zhongshan	East District	97.8%	68,149	204,413	199,916	Pre-construction
23	Shangtangfu, Hangzhou	Gongshu District	36.5%	42,000	84,000	30,660	Completed
24	Xurunhefu, Hangzhou	Gongshu District	36.5%	43,000	86,000	31,390	Pre-construction
25	Zijingshoufu, Hangzhou	Jiyang Street	36.5%	97,500	195,000	71,175	Pre-construction
26	Yunhe Vanke Center, Hangzhou	Gongshu District	40.0%	36,592	128,072	51,229	Under construction
27	Yuehongwan, Hangzhou	Xiaoshan District	24.7%	106,872	277,867	68,633	Under construction
28	Lin'an Xiwang, Hangzhou	Lin'an District	93.4%	31,258	56,264	52,551	Under construction
29	Donghai Xianhucheng Project in Yuhang District, Hangzhou	Yuhang District	14.9%	411,000	481,000	71,669	Under construction
30	Zijinruigu, Hangzhou	Xihu District	17.2%	9,078	35,389	6,087	Under construction
31	Jinmao Vanke New Metropolis, Hangzhou	Fuyang District	50.0%	63,457	177,680	88,840	Pre-construction
32	LOFT49 Project, Hangzhou	Gongshu District	38.8%	15,925	36,628	14,212	Under construction
33	Mingchengboyuan, Hangzhou	Yuhang District	60.0%	82,981	232,341	139,405	Completed
34	City Twilight, Hangzhou	Binjiang District	60.0%	41,153	90,536	54,322	Completed
35	Guiyu Dongfang (Phase I), Haining	Xucun Town	32.5%	37,696	82,931	26,953	Under construction
36	Guiyu Dongfang (Phase II), Haining	Xucun Town	98.0%	63,805	146,752	143,817	Under construction
37	Project of Taozhu Street, Shaoxing	Zhuji City	60.0%	62,190	74,628	44,777	Pre-construction
38	Chunhuiyuefu, Hefei	Yushan District	36.6%	57,930	73,372	26,854	Under construction
39	Hongjun Phase II, Hefei	Feidong County	90.3%	20,890	52,224	47,158	Under construction
40	Duhui Shangcheng, Hefei	Changfeng County	24.3%	109,852	209,742	50,967	Under construction
41	Feicui Tianji, Hefei	Baohe District	24.8%	154,111	357,632	88,693	Under construction

## Section 4 Directors' Report

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
42	Yunfeng Garden, Hefei	Baohu District	24.6%	163,503	418,619	102,980	Under construction
43	Jiangdongfu, Wuhu	Jinghu District	40.5%	84,372	110,517	44,759	Under construction
44	Gem Mansion, Jiaxing	Nanhu District	57.5%	179,696	215,843	124,110	Under construction
45	Ziyuanshangchen, Jiaxing	Economic & Technological Development Zone	36.5%	75,259	165,020	60,232	Under construction
46	Vanke Feicuitianyufu, Jiaxing	Tongxiang County	74.1%	42,027	75,641	56,050	Under construction
47	Jade Four Seasons, Jiaxing	Economic & Technological Development Zone	98.7%	56,608	118,847	117,302	Under construction
48	City Twilight, Jiaxing	Nanhu District	96.1%	88,411	176,784	169,889	Under construction
49	Yun Du Hui, Nanjing	Qixia District	26.9%	117,922	237,300	63,834	Under construction
50	Project West of Tianyin Avenue, Nanjing	Jiangning District	51.8%	153,261	370,233	191,781	Pre-construction
51	Feicui Tianji, Nanjing	Yuhuatai District	16.4%	52,532	126,205	20,698	Under construction
52	Fei Cui Jia Di, Haimen	High-tech District	46.9%	92,886	178,172	83,563	Under construction
53	Central Park, Haimen	High-tech District	21.2%	141,257	289,379	61,348	Under construction
54	Zhongchuang Metropolis, Nantong	Economic & Technological Development Zone	11.5%	47,963	83,799	9,637	Under construction
55	Vanke Yin, Ningbo	Haishu District	24.6%	42,515	95,646	23,529	Under construction
56	Weilaili, Ningbo	Beilun District	96.4%	79,956	177,348	170,963	Under construction
57	Yungu Center, Ningbo	Jiangbei District	94.1%	149,306	228,256	214,789	Under construction
58	Yunzhu Huayuan, Ningbo	Jiangbei District	98.0%	60,556	166,787	163,451	Under construction
59	Oriental Imprint, Ningbo	Beilun District	18.6%	45,108	81,180	15,099	Under construction
60	Binhe Road, Ningbo	Jiangbei District	50.5%	86,800	180,834	91,321	Pre-construction
61	Huaishu Road Project, Ningbo	Jiangbei District	99.7%	29,516	90,720	90,448	Pre-construction
62	Weilan City, Ningbo	Zhenhai District	99.1%	65,445	130,876	129,698	Under construction
63	Ziyindongjun, Taizhou	Linhai City	22.3%	33,334	73,275	16,340	Completed

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
64	Shengtangjingyuan, Shanghai	Danghu Town	45.9%	42,348	83,971	38,543	Under construction
65	Mancheng Project, Shanghai	Baoshan District	33.2%	62,786	125,572	41,690	Under construction
66	33-01 Land Lot in Xujing, Shanghai	Qingpu District	99.7%	49,466	89,039	88,772	Under construction
67	Wujing Project, Shanghai	Minhang District	99.7%	71,552	128,794	128,408	Pre-construction
68	Qibao 19-04 Land Lot, Shanghai	Minhang District	99.7%	34,000	99,000	98,703	Pre-construction
69	Qiaogao Project, Shanghai	Xuhui District	33.2%	118,282	356,933	118,502	Pre-construction
70	Jade Park, Suzhou	Wujiang District	22.5%	105,924	269,488	60,635	Under construction
71	Feicuisiji Park, Suzhou	High & New Technology Industries Development Zone	20.1%	34,683	46,768	9,400	Under construction
72	Zuo'an Project, Suzhou	Industrial Park District	29.3%	22,826	199,358	58,412	Pre-construction
73	City Twilight, Zhangjiagang	Zhangjiagang	60.0%	191,795	469,378	281,627	Pre-construction
74	Zhenwanyazhu, Changshu	Yushan Town	28.6%	90,004	165,715	47,394	Under construction
75	Shanhaishili, Taizhou	Luqiao District	99.2%	48,490	121,121	120,152	Under construction
76	Dream Town, Taizhou	Jiaojiang District	65.8%	204,886	467,994	307,940	Pre-construction
77	Yunzhu Project, Wenzhou	Ouhai District	24.1%	24,848	74,544	17,965	Under construction
78	Yunhe Chuanqi, Wuxi	Liangxi District	50.3%	81,834	188,286	94,708	Under construction
79	Vanke Park Avenue (Phase I), Wuxi	Jintan District	68.4%	191,268	381,419	260,891	Under construction
80	Vanke Park Avenue (Phase II), Wuxi	Jintan District	98.4%	182,741	366,461	360,598	Pre-construction
81	West of Jade East Project, Wuxi	Binhu District	99.5%	66,829	153,707	152,938	Pre-construction
82	Future Light, Suzqian	Suzhou Suzqian Industrial Park District	41.0%	123,848	196,453	80,546	Under construction
83	Jielu, Xuzhou	Gulou District	30.8%	181,244	284,161	87,522	Under construction
84	Jingyue, Xuzhou	Yunlong District	27.8%	19,634	49,084	13,645	Under construction
85	Times Light (Phase I), Xuzhou	Tongshan District	42.8%	72,878	145,756	62,384	Pre-construction
86	Times Light (Phase I), Xuzhou	Tongshan District	42.8%	59,137	151,940	65,030	Under construction
87	Times Light (Phase III), Xuzhou	Tongshan District	42.8%	103,670	258,930	110,822	Under construction

## Section 4 Directors' Report

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
88	Project of Tricyclic West Road in Gulou District, Xuzhou	Gulou District	21.9%	163,394	434,109	95,070	Pre-construction
89	Yueda City Plaza, Yancheng	Tinghu District	44.7%	54,286	94,607	42,289	Under construction
90	Wanyue Garden, Yancheng	City South New District	27.2%	126,022	264,645	71,983	Under construction
91	Chongwenyuan, Yancheng	Tinghu District	44.7%	39,251	78,436	35,061	Under construction
92	Future Light, Yangzhou	Hanjiang District	16.1%	47,137	82,976	13,359	Under construction
93	Feicui Yuntai, Yangzhou	Gaoyou City	43.0%	200,000	391,002	168,131	Under construction
94	Jin Yu Jiang Wan, Zhenjiang	Jingkou District	40.0%	83,500	112,703	45,081	Under construction
95	Jade Park, Zhenjiang	Runzhou District	99.5%	112,889	247,033	245,798	Under construction
96	The Paradise, Zhenjiang	Dagang New District	41.9%	133,100	317,653	133,097	Under construction
97	Estuary Emerald, Zhenjiang	Runzhou District	40.8%	61,236	104,531	42,649	Under construction
98	Olympics No. 5 Land Lot Project, Baotou	Qingshan District	97.2%	71,268	199,549	193,962	Pre-construction
99	No. 202 Plant Project, Baotou	Qingshan District	97.2%	156,905	360,882	350,777	Pre-construction
100	Cherry Blossom Late Stage Project, Dalian	High-tech Industrial Zone	76.1%	193,011	177,795	135,302	Under construction
101	The Stoge, Dalian	Zhongshan District	62.1%	42,400	166,400	103,334	Under construction
102	Zhongshanzhong, Dalian	Zhongshan District	42.5%	2,968	27,633	11,744	Pre-construction
103	Daxiangsu Project, Dalian	Ganjingzi District	97.7%	25,636	44,232	43,215	Under construction
104	Feicui Duhui, Dalian	Ganjingzi District	99.4%	125,744	311,150	309,283	Pre-construction
105	Tianzhuyuefu, Beijing	Shunyi District	32.7%	10,282	19,758	6,461	Under construction
106	102 Mu Project, Langfang	Xianghe County	50.0%	67,855	135,711	67,856	Pre-construction
107	Jiangxin Village 73 Mu Land, Langfang	Xianghe County	50.0%	49,040	98,081	49,041	Pre-construction
108	The Light of Sailing Phase II, Langfang	Yongqing County	89.5%	32,202	57,963	51,877	Pre-construction
109	Longhe Project in Anci, Langfang	High-tech Industrial Zone, Longhe	79.8%	71,400	142,800	113,954	Pre-construction
110	Dongjianta Project, Langfang	Nanjianta Town	38.5%	38,714	71,790	27,639	Pre-construction
111	Dachang 231 & 232 Land Lot	Dachang Hui Autonomous County	79.8%	76,388	146,269	116,723	Pre-construction
112	Dachang 233 & 234 Land Lot	Dachang Hui Autonomous County	79.8%	126,700	240,730	192,103	Pre-construction

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
113	Times Light, Bazhou	Bazhou City	33.6%	44,442	111,104	37,331	Pre-construction
114	Peacock Lake – 77 Mu Land, 39 Mu Land Project, Bazhou	Bazhou City	64.8%	77,510	116,265	75,340	Pre-construction
115	Intercity Light, Zhuozhou	Zhuozhou City	92.1%	67,392	269,500	248,210	Pre-construction
116	Matou Town Project, Zhuozhou	Zhuozhou City	79.8%	63,500	127,000	101,346	Pre-construction
117	Fei Cui Xinduhui, Shenyang	Tiexi District	67.6%	61,217	140,799	95,180	Under construction
118	Jade College, Shenyang	Hunnan District	30.1%	56,325	122,881	36,987	Under construction
119	Future Light, Shenyang	Sujiatun District	72.8%	127,099	284,223	206,914	Pre-construction
120	Jade Four Seasons, Shenyang	Hunnan District	72.8%	60,148	142,097	103,447	Under construction
121	Manrong Project, Shenyang	Heping District	99.2%	79,763	159,526	158,250	Pre-construction
122	Jibao Project, Shenyang	Hunnan District	99.4%	73,638	186,295	185,177	Pre-construction
123	Baihewan East, Shenyang	Hunnan District	98.9%	82,371	140,031	138,491	Under construction
124	China Travel Dream Town, Shenyang	Hunnan District	49.6%	1,018,234	1,057,074	524,309	Pre-construction
125	Baimaiyuefu, Jinan	Zhangqiu District	24.8%	201,116	402,189	99,743	Under construction
126	Vanke Shanwang, Jinan	Shizhong District	24.4%	120,618	572,428	139,672	Under construction
127	Industrial Town Industry Land Lot, Jinan	Jiyang District	51.0%	176,075	178,128	90,845	Under construction
128	Jiangshan Yipin, Jinan	Zhangqiu District	28.4%	23,856	38,170	10,840	Under construction
129	Quanxueli, Jinan	Innovation Zone	33.4%	133,532	333,345	111,337	Pre-construction
130	Vanke Ruyuan, Jinan	Innovation Zone	32.7%	61,289	85,760	28,044	Under construction
131	Tianchen, Jinan	Licheng District	18.0%	103,211	260,091	46,816	Under construction
132	Vanke Xinduhui, Zibo	Zhangdian District	50.0%	20,486	71,058	35,529	Pre-construction
133	Glamorous City, Jinan	Licheng District	66.6%	110,494	277,340	184,708	Under construction
134	Vanke Jade College, Zibo	Zhangdian District	17.0%	128,501	321,245	54,612	Under construction
135	Seattle, Yantai	Zhifu District	41.0%	61,499	120,300	49,323	Under construction
136	City Twilight II, Yantai	Fushan District	24.9%	58,514	109,477	27,260	Pre-construction
137	Jade Avenue, Yantai	Laishan District	24.0%	189,041	460,414	110,499	Under construction



## Section 4 Directors' Report

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
138	Baishengyuan, Yantai	Economic & Technological Development Zone	57.7%	176,746	312,390	180,249	Under construction
139	City Twilight III, Yantai	Fushan District	51.1%	55,711	150,600	76,957	Under construction
140	Feicui Chang'an, Yantai	Laishan District	29.4%	105,056	189,100	55,595	Pre-construction
141	Xichen Light, Changchun	Qikai District	40.0%	154,246	308,500	123,400	Under construction
142	Yuanjing Ducheng, Changchun	Jingyue District	90.0%	80,000	120,000	108,000	Under construction
143	Park Avenue, Harbin	Daowai District	24.1%	39,392	101,800	24,534	Pre-construction
144	Binjiang Metropolis, Harbin	Daoli District	49.9%	29,360	120,374	60,067	Pre-construction
145	Chunhejingming, Taiyuan	Wanbailin District	41.0%	239,977	534,439	219,120	Under construction
146	The Paradise, Yangqu	Yangqu County	50.0%	84,308	209,643	104,822	Under construction
147	Ziyuan, Jinzhong	Yuci District	50.6%	29,143	58,285	29,492	Under construction
148	Jade Jinyang Lake, Taiyuan	Jinyuan District	48.9%	127,040	254,079	124,245	Pre-construction
149	Park Avenue, Taiyuan	Jinyuan District	33.1%	32,450	139,534	46,186	Pre-construction
150	Subsequent Land of Dongtaobao Project, Taiyuan	Yingze District	90.0%	76,088	198,277	178,449	Pre-construction
151	Jinzhong Zijun	Yuci District	50.0%	93,947	187,894	93,947	Pre-construction
152	Minhehuayuan, Tianjin	Daxing District	87.0%	76,888	155,749	135,502	Under construction
153	Diecaidao Project, Tianjin	Hexi District	33.1%	24,013	47,996	15,887	Under construction
154	Tianjin Vanke City	Dongli District	49.9%	147,353	183,000	91,317	Under construction
155	Qilin Wetland Vanke Town, Tianjin	Dongli District	49.1%	166,735	185,034	90,852	Under construction
156	Xihuafu, Tianjin	Xiqing District	57.8%	181,503	298,539	172,556	Under construction
157	Guanlan, Tianjin	Binhai New Area	48.6%	90,781	196,848	95,668	Under construction
158	Jinlu, Tianjin	Xiqing District	28.5%	40,547	72,985	20,801	Under construction
159	Dongjun, Tianjin	Dongli District	50.0%	34,710	60,325	30,163	Under construction
160	South of Xilu, Tianjin	Xiqing District	99.0%	49,684	81,729	80,912	Under construction
161	North of Xilu, Tianjin	Xiqing District	98.8%	52,189	103,963	102,715	Under construction
162	Future City, Tangshan	High-tech Industrial Zone	53.6%	68,237	170,575	91,428	Under construction
163	King Metropolis (Phase II), Tangshan	Fengrun District	32.0%	50,879	124,992	39,997	Under construction
164	Vanke Lanshan Project, Tangshan	High-tech Industrial Zone	49.8%	80,103	197,059	98,135	Under construction

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
165	Time Sea, Qinghuangdao	Beidaihe New District	16.0%	89,811	94,707	15,153	Under construction
166	Future City Phase II, Qinghuangdao	Haigang District	59.2%	68,011	136,022	80,525	Pre-construction
167	Zitai South Project, Qingdao	Shibei District	54.6%	5,043	17,649	9,636	Under construction
168	Bashan Project in Huangdao, Qingdao	Huangdao District	46.0%	131,985	308,597	141,955	Under construction
169	Jade Academy, Shijiazhuang	Chang'an District	49.9%	168,944	411,746	205,461	Pre-construction
170	Zijun, Shijiazhuang	Chang'an District	48.2%	30,908	95,408	45,987	Under construction
171	Xinduhui, Shijiazhuang	Recycling Chemical Industrial Park	41.0%	60,661	224,049	91,860	Under construction
172	Jade Garden, Shijiazhuang	Qiaoxi District	51.0%	70,549	164,064	83,673	Pre-construction
173	Beilu Mansion Project, Chongqing	Jiangbei District	60.0%	31,243	24,658	14,795	Pre-construction
174	Rubik's Cube City Project, Chongqing	Jiangbei District	60.0%	27,105	111,328	66,797	Pre-construction
175	Jade Park, Chongqing	Yubei District	97.8%	46,592	113,233	110,742	Under construction
176	Forest Park Project, Chongqing	Liangjiang New District	65.5%	204,218	398,940	261,306	Under construction
177	Ideal City E Land Lot, Chengdu	Pidu District	93.5%	7,504	22,511	21,048	Under construction
178	Yixin Lake 133 Mu Project, Chengdu	Shuangliu District	50.0%	88,336	265,009	132,505	Pre-construction
179	Yixin Lake 122 Mu Project, Chengdu	Shuangliu District	50.0%	81,356	220,803	110,402	Pre-construction
180	Chuanshang Project, Chengdu	High-tech Industrial Development Zone	69.8%	20,939	100,505	70,152	Pre-construction
181	Park Legend, Chengdu	Tianfu New District	69.6%	108,704	329,284	229,182	Under construction
182	Dream Light, Chengdu	Renshou County	50.3%	42,293	93,041	46,800	Under construction
183	Feicuiheyue, Chengdu	Tianfu New District	32.8%	55,926	82,600	27,093	Under construction
184	Future Light, Meishan	Wenlin Town	40.0%	43,661	109,152	43,661	Under construction
185	Chongli 937 Mu Project, Meishan	Dongpo District	94.4%	624,711	1,026,894	969,388	Pre-construction
186	Jinnantang, Chengdu	High-tech Industrial Development Zone	70.0%	84,423	168,848	118,194	Under construction
187	Xinchuan 49 Mu Project, Chengdu	High-tech Industrial Development Zone	99.0%	32,637	123,470	122,235	Pre-construction
188	Yuehaiyuan, Chengdu	Qingbaijiang District	51.0%	104,624	418,494	213,432	Pre-construction
189	Jade Garden Project, Guiyang	Guanshan Lake District	41.0%	374,968	935,662	383,621	Under construction

## Section 4 Directors' Report

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
190	Xinduhui, Guiyang	Guanshan Lake District	45.2%	612,054	816,429	369,026	Under construction
191	City Light Chuxinyuan, Yinchuan	Xingqing District	22.4%	89,837	152,717	34,209	Under construction
192	City Light Chenxingyuan, Yinchuan	Xingqing District	33.8%	106,121	180,402	60,976	Under construction
193	Vanke Times, Lanzhou	Yuzhong County	50.3%	129,835	338,646	170,339	Pre-construction
194	Subsequent Land Lot of Dream Town, Lanzhou	Gaolan County	41.0%	255,756	739,146	303,050	Pre-construction
195	Yuchen, Yinchuan	Jinfeng District	16.9%	56,556	84,833	14,337	Pre-construction
196	Ideal City, Yinchuan	Jinfeng District	25.5%	98,215	239,874	61,168	Pre-construction
197	Jade Garden, Yinchuan	Jinfeng District	19.2%	179,686	165,190	31,716	Under construction
198	Dream Town (Wanlan), Xining	Chengzhong District	39.0%	70,667	176,668	68,901	Pre-construction
199	Dream Town (Wancan), Xining	Chengzhong District	39.0%	164,608	441,771	172,291	Pre-construction
200	Dream Town (Wanxian), Xining	Chengzhong District	39.0%	37,140	100,316	39,123	Pre-construction
201	Vanke Liantou Ideal Star 083 Land Lot, Wuhan	Jiangxia District	19.4%	65,548	185,404	35,968	Under construction
202	Vanke Liantou Ideal Star 082 Land Lot, Wuhan	Jiangxia District	49.0%	64,726	176,069	86,274	Under construction
203	Vanke Jinyutiandi, Wuhan	Qiaokou District	46.0%	6,711	23,897	10,993	Pre-construction
204	Vanke Ideal City Yuefu, Wuhan	Yiling District	90.0%	32,041	51,050	45,945	Under construction
205	Yaohu Village Project of Gedian, Wuhan	Economic & Technological Development Zone, Gedian	60.0%	21,452	80,760	48,456	Pre-construction
206	Feicui Binjiang, Kunming	Guandu District	30.6%	161,266	527,960	161,556	Under construction
207	Xiangxiebeijun, Kunming	Wuhua District	54.4%	43,053	166,487	90,569	Under construction
208	Jade Nanjun, Kunming	Guandu District	24.1%	92,972	289,350	69,733	Under construction
209	Wangjiaqiao Project, Kunming	Wuhua District	50.0%	246,576	912,045	456,023	Pre-construction
210	Vanke Morcitta, Xishuangbanna	Menghai County	23.3%	454,043	579,895	135,116	Under construction

Unit: sq.m.

No	City and Project Name	Location	Percentage Interest Attributable to the Company	Site area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
211	Subsequent Land Lot of Fuxian Lake Sun Mountain Project, Yuxi	Chengjiang County	33.2%	528,796	255,900	84,959	Pre-construction
212	Vanke Metropolis (Phase I), Xi'an	Fengxi New Town	86.9%	141,500	362,187	314,741	Under construction
213	Vanke Metropolis (Phase II), Xi'an	Fengxi New Town	65.9%	135,900	359,384	236,834	Pre-construction
214	Vanke Yungu, Xi'an	Yanta District	78.7%	31,569	47,353	37,267	Under construction
215	Vanke Yuewan, Xi'an	Chan-Ba Ecological District	47.6%	75,406	178,256	84,850	Under construction
216	Vanke Lan'an, Xi'an	Chan-Ba Ecological District	99.8%	140,736	288,027	287,451	Pre-construction
217	Vanke Park Avenue, Xi'an	Yanta District	40.0%	49,898	139,668	55,867	Under construction
218	Gongyuanli, Urumqi	High-tech Industrial Development Zone	61.0%	61,148	145,419	88,706	Under construction
219	Metropolitan, Urumqi	Shuimogou District	70.0%	36,104	162,470	113,729	Under construction
220	Tianshan Fu, Urumqi	Tianshan District	49.1%	120,090	280,300	137,627	Pre-construction
221	Park Avenue, Urumqi	Midong District	87.9%	85,938	300,782	264,387	Pre-construction
222	Metropolis Legend Phase II, Urumqi	Saybag District	54.1%	38,204	92,975	50,299	Pre-construction
223	Bairong E5 Project, Zhengzhou	Erqi District	100.0%	59,332	236,904	236,904	Pre-construction
224	Vanke Meijing Chengguo, Zhengzhou	High & New Technology Industries Development Zone	41.0%	7,893	21,688	8,892	Under construction
225	Changjiyunlu, Zhengzhou	Zhongmou County	43.0%	146,726	158,941	68,345	Under construction
226	Vanke Min'an Jiangshanfu, Zhengzhou	Huiji District	46.2%	55,312	220,778	101,999	Under construction
227	Vanke Futian Long Tang, Zhoukou	Chuanhui District	41.2%	151,933	472,115	194,511	Pre-construction
Total				22,063,694	46,813,951	24,902,146	

The total land premium attributable to the Company's equity holding and the total renovation cost of the above projects amounted to approximately RMB135.14 billion.

## Section 4 Directors' Report

From the end of the Reporting Period to the date of this Report, the Group had 11 new development projects. The aggregate planned GFA attributable to the Company's equity holding amounted to approximately 3.026 million sq.m., while the aggregate GFA amounted to approximately 3.670 million sq.m. The details are as follows:

Unit: sq.m.

No	City	Project Name	Location	Percentage of Interest Attributable to the Company	Site Area	Total GFA	GFA Attributable to the Company's Equity Holding	Progress
1	Foshan	Julong Zhenxing Industrial Zone Project of Pingxi Community, Guicheng Street	Nanhai District	100.00%	52,222	182,777	182,777	Pre-construction
2	Fuzhou	Paiwei No. 01 Land Lot	Taijiang District	100.00%	205,862	624,811	624,811	Pre-construction
3	Guangzhou	Zhongxin Knowledge City ZSCN-C1-3 Land Lot	Huangpu District	19.98%	191,580	344,844	68,900	Pre-construction
4	Beijing	Yuzhuang 6004 and Other Land Lots, Gaoliying	Shunyi District	49.00%	43,326	64,989	31,845	Pre-construction
5	Qingdao	Wujiagoucha Village Renewal Project	Jimo District	50.00%	70,037	112,060	56,030	Pre-construction
6	Shenyang	Shoufu Cloud City Project	Huanggu District	100.00%	334,407	691,487	691,487	Pre-construction
7	Shijiazhuang	Boiler Plant Project	Xinhua District	51.00%	48,731	116,138	59,230	Pre-construction
8	Chengdu	Wulongshan P Land Lot Feiteng Town Commercial Land Lot	Xindu District	50.00%	43,896	44,167	22,084	Pre-construction
9	Meishan	Huahai Eco-City Land Lot	Renshou County	100.00%	731,482	880,480	880,480	Pre-construction
10	Xi'an	Quijiang Creative Circle Project	Yanta District	60.00%	80,004	499,234	299,540	Under construction
11	Zhengzhou	Metropolis E3 Land Lot	Erqi District	100.00%	36,531	109,157	109,157	Under construction
<b>Total</b>					<b>1,838,078</b>	<b>3,670,144</b>	<b>3,026,341</b>	

During the Reporting Period, the Group acquired 64 logistics real estate projects, the planned GFA of which is about 4.9431 million sq.m.

Unit: '0000 sq.m.

No	City	Project Name	Location	Percentage Interest Attributable to the Company	Site Area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
1	Wuhan	Jiangxia Logistics Park (Phase II)	Jiangxia District	99.50%	15.7	9.89	9.84	Operated
2	Shenyang	Sujiatun Logistics Park	Sujiatun District	99.50%	13.3	7.15	7.11	Operated
3	Dalian	Dayaowan Logistics Park	Jinpu New Area	100.00%	23.7	13.39	13.39	Under construction
4	Jinan	Jiyang Logistics Park	Cuizhai Town, Jiyang County	90.00%	13.7	8.10	7.29	Under construction and partly operated
5	Nanchang	Airport Logistics Park	Economical & Technological Development Zone	70.00%	13.1	7.08	4.96	Operated
6	Nanning	Wuxiang Logistics Park	Wuxiang New Area	100.00%	6.9	6.11	6.11	Under construction
7	Nanning	High-tech Zone Logistics Park	High-tech Industrial Zone	100.00%	10.7	12.18	12.18	Operated
8	Hangzhou	Dajiangdong Linjiang Logistics Park	Xiaoshan District	100.00%	4.6	3.83	3.83	Under construction and partly operated
9	Kunshan	Zhoushi Logistics Park, Kunshan	Zhoushi Town	100%	7.47	3.95	3.95	Under construction
10	Shanghai	Jinshan Industrial Zone Logistics Park, Shanghai	Jinshan District, Shanghai	100%	9.13	5.93	5.93	Under construction and partly operated
11	Kunshan	Bonded Logistics Park, Kunshan	Kunshan City	100%	3.60	1.95	1.95	Operated
12	Ningbo	Beilun Port Logistics Park, Ningbo	Beilun District	100%	6.64	3.86	3.86	Operated
13	Shanghai	Nanqiao Cold Chain Logistics Park, Shanghai	Fengxian District	100%	2.54	3.06	3.06	Under construction
14	Quanzhou	Shishi Logistics Park, Quanzhou	Shishi City	100%	13.59	7.64	7.64	Under construction
15	Wuxi	Wangzhuang Logistics Park, Wuxi	Xinwu District	100%	7.87	7.69	7.69	Under construction
16	Shanghai	Pudong Lingang Logistics Park, Shanghai	Pudong New Area	100%	10.00	5.07	5.07	Operated
17	Shanghai	Jinshan Caojing Logistics Park, Shanghai	Jinshan District	100%	5.05	7.40	7.4	Unstarted
18	Shanghai	Jiading Logistics Park, Shanghai	Jiading District	100%	4.26	7.19	7.19	Operated
19	Kunshan	Huaqiao Logistics Park, Kunshan	Huaqiao Town	30%	6.87	4.75	1.43	Operated
20	Tianjin	Ninghe Logistics Park (Phase II), Tianjin	Ninghe District	90%	14.28	8.56	7.7	Under construction
21	Changchun	Economic Development Logistics Park, Changchun	Economic & Technological Development Zone	85%	9.40	5.51	4.68	Under construction
22	Wuxi	Xishan Logistics Park, Wuxi	Xishan District	100%	12.62	6.74	6.74	Under construction and partly operated
23	Shanghai	Qingpu Logistics Park, Shanghai	Qingpu District	60%	15.94	14.49	8.69	Operated
24	Shanghai	Fengjing Logistics Park, Shanghai	Jinshan District	100%	5.88	6.06	6.06	Operated
25	Wuhan	Airport Logistics Park, Wuhan	Huangpi District	90%	6.60	6.80	6.12	Under construction
26	Zhuozhou	Zhuozhou Logistics Park, Baoding	Sunzhuang Town	100%	9.91	12.28	12.28	Unstarted
27	Kunming	High-tech Zone Logistics Park, Kunming	High-tech Industrial Zone	90%	6.27	2.94	2.65	Under construction
28	Xining	Haidong Logistics Park, Xining	Haidong District	100%	13.34	7.85	7.85	Under construction
29	Kunming	High-tech Zone Logistics Park (Phase II), Kunming	High-tech Industrial Zone	100%	10.92	9.88	9.88	Under construction
30	Quanzhou	Zimao Logistics Park, Quanzhou	Jinjiang City	100%	7.43	6.07	6.07	Under construction
31	Langfang	Anci Logistics Park, Langfang	Anci District	100%	10.00	9.99	9.99	Unstarted
32	Shanghai	Harbour Cold Chain Logistics Park, Shanghai	Fengxian District	100%	4.33	3.08	3.08	Operated

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Unit: '0000 sq.m.

No	City	Project Name	Location	Percentage Interest Attributable to the Company	Site Area	Planned GFA	GFA Attributable to the Company's Equity Holding	Progress
33	Langfang	Guangyang Cold Chain Logistics Park, Langfang	Guangyang District	100%	4.00	3.07	3.07	Operated
34	Ningbo	Beilun Cold Chain Logistics Park, Ningbo	Beilun District	100%	6.80	4.43	4.43	Operated
35	Nanjing	Qixia Cold Chain Logistics Park, Nanjing	Qixia District	100%	7.60	3.33	3.33	Operated
36	Chengdu	Xinjin Cold Chain Logistics Park, Chengdu	Xinji County, Chengdu	100%	5.13	3.92	3.92	Operated
37	Xiamen	Haicang Cold Chain Logistics Park, Xiamen	Haicang District	65%	5.67	1.65	1.07	Operated
38	Guangzhou	Huangpu Cold Chain Logistics Park, Guangzhou	Huangpu District	60%	6.17	6.53	3.92	Operated
39	Shenyang	Hunnan Logistics Park, Shenyang	Hunnan District	100%	10.87	6.66	6.66	Unstarted
40	Nanning	Xinzhong Witpark, Nanning	Wuxiang New Area	100%	6.76	5.20	5.2	Under construction
41	Nanning	Xinzhong Bonded Witpark, Nanning	Wuxiang New Area	100%	9.31	5.22	5.22	Under construction
42	Changshu	Changshu Logistics Park	Changshu City	100%	7.45	4.26	4.26	Operated
43	Xiamen	Tongan Logistics Park, Xiamen	Tong'an District	70%	6.00	4.54	3.18	Operated
44	Ningbo	Jiangbei Logistics Park, Ningbo	Jiangbei District	100%	7.96	16.49	16.49	Under construction
45	Shanghai	Qingpu Xianghuaqiao Logistics Park	Qingpu District	100%	14.07	12.80	12.8	Operated
46	Tianjin	Jinghai Logistics Park, Tianjin	Jinghai District	100%	26.82	27.65	27.65	Unstarted
47	Tianjin	Supply Chain Industrial Park, east of Langfang	Wuqing District	100%	16.87	17.88	17.88	Unstarted
48	Nanchang	Airport Ganjiang Logistics Park, Nanchang	Airport Economic Zone	95%	9.33	9.31	8.84	Under construction
49	Ningbo	Cixi Economic Development Logistics Park, Ningbo	Cixi City	100%	5.87	4.53	4.53	Under construction and partly operated
50	Ningbo	Yaodong Logistics Park, Yuyao	Yuyao City	100%	6.45	6.79	6.79	Unstarted
51	Chongqing	Nan'an Logistics Park, Chongqing	Nan'an District	100%	5.53	5.33	5.33	Unstarted
52	Xi'an	High-tech Logistics Park, Xi'an	High-tech Industrial Zone	100%	9.29	5.52	5.52	Unstarted
53	Taizhou	Taizhou Logistics Park	Taizhou City	100%	12.00	11.47	11.47	Unstarted
54	Wenzhou	Wenzhou South Logistics Park	Pingyang County	100%	4.07	5.26	5.26	Unstarted
55	Huizhou	Boluo Logistics Park, Huizhou	Boluo County	100%	5.00	3.99	3.99	Unstarted
56	Guangzhou	Nansha Logistics Park, Guangzhou	Nansha District	100%	10.69	10.43	10.43	Under construction
57	Dongguan	Wanjiang Logistics Park, Dongguan	Wanjiang District	100%	3.28	6.71	6.71	Operated
58	Qingdao	Jimo Logistics Park, Qingdao	Jimo District	100%	10.27	6.31	6.31	Under construction and partly operated
59	Fuzhou	Lianjiang Logistics Park, Fuzhou	Lianjiang County	90%	17.04	10.33	9.3	Unstarted
60	Zhengzhou	Zhongmu Logistics Park, Zhengzhou	Zhongmu District	100%	5.08	5.03	5.03	Unstarted
61	Changchun	New Area Logistics Park, Changchun	New Area	100%	12.75	7.59	7.59	Unstarted
62	Harbin	Hanan Logistics Park	Shuangcheng District	100%	15.07	8.76	8.76	Unstarted
63	Nanjing	Liuhe Logistics Park, Nanjing	Liuhe District	100%	19.85	17.36	17.36	Unstarted
64	Urumqi	Airport Logistics Park, Urumqi	Xinshi District	100%	26.96	19.49	19.49	Unstarted
<b>Total</b>					625.65	494.31	473.46	

### 4.3 Major Sale of Assets and Equity

#### 4.3.1 Major sale of assets

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

#### 4.3.2 Major sale of equity

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

### 4.4 Major Suppliers and Customers

#### 4.4.1 Percentage of purchases from top five supplier in total to the total purchase for the year

During the Reporting Period, the Group's purchases from the top 5 materials and equipment suppliers totaled RMB4.666 billion, representing 1.98% of the total purchases in the year and the percentage of which is less than 30%. Among which, the Group's purchases from the largest supplier was approximately RMB1.506 billion, accounting for 0.64% of the total purchases in the year.

#### 4.4.2 Percentage of revenue from the top five customers to the total revenue of the Company

The current main product of the Group is residential properties. The major customers are individuals, which are in a large number and fragmented. Only certain projects constructed for government or group purchases can generate higher turnovers. During the Reporting Period, the revenue from the top five customers was approximately RMB2.07 billion, representing 0.70% of the revenue of the Group for the year, and the percentage of which is less than 30%. Amongst them, the revenue from the largest customer was approximately RMB700 million, representing 0.24% of the revenue of the Group for the year.

### 4.5 Details on the Company's Investor Relations Activities and Investor Protection

The Group has been always attaching great importance to investor relations. In 2018, the Company continued to enhance the information disclosure management according to the relevant regulations and Administrative Measures on Information Disclosure by Listed Companies, and released 591 domestic and overseas announcements to protect the "right to know" of the investors.

In addition to timely and sufficient information disclosure, the Group also focuses on the communication and interaction with the investors through various means. In 2018, the Group received more than 500 visits and calls from the investors, participated in 40 meetings with the domestic and overseas organizations, organized 12 monthly sales and operation meetings, 4 overseas and domestic results presentations and 2 network roadshows, and answered more than 130 inquiries of the minority investors through the EasyIR platform of Shenzhen Stock Exchange. To further expand the channels for communication with the investors, the Group launched the "Vanke Investor Relations" WeChat official account at the beginning of the year to enable the investors to access the interim announcements, regular reports, monthly sales and other relevant information whenever they desire. The articles it pushed through WeChat have achieved an annual reading quantity of 190 thousand clicks. In addition, the Group also communicates with the investors through telephone, email and online interaction platforms, in order to maintain a long-term relationship of trust between the investors and the Company.



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The Group established an investor education base in 2015 and was granted the title of "National Securities and Futures Investors Education Base" in 2016. In 2018, the Group received visits of nearly 9000 person-times to its investor education base, and created a Vanke investor education base website to enhance investor education and knowledge promotion, with an aim to help the investors better understand the basic investment knowledge, such as the shareholder's rights and duties, and stock investment guidelines, through the communication and interaction with the investors.

Details on the Company's investor meetings in 2018 are set out as follows:

Type of meeting	Time	Location	Approach	Type of investors	Issues discussed and information provided
BNP meeting	2018.1	Hong Kong	Face to face	Investors including securities companies, funds, etc	1. 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. 2. Major information provided: published information including the Company's regular reports.
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, individual investors, 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, etc	
CLSA Securities meeting	2018.3	Hong Kong	Face to face	Investors including securities companies, funds, etc	
Citi Securities 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, individual investors, etc	
UBS 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	

Type of meeting	Time	Location	Approach	Type of investors	Issues discussed and information provided
Tianfeng Securities meeting	2018.7	Beijing	Face to face	Investors including securities companies, funds, etc	
Guo Tai Junan Securities meeting	2018.7	Shenzhen	Face to face	Investors including securities companies, funds, etc	
Interim results presentation	2018.8	Shenzhen (Shanghai, Beijing), Hong Kong	Face to face	Investors including securities companies, funds, etc	
CLSA Securities meeting	2018.8	Hong Kong	Face to face	Investors including securities companies, funds, etc	
Chang Jiang Securities meeting	2018.8	Shanghai	Face to face	Investors including securities companies, funds, etc	
China Securities meeting	2018.8	Beijing	Face to face	Investors including securities companies, funds, etc	
Citi Securities meeting	2018.9	Hong Kong	Face to face	Investors including securities companies, funds, etc	
JP Morgan meeting	2018.9	Hong Kong	Face to face	Investors including securities companies, funds, etc	
Credit Suisse Securities meeting	2018.9	Hong Kong	Face to face	Investors including securities companies, funds, etc	
CICC Securities meeting	2018.9	Hong Kong	Face to face	Investors including securities companies, funds, etc	
CLSA Securities meeting	2018.9	Hong Kong	Face to face	Investors including securities companies, funds, etc	
DBS Securities meeting	2018.9	Singapore	Face to face	Investors including securities companies, funds, etc	
CITIC Securities meeting	2018.11	Shenzhen	Face to face	Investors including securities companies, funds, etc	
China Securities meeting	2018.12	Shanghai	Face to face	Investors including securities companies, funds, etc	
Haitong Securities meeting	2018.12	Shanghai	Face to face	Investors including securities companies, funds, etc	
Guangfa Securities meeting	2018.12	Chengdu	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.

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Type of meeting	Time	Location	Approach	Type of investors	Issues discussed and information provided
Securities companies	During the Reporting Period	Shenzhen, Dongguan, Guangzhou, Suzhou, Zhongshan, Zhuhai, Kunming, Taiyuan, Xiamen, Fuzhou, Changsha, Shanghai, Nanjing, Wuxi, Yangzhou, Xuzhou, Hangzhou, Ningbo, Hefei, Beijing, Tianjin, Tangshan, Shenyang, Jinan, Qingdao, Chengdu, Wuhan, Chongqing, Xi'an and other places	Small group or one-on-one	Mitsubishi UFJ Morgan Stanley, Haitong Securities, Nomura Securities, Citigroup, CRE Securities, UBS Securities, CIFM Asset Management (Hong Kong), JP Morgan, ICBC International Holdings Limited, Daiwa Securities, Mizuho Securities, Okasan Securities, Merrill Lynch, Hamagin Research Institute, Ltd., CICC, Guotai Junan, Guotai Securities, China Merchant Securities, Deutsche Bank, Shenwan Hongyuan, BOC International, Changjiang Securities, Goldman Sachs, Shanxi Securities, Tianfeng Securities, KGI Securities, HSBC Global Research, Soochow Securities, Ping An Securities, Guangfa Securities, Southwest Securities, Huatai Securities, Zhongtai Securities, DBS Securities, CLSA, Mitsubishi UFJ Securities, Northeast Securities, Founder Securities, Dongguan Securities, JP Morgan, Shanxi Securities, Orient Securities, Credit Suisse, Barclays, Industrial Securities, Haitong Securities, Dongxing Securities, Essence Securities, CRE Securities, First Shanghai Securities, BNP etc.	
Funds and other investment companies and individual investors	During the Reporting Period	Shenzhen, Dongguan, Guangzhou, Zhongshan, Zhuhai, Xiamen, Suzhou, Fuzhou, Changsha, Shanghai, Nanjing, Wuxi, Yangzhou, Xuzhou, Hangzhou, Ningbo, Hefei, Beijing, Tianjin, Tangshan, Shenyang, Jinan, Qingdao, Chengdu, Wuhan, Chongqing, Xi'an and other places	Small group or one-on-one	GF Xinde Investment, 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	

Type of meeting	Time	Location	Approach	Type of investors	Issues discussed and information provided
				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, Qianhe Securities, 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, Gaojing Asset, 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., SOROS Fund Management, Matthews Asia, Deutsch Asset & Wealth Management, GIC, JP Morgan Asset Management, GSA Capital, Norges Bank, Mondrian,	

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Type of meeting	Time	Location	Approach	Type of investors	Issues discussed and information provided
				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.	

In 2018, the Company received many awards as follows:

No.	Award	Awarding Body
1	2018 CCTV Top 10 Listed Companies	CCTV
2	Golden Bull Award for Superior Contribution for Chinese Listed Companies--Yu Liang	China Securities Journal
3	Golden Bull Best Investment Value Award 2017	
4	Golden Bull Secretary Award 2017--Zhu Xu	
5	China Securities Golden Bauhinia Awards Listed Company with Best Investment Value	Hong Kong Ta Kung Wen Wei Media Group
6	Ranking 1 Among the Most Respected Enterprises	Institutional Investor, financial magazine of the United States
7	Best ESG/SRI Metrics Ranking 1	
8	Ranking 1 in the Best Investor Relations Program (selected by buyers)	
9	Ranking 1 in the Best CEO (selected by buyers)	
10	Ranking 2 in the Day of Best Analyst	
11	Ranking 2 in the Best Investor Relations (for companies)	
12	Ranking 2 in the Best CFO (selected by buyers)	
13	Ranking 3 in the Best Corporate Governance	
14	Ranking 3 in the Best IR Professionals (selected by buyers)	

No.	Award	Awarding Body
15	Best Investor Relations--Corporate Transaction Award (Large Cap)	Hong Kong Investor Relations Association
16	Golden Lion Award (H Shares) — Best Investor Relationship Management	SINA Finance
17	China Best Corporate Citizen Appraisal Annual Award 2018	21st Century Business Herald
18	Outstanding Enterprise Award--2018 China Corporate Social Responsibility	China Business News
19	Most Socially Responsible Listed Company of China 2018	China Finance Online
20	China's Listed Company Outstanding Brand Award 2018	
21	Top 30 China's Listed Real Estate Companies 2018	Guandian Real Estate
22	Ranking 9 in the Companies Under Hong Kong Stock Connect Receiving Most Attentions from Mainland Chinese Institutional Investors	Jointly held by Yue Diao Yan Platform and Gelonghui
23	China Real Estate Blue Chip 2018	The Economic Observer
24	Ranking 1 in the Top 10 Chinese Listed Real Estates 2018	EHConsulting & China Internet Information Center
25	Listed Company with Outstanding Brand Value 2018	China Finance Online
26	Board of Directors Governance Special Contribution Award of the 13th "Golden Round Table Award" for Boards of Directors of Chinese Listed Companies	Directors & Boards
27	The Most Innovative Secretary of the 13th "Golden Round Table Award" for Boards of Directors of Chinese Listed Companies--Zhu Xu	
28	Best 50 Boards of Directors of China for 2018	Fortune China
29	The 14th Golden Board Secretary of New Fortune--Zhu Xu	New Fortune
30	Best CEO of China's Listed Companies 2018--Yu Liang	Forbes
31	Leaders of Companies Under Hong Kong Stock Connect of 2018 Golden Wing--Yu Liang	Securities Times
32	Shortlisted for Values of Companies Under Hong Kong Stock Connect of 2018 Golden Wing	

Note: For the appraisal by Institutional Investor, the Company was selected into the 2018 All-Asia (ex-Japan) Executive Team.

#### 4.6 Permitted Indemnity Provision

During the Reporting Period and up to the date of publication of the Report, no permitted indemnity provision which benefits the directors or supervisors of the Company was in force or is currently in force (whether entered into by the Company or not), and no permitted indemnity provision which benefits the directors or supervisors of related companies of the Company was in force or is currently in force (if entered into by the Company).

The Company has arranged appropriate liability insurance for the directors and supervisors of the Company concerning the relevant legal actions they may be faced with.

#### 4.7 Management Contracts

During the Reporting Period, no contracts concerning the operation and administration of the whole or any substantial part of the business of the Company were entered into or existed between the Company and any person other than the directors or full-time employees of the Company.

#### 4.8 Directors and Supervisors' Service contracts

Each of the directors and supervisors of the Company has entered into a service contract with the Company. No director or supervisor of the Company had entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### 4.9 Relationship with Stakeholders

The Company deeply believes that our employees, customers and business partners are keys to our sustainable development. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community. The Company places significant emphasis on human resources. The Company provides a fair workplace, creating atmosphere of nondiscrimination and diversity among our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its health and safety management system and ensures the adoption of the principles throughout the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations. The Group values the feedback from customers through daily communication, regular inspections and etc. The Group has also established the mechanism about customer service, support and complaints. When dealing with a customer complaint, the Group treats it as an opportunity to improve our relationship with the customer, addressing the concern in a timely manner and in accordance with international standards.

#### 4.10 Directors' Responsibility in Respect of the Financial Statements

The directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the Reporting Period.

The directors are not aware of any material uncertainties or events or conditions that may cast significant effect upon the Group's ability to continue to operate.

Please refer to the Independent Auditor's Report for the statement of responsibilities of auditor of the Group for the audit of the consolidated financial statements.

#### 4.11 Charity Donation

During the Reporting Period, the amount of charity donation made by the Group was RMB312 million.

#### 4.12 Compliance with Laws and Regulations

In 2018, the Group maintained compliance with relevant laws and regulations that have significant impacts on operations of the Group.

#### 4.13 Information of Directors, Supervisors and Senior Management of the Company

Please refer to Section 7 "Directors, Members of Supervisory Committee, Senior Management and Employees" of the Report for the information of directors, supervisors and senior management of the Company.

#### 4.14 Principal Risks

Details of the principal risks facing the Group were delineated in Section 8 "Corporate Governance Report" of the Report.

#### 4.15 Recommended dividend

For the dividend distribution proposal of the year 2018, please refer to Section 5 "Significant Events" of the Report.



## Section 5

# Significant Events

## 5 Significant Events

### 5.1 Profit Appropriation and Dividend Distribution Proposal

The Company's profit appropriation and dividend distribution was based on the Company's profit available for appropriation. Details on the profit available for appropriation of the Group and the Company in 2018 according to the International Financial Reporting Standards are as follows:

	Unit: RMB	
	The Group	The Company
Profit after taxation available for appropriation	103,218,024,960.16	23,599,733,010.88
Include: Net profit for 2018	33,772,651,678.61	22,986,348,424.81
Profit available for appropriation		
at the beginning of the year	79,380,610,082.45	10,548,621,386.97
Allocation of dividend for 2017	(9,935,236,800.90)	(9,935,236,800.90)

According to the relevant rules and requirements of the Company's Articles of Association, considering shareholders' interests and the Company's development needs in the long run, the Board submitted to the shareholder meeting the following profit appropriation proposal for the year 2018:

1. The reserve of the Company exceeded 50% of the Company's capital, no provision for statutory reserve will be made;
2. To appropriate 50% of the net profit of the Company to discretionary surplus reserve;
3. To appropriate 50% of the net profit of the Company and unappropriated profit of the previous year for dividend distribution fund;
4. The remaining undistributed profits are retained for the following year.

The allocation of the profit available for appropriation for the year of 2018 is as follows:

	Unit: RMB		
	The Company	As a percentage of the Company's net profit for the year	As a percentage of net profit attributable to equity shareholders of the Company for the year
Net profit of 2018	22,986,348,424.81	100%	68.06%
Transfer to statutory surplus reserve	-	-	-
Transfer to discretionary surplus reserve	11,493,174,212.40	50.00%	34.03%
Transfer to 2018 dividend distribution fund	11,493,174,212.41	50.00%	34.03%
Profit available for appropriation at the beginning of the year	613,384,586.07		
Distribution of cash dividend for 2018	11,811,892,641.07	51.39%	34.97%
Retained profit for appropriation for the following financial year	294,666,157.41		

**The Company's 2018 dividend distribution proposal:** The total amount of cash dividends proposed for distribution for 2018 will be RMB11,811,892,641.07 (inclusive of tax), accounting for 34.97% of the net profit for the year attributable to equity shareholders of the Company for 2018, without any bonus share or transfer of equity reserve to share capital.

Based on the Company's total number of 11,039,152,001 shares at the end of 2018, a cash dividend of RMB10.7 (inclusive of tax) will be distributed for each 10 shares. If any circumstances, such as issuance of new shares, share repurchase or conversion of any convertible bonds into share capital before the record date for dividend distribution, results in the changes in our total number of shares on record date for dividend distribution, dividend per share shall be adjusted accordingly on the premise that the total dividends amount remains unchanged.

The independent non-executive directors were of the view that the Company's proposals on the profit appropriation and dividend distribution for the year of 2018 was in compliance with the Company's Articles of Association and the relevant requirements, and took into account the interests of various types of shareholders. The independent non-executive directors unanimously agreed to submit the relevant proposal to the shareholder meeting for consideration.

Pursuant to applicable provisions and the implementing rules of the Individual Income Tax Law of the People's Republic of China, the Enterprise Income Tax Law of the People's Republic of China and other applicable laws and regulations and normative documents, the Company shall, as a withholding agent, withhold and pay dividend income tax for the H shareholders in respect of the dividend to be distributed to them, including individual income tax for individual foreign shareholders and enterprise income tax for non-resident enterprise shareholders. For details regarding withholding and payment of dividend income tax for the H shareholders and materials that H shareholders need for tax deduction, please refer to announcements to be published by the Company subsequently.

To the best knowledge of the Company, no shareholders have entered into any arrangements to waive or agree to waive any dividend.

The Company's proposals on dividend distribution for the past three years are as follows:

Year	Proposal on dividend distribution
2017	Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB9.0 (including tax) would be distributed for every 10 existing shares held.
2016	Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB7.9 (including tax) would be distributed for every 10 existing shares held.
2015	Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB7.2 (including tax) would be distributed for every 10 existing shares held.

## Section 5 Significant Events

The Company's distribution of cash dividends for the past three years are as follows:

Unit: RMB

Year	Cash dividend (including tax)	The Company's net profit	Net profit attributable to equity shareholders of the Company	As a percentage of the Company's net profit	As a percentage of net profit attributable to equity shareholders of the Company	The Group's consolidated profit available for appropriation for the year
2017	9,935,236,800.90	13,437,215,980.28	28,051,814,882.36	73.94%	35.42%	80,531,154,604.94
2016	8,720,930,080.79	12,777,146,023.88	21,022,606,256.56	68.25%	41.48%	65,672,270,911.73
2015	7,948,189,440.72	9,949,954,678.46	18,119,406,249.27	79.88%	43.87%	54,587,845,031.57
Accumulated cash dividends in the past three years as a percentage to the Group's average net profit attributable to equity shareholders of the Company in the past three years					118.78%	

### 5.2 Undertakings

#### (1) Undertakings Performed during the Reporting Period and Not Fulfilled as at the End of the Reporting Period by the De Facto Controller of the Company, Shareholders, Related Parties, Acquirers, the Company and Other Parties related to the Undertakings

After becoming the largest shareholder of the Group, SZMC has been showing its supports on Vanke's mixed ownership structure, urban ancillary services provider strategy and business partnership mechanism, operation and management undertaken by Vanke's management team in accordance with a pre-determined strategic objective as well as the deepening of development model of "Railway + Property". 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 Company as a 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 to 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 or be entitled to remuneration in SZMC and companies under its control.

2. Financial officers of the listed Company shall not work at SZMC and companies under its control.
3. Personnel, employment relationship and payroll administration of the listed Company are independent from SZMC and companies under its control.
4. SZMC shall exercise rights of shareholder through general meeting and recommend candidates for directors, supervisors and senior management of the listed Company in accordance with laws and regulations or articles of association of the listed Company and other rules. SZMC shall not interfere with personnel appointment and removal of the listed Company beyond the general meeting or board of directors.

*II. Financial independence of the listed Company*

1. The listed Company shall establish independent finance and accounting department as well as independent finance and accounting mechanism and financial management system.
2. The listed Company shall be capable of making financial decisions independently. SZMC shall not interfere with the usage and movement of funds 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 subsidiaries.
4. The listed Company and its subsidiaries shall pay tax as an independent entity.

*III. Independence of departments of the listed Company*

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

*IV. Independence of business of the listed Company*

1. The listed Company shall have independent assets, staff and qualifications for operating activities as well as capabilities required for independent operation of business in the market.

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

V. *Independence of assets of the listed Company*

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

SZMC shall and shall procure the companies controlled by it to strictly comply with the relevant requirements of CSRC regarding the independence of listed companies, and shall not make use of the positions 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 harm 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 medium and small-sized 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 competition in the same industry and its adverse effects on the listed Company, SZMC made the following undertakings:

“During the period when SZMC holds no less than 20% of the Vanke’s shareholders’ voting rights and SZMC is the shareholder holding the largest proportion of Vanke’s shareholders’ 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 SZMC 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 known from 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 departments.
2. SZMC and companies controlled by SZMC will not use the position 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 medium and small-sized shareholders through the related party transactions.
3. SZMC and companies controlled by SZMC will not seize the funds of the listed Company through borrowing, payment of debts, advance payment or any other means.
4. For any related party transactions between SZMC and the companies controlled by it and the listed Company, SZMC and the companies controlled by it shall perform legal procedures and enter into agreements legally based on the normal commercial principles of justice, fairness and openness and in accordance with the market economy rules and relevant laws, regulation, normative documents and relevant requirements of SZMC, ensure the transparency, fairness and reasonableness of the transaction price, abstain from voting on the resolutions related to the related party transactions between SZMC and other companies 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 medium and small-sized shareholders) will not be harmed through the related party transactions.
5. SZMC or companies controlled by SZMC will strictly comply with the relevant laws and regulations and the articles of association of the listed Company to fulfill the decision-making procedures of related party 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 regulations and will not carry out the related party transactions which will harm the interests of the listed Company and its medium and small-sized 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 medium and small-sized shareholders.

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

**(2) The Assets and Projects of the Company Subject to a Profit Forecast, and the Reporting Period is Within the Profit Forecast Period. The Company Shall Explain Whether the Assets and Projects Have Achieved the Profit Forecast and the Relevant Reasons**

Applicable  Not applicable

**5.3 Information on the Non-Operating Use of Funds of the Company by the Controlling Shareholder and its Related Parties**

Applicable  Not applicable

During the Reporting Period, there was no non-operating use of funds of the Company by the controlling shareholder of the Company and its related parties.

**5.4 During the Reporting Period, the Explanation of “Non-standard Auditors’ Report” Given By the Board, the Supervisory Committee and Independent Non-executive Directors (if any)**

Applicable  Not applicable

**5.5 Reason for Changes in Accounting Policies, Accounting Estimates and Accounting Treatment as Compared to the Financial Report for the Prior Year**

Applicable  Not applicable

Please refer to Note 1(c) in Financial Statements for the Group’s accounting policy changes during the reporting period. No material changes in the Group’s accounting estimates during the reporting period.

**5.6 Reason for Retrospective Restatement to Correct Major Accounting Errors During the Reporting Period**

Applicable  Not applicable

### 5.7 Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Prior Year

Applicable  Not applicable

During the Reporting Period, the Company acquired 1,059 new subsidiaries and reduced 66 subsidiaries.

### 5.8 Appointment of Certified Public Accountants

The 2017 annual general meeting resolved to re-appoint KPMG Huazhen LLP and KPMG as the Company's auditors for the year of 2018. The following table shows the details on the appointment of the certified public accountants of the Company:

Type	2018	Years of consecutive service		2017	
Audited item	Auditor	Audit fee (Unit: RMB'0000)		Auditor	Audit fee (Unit: RMB'0000)
The Group's consolidated financial statements prepared in accordance with the PRC accounting standards for business enterprises and the internal control audit report	KPMG Huazhen LLP	1,400	18	KPMG Huazhen LLP	1,400
The Group's consolidated financial statements prepared in accordance with the IFRS	KPMG		26	KPMG	
PRC Signing CPA	Fong Kwin		3	Fong Kwin	
PRC Signing CPA	Chen Yongyi		3	Chen Yongyi	

The above-mentioned audit fee included the travelling expenses incurred during the auditing period.

There is no change in the Company's auditors in any of the preceding three years.

### 5.9 Suspension in Trading or Delisting upon Publication of Annual Report

Applicable  Not applicable

### 5.10 Matters Related to Bankruptcy and Reorganization

Applicable  Not applicable

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

### 5.11 Material Litigation or Arbitration

Applicable  Not applicable

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



### 5.12 Progress in Major Acquisition of Assets

On 22 January 2018, the consortium which the Company participated in completed the privatization of Global Logistic Properties Limited (stock code: MCO, hereinafter referred to as "GLP") listed on the Singapore Stock Exchange (hereinafter referred to as "the Acquisition"). GLP was delisted from Singapore Exchange Limited in the same day. After the close of the Acquisition and delisting of GLP, the feeder fund, which the Company hold controlling interest, legally owns approximately 21.4% of the interests of GLP Holdings L.P. (formerly known as Nesta Investment Holdings, L.P., which in turn owns 100% beneficial interest in GLP) and a corresponding direct stake in Class A shares of the general partner of GLP Holdings, L.P., and becomes the single largest holder of interests in GLP Holdings, L.P. and its general partner.

On 9 January 2019, Guangzhou Wanxi Real Estate Co., Ltd. (hereinafter referred to as "Guangzhou Wanxi"), a wholly-owned subsidiary of Guangzhou Vanke Enterprises Co., Ltd. (formerly known as Guangzhou Vanke Real Estate Co., Ltd.), a subsidiary of the Company, entered into a Letter of Confirmation for the Estimation of the Land Appreciation Tax with regards to Restructuring and the Transfer Price with the bankruptcy liquidation group of Guangdong International Trust Investment Corporation (hereinafter referred to as the "bankruptcy liquidation group"), under which the two parties ended the joint supervision on the Guangdong Trust Real Estate Development Corporation and Guangzhou real estate branch of Guangdong International Trust Investment Corporation (hereinafter referred to as the "two companies"). The bankruptcy liquidation group transferred the actual control of the two companies to Guangzhou Wanxi on 9 January 2019. As at 9 January 2019, Guangzhou Wanxi has paid a total of RMB20.1 billion to the bankruptcy liquidation group for investment equity and debt transfer, and continues to perform other obligations as agreed.

### 5.13 Major Connected Transactions

The Company did not have material connected transactions during the Reporting Period.

### 5.14 Major Contracts and their Implementation

#### 5.14.1 Entrustment, sub-contracting or leasing arrangements

##### 1. Entrustment

During the Reporting Period, the Group had no entrustment arrangement.

##### 2. Sub-contracting

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

##### 3. Leasing

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

5.14.2 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)	Remaining guaranteed amount as at the end of the Reporting Period	The type of guarantee	Date when the guarantee began (Year/Month/Day)	Due date of the guarantee (Year/Month/Day)
1	Gain Pioneer Limited (100%)	China Vanke Co., Ltd.	438,600.00	Joint liability guarantee	2015-10-30	2020-10-30
2	Vanke Best Gain Holdings Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	142,576.95	Joint liability guarantee	2014-12-23	2019-12-23
3	Alliance Grace Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	209,055.90	Joint liability guarantee	2016-2-19	2020-4-19
4	Fozter Limited (100%)	China Vanke Co., Ltd.	75,354.92	Joint liability guarantee	2016-4-14	2021-4-14
5	Allied Glory Development Limited (100%)	Vanke Property (Hong Kong) Company Limited (100%)	62,108.89	Joint liability guarantee	2016-10-5	2021-4-19
6	C Plaza Co., Ltd.(100%)	V Capital Limited (100%)	129,123.84	Joint liability guarantee	2016-9-21	2019-10-28
7	22-12 JACKSON AVENUE OWNER LLC (70%)	VANKE HOLDINGS USA LLC (100%)	9,395.90	Joint liability guarantee	2017-6-30	2020-6-30
8	Sinobird Holding Limited (100%)	Vanke Real Estate (Hong Kong) Company Limited (100%)	15,680.00	Joint liability guarantee	2018-3-28	2019-6-30
9	Hybest (BVI) Company Limited (100%)	Vanke Real Estate (Hong Kong) Company Limited (100%)	16,320.00	Joint liability guarantee	2018-3-29	2019-6-30
10	Guangzhou Huangpu Wenchong Urban Village Property Development Co., Ltd.	Guangzhou Vanke Real Estate Co., Ltd. (100%)	36,000.00	Joint liability guarantee	2014-6-13	2019-6-12
11	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
12	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
13	Shanghai Central Land Estate Ltd. (100%)	V Capital Limited (100%)	5,770.00	Joint liability guarantee	2016-9-21	2019-10-28
14	Shanghai Shenyang Investment Management Co., Ltd. (41%)	Shanghai Vanke Investment Company Limited (100%)	1,681.00	Joint liability guarantee	2016-12-16	2024-12-15
15	Shenzhen Vanke Binhai Real Estate Co., Ltd (50%)	Shenzhen Vanke Real Estate Company (100%)	44,850.00	Joint liability guarantee	2017-2-22	2019-2-20

## Section 5 Significant Events

Unit: RMB'0000

No.	Principal of the guarantee (% of equity interest held by Vanke)	Guarantor (% of equity interest held by Vanke)	Remaining guaranteed amount as at the end of the Reporting Period	The type of guarantee	Date when the guarantee began (Year/Month/Day)	Due date of the guarantee (Year/Month/Day)
16	Guangzhou Huangpu Wenchong 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
17	Guangzhou Wanxi Real Estate Co., Ltd. (100%)	Guangzhou Vanke Real Estate Co., Ltd. (100%)	348,485.70	Joint liability guarantee	2017-7-4	-
18	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
19	Shenzhen Senmao Land Co., Ltd. (30%)	Shenzhen Vanke Real Estate Company (100%)	34,440.00	Joint liability guarantee	2017-9-15	2022-9-15
20	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
21	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
22	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
23	Hefei Xinhui Haochen Real Estate Co., Ltd. (40%)	Hefei Vanke Property Co., Ltd. (100%) Hefei Xinhui Yuxiang Real Estate Investment Co., Ltd. (100%)	21,596.00	Joint liability guarantee	2017-12-22	2019-12-22
24	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
25	Changchun Ruizhida Far East Real Estate Development Co., Ltd. (100%)	Changchun Vanke Real Estate Co., Ltd. (100%)	4,463.71	Joint liability guarantee	2018-3-20	2019-1-7
26	Vanke Service (Hong Kong) Co., Limited (63%)	Vanke Service Development Co, Ltd. (63%)	1,060.00	Joint liability guarantee	2018-5-24	2021-5-24
27	Hefei Bihe Real Estate Co., Ltd. (25%)	Hefei Vanke Property Co., Ltd. (100%)	28,500.00	Joint liability guarantee	2018-6-28	2021-6-28
28	Wuhan Jinwan Property Co., Ltd. (武漢金萬置業 有限公司) (50%)	Wuhan Vanke Real Estate Company Limited (100%)	47,000.00	Joint liability guarantee	2018-10-10	2021-10-9

Unit: RMB'0000

No.	Principal of the guarantee (% of equity interest held by Vanke)	Guarantor (% of equity interest held by Vanke)	Remaining guaranteed amount as at the end of the Reporting Period	The type of guarantee	Date when the guarantee began (Year/Month/Day)	Due date of the guarantee (Year/Month/Day)
29	Yangzhou Wanjing Property Co., Ltd. (揚州萬景置業有限公司) (33.01%)	Yangzhou Vanke Real Estate Company Limited (100%)	11,553.50	Joint liability guarantee	2018-9-30	2021-9-12
30	Beijing Hengyi Enterprise Management Co., Ltd. (北京恒熾企業管理有限公司) (100%)	Beijing Vanke Enterprises Company Limited (100%)	323,400.00	Joint liability guarantee	2018-10-10	2023-12-31

During the Reporting Period, the Company did not provide new guarantees, and the majority-owned subsidiaries of the Company provided RMB4.168 billion guarantee to other majority-owned subsidiary of the Company, and RMB871 million guarantee to associated corporations and joint ventures. Each of the entities which provide guarantee had undertaken relevant approval procedures by strictly complying with regulations in Notice of Regulating the External Guarantees of Listed Companies (Zhengjianfa[2005]No. 120) from CSRC.

As at 31 December 2018, the outstanding amount of guarantees provided by the Company was RMB24.132 billion, accounting for 15.5% of the audited net assets attributable to equity shareholders of the Company as at the end of 2018. The outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries to other majority-owned subsidiaries was RMB20.893 billion, while the outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries to associated and joint venture companies was RMB3.239 billion. The Company and its majority-owned subsidiaries did not provide external guarantees. The Company also had no overdue guarantee or guarantees involving with litigation.

## 2. Illegal external guarantees

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

### 5.14.3 Other major contracts

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

### 5.15 Penalties and Rectification

Applicable  Not applicable

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

## Section 5 Significant Events

### 5.16 Credit Status of the Company and Its Largest Shareholder

The Company and its largest shareholder SZMC had not failed in performing any valid court verdict and fulfilling any significant payment obligations that fell due during the Reporting Period.

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

Applicable  Not applicable

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

### 5.18 Purchase, Sales or Redemption of the Listed Securities of the Company

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

### 5.19 Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association of the Group which would oblige the Group to offer new shares to existing Shareholders on a pro-rata basis.

### 5.20 Subsequent Event after the Reporting Period

No.	Date of announcement	Title of announcement	Brief introduction
1	9 January 2019	Update on the Completion of Actual Control Transfer upon Acquisition of Certain Assets of Guangdong International Trust Investment Corporation	A subsidiary of the Company completed the transfer of actual control upon acquisition of certain assets of Guangdong International Trust Investment Corporation
2	16 January 2019	Announcement on Resignation of Director	Mr. Xiao Min, who is about to serve as a public officer, has applied for the resignation from the position as a director of the Company due to the change in work arrangements.
3	26 February 2019	Overseas Regulatory Announcement – The issuance result of 2019 corporate bonds specialized in rental housing issued to qualified investors in public (first tranche)*	The final issuance amount of 2019 corporate bonds specialized in rental housing issued to qualified investors in public (first tranche) was amounted to RMB2 billion, with 3.65% as coupon rate.

\* Translated terms

# Change in Share Capital and Information on Shareholders

## 6.1 Change in Share Capital

### 6.1.1 Change in the shares of the Company (As at 31 December 2018)

Type	31 December 2017		Increase/ Decrease (+, -) Others	31 December 2018	
	Quantity (Share)	Percentage of shareholding		Quantity (Share)	Percentage of shareholding
<b>1. Restricted Shares</b>					
1. State-owned and state-owned legal person shares					
2. Shares held by domestic legal persons					
3. Shares held by domestic natural persons	9,026,490	0.08%	0	9,026,490	0.08%
4. Shares held by foreign investors					
<b>Total number of restricted shares</b>	<b>9,026,490</b>	<b>0.08%</b>	<b>0</b>	<b>9,026,490</b>	<b>0.08%</b>
<b>2. Non-restricted Shares</b>					
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%
<b>Total number of non-restricted shares</b>	<b>11,030,125,511</b>	<b>99.92%</b>	<b>0</b>	<b>11,030,125,511</b>	<b>99.92%</b>
<b>3. Total number of shares</b>	<b>11,039,152,001</b>	<b>100.00%</b>	<b>0</b>	<b>11,039,152,001</b>	<b>100.00%</b>

### 6.1.2 Change in restricted shares during the Reporting Period

Name of shareholder	Number of restricted shares held at the beginning of the year	Number of restricted shares with restrictions released during the year		Number of restricted shares increased during the year	Number of restricted shares held at the end of the year	Reason for selling restrictions	Date of selling restrictions released
		Number of restricted shares with restrictions released during the year	Number of restricted shares increased during the year				
Yu Liang	5,479,684	0	0	5,479,684	Serving as director, member of Supervisory Committee, senior management staff	Execute in accordance with the Detailed Implementing Rules of the SZSE for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies	
Wang Wenjin	1,735,718	0	0	1,735,718			
Xie Dong	1,118,059	0	0	1,118,059			
Zhang Xu	678,029	0	0	678,029			
Zhou Qingping	15,000	0	0	15,000			
<b>Total</b>	<b>9,026,490</b>	<b>0</b>	<b>0</b>	<b>9,026,490</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Section 6

# Change in Share Capital and Information on Shareholders

### 6.1.3 Issue and listing of securities

#### A. Issue of securities during the Reporting Period and in the recent

Name of corporate bonds	Abbreviation of bonds	Code of bonds	Issue date	Issuance rate	Issue scale (RMB hundred million)	Listing date
China Vanke Co., Ltd. 2018 corporate bonds specialized in rental housing to qualified investors in public (first tranche)	18 Vanke 01	112742	8 August 2018 to 9 August 2018	4.05%	15	31 August 2018
China Vanke Co., Ltd. 2018 corporate bonds specialized in rental housing to qualified investors in public (second tranche)	18 Vanke 02	112784	26 October 2018 to 29 October 2018	4.18%	20	19 November 2018
China Vanke Co., Ltd. 2019 corporate bonds specialized in rental housing to qualified investors in public (first tranche)	19 Vanke 01	112844	25 February 2019 to 26 February 2019	3.65%	20	12 March 2019

#### B. As at the end of the Reporting Period, the Company did not have any internal employee shares.

## 6.2 Information of Shareholders (As at 31 December 2018)

### 6.2.1 Information on shareholders

Unit: Share

Name of shareholder	Classification of Shareholder	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
Total number of Shareholders as at the end of 2018		243,763 (including 243,721 A Shareholders and 42 H Shareholders)	Total number of Shareholders as at 28 February 2019		239,133 (including 239,089 A Shareholders and 44 H Shareholders)	
Shareholdings of the top 10 shareholders						
SZMC	Domestic state-owned legal person	29.38%	3,242,810,791	0	0	0
HKSCC NOMINEES LIMITED <sup>Note 1</sup>	Foreign shareholder	11.91%	1,314,911,984	+4,145	0	0
Jushenghua	Domestic non-state-owned legal person	8.39%	926,070,472	0	0	926,068,101
AnBang Life Insurance Co., Ltd. – Conservative Investment Portfolio	Others	6.34%	699,623,983	+455,946,132	0	0
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
Hong Kong Securities Clearing Company Ltd. <sup>Note 2</sup>	Others	2.07%	228,786,132	+149,827,738	0	0
Central Huijin Asset Management Co., Ltd.	Domestic state-owned legal person	1.72%	189,566,000	0	0	0
Foresea Life Insurance Co., Ltd. – Ju Fu Product	Others	1.66%	183,788,200	-34,293,183	0	0
Remarks on strategic investor or ordinary legal person becoming top 10 shareholders after placing of new shares	Nil					

## Change in Share Capital and Information on Shareholders

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	1,314,911,984	Overseas listed foreign Shares (H Shares)
Jushenghua	926,070,472	Ordinary RMB-denominated Shares (A shares)
AnBang Life Insurance Co., Ltd. – Conservative Investment Portfolio	699,623,983	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)
Hong Kong Securities Clearing Company Ltd.	228,786,132	Ordinary RMB-denominated Shares (A shares)
Central Huijin Asset Management Co., Ltd.	189,566,000	Ordinary RMB-denominated Shares (A shares)
Foresea Life Insurance Co., Ltd. – Ju Fu Product	183,788,200	Ordinary RMB-denominated Shares (A shares)
Remarks on the related party relationship or action in concert of the aforementioned shareholders	<ol style="list-style-type: none"> <li>Jushenghua holds 51% equity of Foresea Life Insurance Co., Ltd.</li> <li>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 above-mentioned shareholders.</li> </ol>	
Shareholders involved in margin trading business description	Nil	
Shareholders involved in contracted repurchase transactions	Nil	

## Note:

- HKSCC NOMINEES LIMITED is the nominal holder of the shares held by the Company's non-registered shareholders of H shares.
- Hong Kong Securities Clearing Company Ltd. is the nominal holder of shares held by non-registered shareholders who hold A shares of the Company through Northbound Trading under Shenzhen-Hong Kong Stock Connect.

The "number of A-share shareholders" in the above table refers to the number of shareholders after combining margin trading accounts.



### 6.2.2 Number of shares held by the top 10 shareholders of restricted shares and the conditions of selling restrictions as at the end of the Reporting Period

Unit: Share

No.	Name of shareholder of restricted shares	Number of restricted shares held	Date on which listing and trading may commence	Increase in the number of shares that may be listed and traded	Conditions of selling restrictions
1	Yu Liang	5,479,684	-	-	Selling restrictions were imposed according to relevant regulations of the SZSE
2	Wang Wenjin	1,735,718			
3	Xie Dong	1,118,059			
4	Zhang Xu	678,029			
5	Zhou Qingping	15,000			

### 6.2.3 Controlling shareholders and de facto controllers

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

### 6.2.4 Shareholders holding 10% or more of the equity interests in the Company

#### 1. SZMC

As of 31 December 2018, SZMC holds 3,242,810,791 A Shares in the Company, representing 29.38% of the total number of shares in the Company, and is the largest shareholder of the Company. Details are set out below:



## Change in Share Capital and Information on Shareholders

Basic Information of SZMC is as following:

Date of registration: 31 July 1998

Registered capital: RMB44,071,360,000

Legal representative: Xin Jie

Registered address: Floor 27-31, Metro Building, No. 1016 Fu Zhong Yi Road, Futian District, Shenzhen

Business Scope: Construction, operation, development and comprehensive utility of subway, light track transportation project, investment in industrial operations (specific projects shall be separately applied); domestic commercial and material supply and marketing (excluding government-granted monopoly, government control and monopoly commodities), commercial business, self-owned properties management, and advisory, education and training on rail traffic and relevant business.

### 2. Jushenghua and the parties acting in concert with it

As of 31 December 2018, Jushenghua and the parties acting in concert with it held a total of 1,619,808,035 A Shares in the Company, representing 14.67% of the total number of shares of the Company. Details are set out below:

No.	Name of shareholder	Number of A Shares of the Company held (Share)	Percentage of total issued share capital of the Company
1	Jushenghua	926,070,472	8.39%
2	Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian	343,829,742	3.11%
3	Foresea Life Insurance Co., Ltd. – Ju Fu Product	183,788,200	1.66%
4	Foresea Life Insurance Co., Ltd.- Equity fund	166,107,821	1.50%
5	Foresea Life Insurance Co., Ltd.- Universal Insurance Products	11,800	0.0001%
<b>Total</b>		<b>1,619,808,035</b>	<b>14.67%</b>

(1) Jushenghua held 51% equity of Foresea Life Insurance, which manages “Foresea Life Insurance Co., Ltd. – Hai Li Nian Nian”, “Foresea Life Insurance Co., Ltd. – Ju Fu Product”, “Foresea Life Insurance Co., Ltd. – Equity fund”, and “Foresea Life Insurance Co., Ltd. – Universal Insurance Products”.

(2) Basic information of Jushenghua

Date of registration: 28 January 2002

Registered capital: RMB16,303,542,900

Legal representative: Ye Weiqing

Registered address: Room 802, 8th Floor, Shenye Logistics Building, 2088 Bao’an North Road, Luohu District, Shenzhen.

Business scope: Investment in industrial operations (specific projects shall be separately applied); development of computer software; corporate marketing planning, information consulting (excluding employment agency, security, insurance, fund, financial business and other restricted items); purchase and sales of construction materials, machinery equipment, office equipment, communication devices, hardware and electrical equipment, electronic products, furniture, and interior decoration materials; domestic trade, import and export of goods and technologies; lease of self-owned properties; supply chain management; provide consultancy and financial adviser services (excluding the above items prohibited by laws and administrative regulations, and items restricted by laws and administrative regulations shall obtain an approval before operation) for the projects.

The shareholding structure of Jushenghua is as follow:

No	Name of shareholder	Percentage of shareholding
1	Shenzhen Baoneng Investment Group Co., Ltd.	67.4%
2	Shenzhen Baoyuan Logistics Co., Ltd.	0.68%
3	Shenzhen Baoneng Chuangying Investment Company (Limited Partnership)	1.92%
4	Shenzhen Zheshang Baoneng Industrial Investment Partnership (Limited Partnership)	30%

## Change in Share Capital and Information on Shareholders

### (3) Basic information of Shenzhen Baoneng Investment Group Co., Ltd.

Date of Registration: 23 March 2000

Registered Capital: RMB300 million

Type of enterprise: Company with limited liability (sole proprietorship of legal person invested)

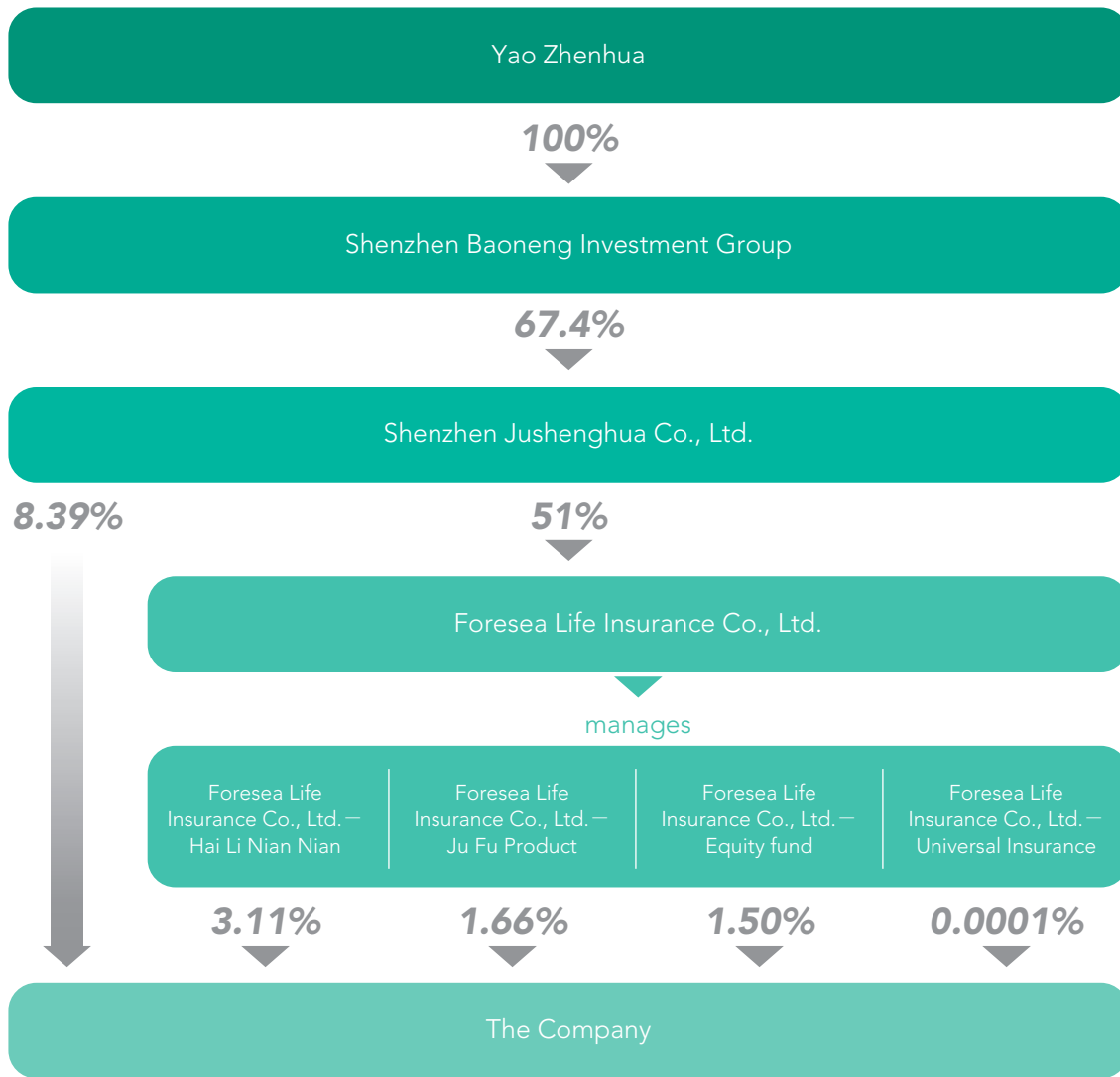
Legal representative: Yao Zhenhua

Shareholding structure: The Company is wholly owned by Mr. Yao Zhenhua.

Business scope: Investment in industrial operations (specific projects shall be separately applied); investment in culture and tourism industry (specific projects shall be separately applied); purchase and sales of construction and decoration material and other domestic trade (excluding the items which shall obtain approval before registration according to laws, administrative regulations and orders from the State Council), operation of import and export business (excluding the items prohibited by laws, administrative regulations and orders from the State Council, and the restricted items shall obtain approval before operation); purchase, sales and lease of construction equipment; information consulting and corporate management consulting (excluding employment agency, security, insurance, fund, financial business and other restricted items); and supply chain management.

# Change in Share Capital and Information on Shareholders

The following chart shows the equity relationship between Jushenghua and the parties acting in concert with it and the Company:



## Change in Share Capital and Information on Shareholders

### 6.2.5 Shareholding by the substantial shareholders and other persons as required by the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

To the best knowledge of directors of the Company, as at 31 December 2018, in accordance with relevant requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), other than directors, members of Supervisory Committee or chief executive, the interests and short positions of the Company held by substantial shareholders are as follows:

Name of shareholder	Capacity (types of interest)	Number of shares held/ Number of underlying shares	Nature of Interest	Types of Shares	Percentage of total issued A-Share capital	Percentage of total 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	693,737,563	Long Position	A	7.13%	-	6.28%
	Total	1,619,808,035	Long Position	A	16.65%	-	14.67%
Anbang Insurance Group Co., Ltd.	Interest of controlled corporations	743,106,220	Long Position	A	7.64%	-	6.73%
UBS Group AG	Interest of controlled corporations	65,712,782	Long Position	H	-	5.00%	0.60%
BlackRock, Inc.	Interest of controlled corporations	105,229,938	Long Position	H	-	8.00%	0.95%
	Interest of controlled corporations	1,418,700	Short Position	H	-	0.11%	0.01%
JP Morgan Chase & Co.	Interest of controlled corporations	11,806,667	Long Position	H	-	0.90%	0.11%
	Interest of controlled corporations	7,778,506	Short Position	H	-	0.59%	0.07%
	Investment manager	70,758,616	Long Position	H	-	5.38%	0.64%
	Person holding a guaranteed interest in shares	289,888	Long Position	H	-	0.02%	0.03%
	Approved lending agent	63,015,334	Shares Held for Lending	H	-	4.79%	0.57%
Citigroup Inc	Person holding a guaranteed interest in shares	1,300	Long Position	H	-	0.0001%	0.00001%
	Interest of controlled corporations	3,305,113	Long Position	H	-	0.25%	0.003%
	Interest of controlled corporations	95,400	Short Position	H	-	0.01%	0.00%
	Approved lending agent	118,331,541	Shares Held for Lending	H	-	9.00%	1.07%
GIC Private Limited	Investment manager	65,774,661	Long Position	H	-	5.00%	0.60%

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

### 6.2.6 The public float as required by SEHK Listing Rules

As at the publication date of the Report, there are 1,314,955,468 overseas listed foreign invested Shares (H Shares) of the Company listed on the Main Board of SEHK, which are all public float, accounting for 11.91% of total shares in the Company. The Company has obtained the waiver from strict compliance with the requirement of H shares proportion as the total number of shares of the Company pursuant to Rule 8.08(1)(b) under the SEHK Listing Rules when the H Share of the Company was listed on Main Board of the SEHK. As at the publication date of the Report, the public float of the Company complied with such waiver.

# Directors, Members of Supervisory Committee, Senior Management and Employees

## 7.1 Current Directors, Members of Supervisory Committee and Senior Management

### 7.1.1 Basic information and work experience

#### (1) Directors

**Mr. YU Liang**, born in 1965, is currently the Chairman and an Executive Director of the Board. Mr. Yu joined the Company in 1990, has been a Director since 1994 and was subsequently appointed as a deputy general manager in 1996 and an executive deputy general manager and finance principal in 1999. Mr. Yu was the president and Chief Executive Officer of the Company from 2001 to January 2018. Mr. Yu was appointed as the Chairman of the Board in July 2017. Prior to joining the Company, Mr. Yu had worked for Shenzhen Foreign Trade Group. Mr. Yu served as a director of Cura Investment Management (Shanghai) Co., Ltd., and an independent director of Shanghai Metersbonwe Fashion & Accessories Co., Ltd. (a company listed on the SZSE; stock code:002269). Mr. Yu graduated from Peking University with a bachelor's degree in International Economics in 1988 and a master's degree in Economics in 1997.

**Mr. LIN Maode**, born in 1956, is currently the Vice Chairman and a Non-executive Director of the Board and a member of the remuneration and nomination committee. Mr. Lin served as a deputy general manager, managing director, deputy secretary of the party committee, the chairman and secretary of the party committee of SZMC; Mr. Lin had served as an assistant to general manager, chief economist and deputy general manager of Shenzhen Zhenye (Group) Co., Ltd. (a company listed on the SZSE; stock code: 000006) and a lecturer of the Finance Department in Sichuan Finance and Economics Institute. Mr. Lin graduated from Sichuan Finance and Economics Institute with a bachelor's degree in Finance in 1983. He is a senior economist with principal senior professional title.

**Mr. SUN Shengdian**, born in 1955, is currently a Non-executive Director and a member of the investment and decision-making committee of the Company. Mr. Sun is also the vice chairman of Shenzhen Huakong SEG Co., Ltd. (a company listed on the SZSE; stock code: 000068) and an independent director of Konka Group Co., Ltd. (a company listed on the SZSE; stock code: 000016). Mr. Sun had previously served as a deputy general manager, director, member of the party committee, deputy secretary of the party committee, general manager, chairman and secretary of the party committee of Shenzhen Electronics Group Co., Ltd., and was a deputy general manager, deputy secretary of the party committee, general manager and secretary of the party committee and chairman of the board of directors of Shenzhen SEG Hitachi Color Display Devices Co., Ltd. He had also served as a director of Shenzhen China Star Optoelectronics Technology Co., Ltd., as well as an independent director of Skyworth Digital Holdings Limited (a company listed on the SEHK; stock code: 0751) and the president of the Shenzhen Electronics Industries Association. Mr. Sun received a doctorate degree in Engineering from Xi'an Jiaotong University in 2005. He is a senior economist.



**Mr. CHEN Xianjun**, born in 1972, is currently a non-executive Director and a member of the audit committee of the Company, and a director and chief financial officer of SZMC. Prior to joining SZMC, Mr. Chen had previously been an accountant in the finance department of Hangzhou Jiangnan Electronic Engineering Company, chief auditor of the audit department of Jintian Industrial Group Co., Ltd., deputy head (presiding) of the finance department of Shenzhen Longgang District Gas Co., Ltd., head of the finance department of Shenzhen Shenran LPG Co., Ltd., officer and deputy principal officer in the property administration office, performance assessment (audit) office and supervision and inspection office (audit office) of Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission, deputy manager and manager of the finance department of Shenzhen Zhenye (Group) Co., Ltd. (a company listed on SZSE; stock code: 000006) and director of finance of Shenzhen Metro No. 3 Line Investment Co., Ltd. Currently, Mr. Chen is also a director of Shenzhen Eastern Public Traffic Corporation. Mr. Chen graduated from the Electronic Technology Institute of Hangzhou (currently known as Hangzhou Dianzi University) with a bachelor's degree in Accounting in 1993. He received a master's degree in Finance from Xiamen University in 2004. Mr. Chen is a certified public accountant and a principal senior accountant.

**Mr. WANG Wenjin**, born in 1966, is currently an Executive Director, executive vice president and chief risk officer of the Company. Mr. Wang currently is also a non-executive director of Huishang Bank Corporation Limited (a company listed on the SEHK, stock code: 3698) invested by Vanke. After joining the Company in 1993, Mr. Wang successively served as a general manager of the finance department, supervisor of finance and chief financial officer. Before joining the Company, Mr. Wang had worked for Hefei Plastic (Factory Ten) and Anhui Optical Sophisticated Mechanic Research Centre of China Academy of Sciences. He graduated from Zhongnan University of Economics and Law with a master's degree in 1994 and he is a certified public accountant (non-practicing member) in the PRC.

**Mr. ZHANG Xu**, born in 1963, is currently an Executive Director, a member of the investment and decision-making committee, an executive vice president and chief operation officer of the Company. After joined the Company in 2002, Mr. Zhang successively served as general manager of Wuhan Vanke Real Estate Co., Ltd., and the vice president of the Company. Before joined the Company, he had worked at China Overseas Group. Mr. Zhang is currently the chairman of the board of Vanke Property (Overseas) Limited (a company listed on the SEHK; stock code:1036) controlled by Vanke, and a non-executive non-independent director of Banyan Tree Holdings Limited invested by Vanke (a company listed on Singapore Stock Exchange Limited, stock code: B58.SG). He graduated from Hefei Industrial University with a bachelor's degree in Industrial and Civil Architecture in 1984 and obtained a master's degree in Business Administration from Troy State University in 2001.

**(2) Independent Non-executive Directors**

**Mr. KANG Dian**, born in 1948, is a Hong Kong resident. He is currently an Independent Non-executive Director and the convener of the remuneration and nomination committee of the Board. Between 2009 and 2016, Mr. Kang served as the chairman and chief executive officer of New China Life Insurance Company Ltd. (a company listed on the Shanghai Stock Exchange; stock code: 601336, and on the SEHK; stock code: 1336), and the chairman of New China Asset Management Co., Ltd. Between 1984 and 2009, he was the director of the overseas project management department of China International Trust & Investment Corporation, vice president of China Agribusiness Trust & Investment Corporation, deputy general manager of China National Packaging Corporation, deputy managing director of Guangdong Enterprises (Holdings) Limited, chairman and general manager of Guangdong Capital Holdings Ltd., chairman of Guangdong Securities Limited, chairman of Guangdong Asia Insurance Co., Ltd., and chairman of the supervisory committee of Shenzhen Development Bank Company Limited. Mr. Kang graduated from the Department of Mechanical Engineering of the University of Science & Technology Beijing with a bachelor's degree in Mechanical Manufacturing in 1982. He graduated from the Graduate School of the Chinese Academy of Social Sciences with a master's degree in Economics in 1984.

**Ms. LIU Shuwei**, born in 1952, is currently an Independent Non-executive Director and a member of the audit committee of the Company, and an analyst of China Enterprise Research Center of Central University of Finance and Economics. Ms. Liu currently is also an independent director of Gree Electric Appliances Inc. of Zhuhai (a company listed on SZSE; stock code: 000651). Ms. Liu, who had studied under the guidance of nationally renowned economists Professor Chen Daisun and Professor Li Yining, is a renowned finance scholar. Ms. Liu was awarded China Economic Person of the Year and Touching China – Person of the Year by CCTV in 2002. She graduated from Peking University with a master's degree in Economics in 1986.

**Mr. NG Kar Ling, Johnny**, born in 1960, is a Hong Kong resident. He is currently an Independent Non-executive Director, the convener of the audit committee and a member of the remuneration and nomination committee of the Board. He currently is also an independent director of China Petroleum & Chemical Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600028, the SEHK, stock code: 00386, the NYSE, stock code: SNP, and the LSE, stock code: SNP) and a vice director committee member of the second session of independent director specialized committee of China Association for Public Companies. Mr. Ng joined KPMG (Hong Kong) in 1984 and became a partner in 1996. He was the vice chairman of KPMG (China) before his retirement in March 2016. He is currently a practicing certified public accountant in Hong Kong, a practicing auditor and certified public accountant in Macau, a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA), a fellow member of the Association of Chartered Certified Accountant (FCCA), and a member of the Institute of Chartered Accountants in England and Wales (AICAEW). Mr. Ng obtained a bachelor's degree and a master's degree in Business Administration from the Chinese University of Hong Kong in 1984 and 1999, respectively.

**Mr. LI Qiang**, born in 1972, is currently an Independent Non-executive Director and the convener of the investment and decision-making committee of the Company, and the chairman of Qianhai Financial Holdings Co., Ltd. He was the general manager of Qianhai Financial Holdings Co., Ltd. from 2014 to 2015, and the deputy director of Qianhai Authority on secondment from 2013 to 2014. From 1998 to 2013, Mr. Li served as a deputy section chief, section chief and director of Shenzhen Securities Regulatory Bureau of China Securities Regulatory Commission. He had previously worked at the Shaanxi provincial branch of China Construction Bank from 1995 to 1998. Mr. Li graduated from Xi'an Statistics College with a bachelor's degree in National Economic Management in 1995. He obtained a master's degree in Economics from Zhongnan University of Economics and Law in 2002.

### (3) Members of Supervisory Committee

**Mr. XIE Dong**, born in 1965, is currently the chairman of the supervisory committee of the Company and chairman of labour union of the Company and is also a member of specialized committee of the board of supervisors of China Association for Public Companies. He joined the Company in 1992, and had served as a manager, general manager, director of the human resources department, deputy general manager of the Company and executive vice president of the Company. Mr. Xie has been a member and the chairman of the Supervisory Committee since 2014. Before joined Vanke, Mr. Xie used to work for Shenzhen RGB Electronics Co., Ltd. of China Shenzhen TV Company (Headquarters). Mr. Xie used to serve as an independent director in Shenzhen Hepalink Pharmaceutical Group Co., Ltd. (a company listed on SZSE, stock code: 002399) from February 2011 to May 2017. Mr. Xie graduated from Nanjing Engineering Institution in 1987 with a bachelor's degree in Radio Science. He received a master's degree in Business Administration from Shanghai Jiaotong University in 1997 and a doctorate degree in Management therefrom in 2007.

**Ms. ZHENG Ying**, born in 1970, is currently a member of the Supervisory Committee of the Company. Previously, Ms. Zheng had served as an assistant to manager of Shenzhen Construction Investment Holding Corporation, manager of the investment development department, manager of the customer services department and manager of the asset management department of Shenzhen Zhenye (Group) Co., Ltd. (a company listed on SZSE; stock code: 000006), secretary of party branch and deputy manager of a resources development branch company under SZMC, and deputy general manager and secretary of the party committee of SZMC's property development general office. Ms. Zheng graduated from the Southwestern University of Finance and Economics with a bachelor's degree in Economic Information Management in 1991 and received a master's degree in Quantitative Economics therefrom in 1994. She is a senior economist.

**Mr. ZHOU Qingping**, born in 1969, is currently an employee representative member of the Supervisory Committee of the Company. Mr. Zhou had worked in Xiangcai Securities Co. Ltd. He joined the Group in 1995 and served as finance manager of Shenzhen Vanke Financial Consultancy Company Limited. He became chief financial officer of Chengdu Vanke Real Estate Co., Ltd. in 2000 and deputy general manager of the risk management department of the Company in 2003. He has been a member of the Supervisory Committee and the general manager of audit supervisory department of the Company since 2010. He graduated from Hunan University (former Hunan Institute of Finance and Economics) in 1993 in Accountancy, and graduated from Hong Kong University of Science and Technology with a postgraduate degree in Executive Master of Business Administration (EMBA) in 2011. He is a Certified Public Accountant in PRC.

#### (4) Senior Management

**Mr. ZHU Jiusheng**, born in 1969, is currently the President and Chief Executive Officer of the Company. Mr. Zhu currently is also an independent non-executive director of LVGEM (China) Real Estate Investment Company Limited (a company listed on the SEHK, stock code: 0095), and a non-executive director of E-house (China) Enterprise Holdings Limited (a company listed on SEHK, stock code: 2048). Mr. Zhu worked in Shenzhen branch of China Construction Bank Corporation (a company listed on the Shanghai Stock Exchange, stock code: 601939, and the SEHK, stock code: 0939) from 1993 to 2012, and had successively served as vice president of Futian subbranch (presiding), general manager of credit department and corporation department, vice president of Shenzhen Branch. He joined Vanke in 2012 and held a position as a senior vice president of the Company from 2012 to 2015. Mr. Zhu has been the chairman of the board of directors of Shenzhen Vanke Financial Consultants Co., Ltd., a wholly-owned subsidiary of Vanke, since 2014, and had been the chairman of the board of directors and general manager of Shenzhen Pengding Chuangying Financial Information Services Co., Ltd, an affiliated company of Vanke from 2016 to January 2018. He has been the President and Chief Executive Officer of the Company since 31 January 2018. Mr. Zhu also used to concurrently hold non-executive director of Huishang Bank Corporation Limited (a company listed on SEHK, stock code: 3698) and director of Shenzhen Kondarl (Group) Co., Ltd. (a company listed on SZSE, stock code: 000048). Mr. Zhu obtained a master's degree in economics from Zhongnan University of Finance and Economics (currently known as Zhongnan University of Economics and Law) in 1993 and a doctor's degree in economics from Zhongnan University of Economics and Law in 2003.

**Mr. WANG Wenjin**: for the biography of Mr. Wang, please refer to the section "Directors".

**Mr. ZHANG Xu**: for the biography of Mr. Zhang, please refer to the section "Directors".

**Mr. SUN Jia**, born in 1978, is currently Executive Vice President, Chief Financial Officer and Finance Principal of the Company. He joined Vanke in 2007 and became the general manager of the strategy and investment management department of the Company in 2008. In 2010, he was appointed as the general manager of Xi'an Vanke Company Limited. He was appointed as the general manager of Shanghai Vanke Company Limited since 2012, and was appointed as a Vice President of the Company in 2015. Before joined Vanke, Mr. Sun used to work for McKinsey & Company and China Netcom Corporation. He graduated from the School of Economics, Peking University with a bachelor's degree in 2001. In 2007, he graduated from Harvard Business School with a master's degree in Business Administration.

**Ms. ZHU Xu**, born in 1975, is currently a Vice President and the Secretary of the Board of the Company and is also a member of the 10th session of the listing committee of SZSE, an executive committee member of the second session of the board secretary committee of China Association of Public Companies, and a director of the Chinese Tax Institute. Ms. Zhu is a British Chevening Scholar and a Certified Tax Agent. She graduated from the Hunan College of Finance and Economics (currently known as Hunan University) in 1997 with a bachelor's degree in Economics. She obtained a master's degree in Management in Zhongnan University of Economics and Law in 2001 and a master's degree in Public Policy in the University College London in 2006. Ms. Zhu joined Vanke in 2016, and before that, she used to work in the Shenzhen Municipal Office of the State Administration of Taxation, Nationz Technologies Inc. (a company listed on SZSE, stock code: 300077), and Shenzhen Grandland Decoration Group Co., Ltd. (a company listed on SZSE, stock code: 002482). She has won multiple Gold Medal Board Secretary awards of New Fortune, and top 100 Board Secretary awards.

### 7.1.2 Change and reasons for the change in directors, members of the Supervisory Committee and senior management during the Reporting Period

On 31 January 2018, as considered and approved in the 6th meeting of the 18th session of the Board, the Board of the Company decided to appoint Zhu Jiusheng as the President and Chief Executive Office of the Company. His term of office shall take effect from the date of passing of the resolutions by the Board to the expiry of term of the 18th session of Board. Yu Liang, the Chairman of the Board, ceased to act as the President and Chief Executive Office of the Company.

On 15 January 2019, Xiao Min, a director of the Company, who is about to serve as a public officer, resigned from the position as a director of the Company.

### 7.1.3 Details of remuneration for 2018

As at the end of the Reporting Period, the aggregate amount of remunerations before taxation received by the seven directors, supervisors and senior management who served the Company from the Group in 2018 was RMB73.108 million; and the aggregate amount of remunerations before taxation received by other directors and supervisors from the Group during their term of service in 2018 was RMB3.885 million.

According to the individual statement of LIN Maode, LI Qiang, SUN Shengdian, XIAO Min, CHEN Xianjun and ZHENG Ying who did not receive remuneration, the Company directly transferred the after-tax remuneration of the above six persons to their companies or former companies. The aforementioned six directors or supervisors did not actually receive the aforementioned remuneration.

## Directors, Members of Supervisory Committee, Senior Management and Employees

Unit: RMB'0000

Name	Title	Sex	Age	Period of service	Total remuneration (before tax) in 2018 (RMB'0000)	Total remuneration (before tax) in 2017 (RMB'0000)
YU Liang	Chairman of the Board Executive Director	M	54	2017.7~2020 1994~2020	1,253.0	1,189.9
LIN Maode	Deputy Chairman of the Board Non-executive Director	M	63	2017.7~2020	33.3	0
KANG Dian	Independent Non-executive Director	M	71	2017.7~2020	55.5	15.0
LIU Shuwei	Independent Non-executive Director	F	67	2017.7~2020	55.5	15.0
Ng Kar Ling, Johnny	Independent Non-executive Director	M	59	2017.7~2020	55.5	15.0
LI Qiang	Independent Non-executive Director	M	47	2017.7~2020	55.5	0
SUN Shengdian	Non-executive Director	M	64	2017.7~2020	33.3	0
XIAO Min	Non-executive Director	M	56	2017.7~2019.1	33.3	0
CHEN Xianjun	Non-executive Director	M	47	2017.7~2020	33.3	0
WANG Wenjin	Executive Director Executive Vice President	M	53	2014~2020 2007~2020	927.3	799.8
ZHANG Xu	Executive Director Executive Vice President	M	56	2017.7~2020 2014~2020	1,004.5	904.0
XIE Dong	Chairman of Supervisory Committee	M	54	2014~2020	880.2	829.2
ZHENG Ying	Supervisor	F	49	2017.7~2020	33.3	0
ZHOU Qingping	Supervisor	M	50	2010~2020	264.4	232.0
ZHU Jiusheng	President and Chief Executive Officer	M	50	2018~2020	1,127.8	-
SUN Jia	Executive Vice President and Financial Principal	M	41	2016~2020	1,004.5	903.9
ZHU Xu	Vice President and Company Secretary	F	44	2016~2020	849.2	821.5
<b>Total</b>					<b>7,699.3</b>	<b>5,725.3</b>

Note: Since 31 January 2018, Mr. 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, and Mr. Zhu Jiusheng was appointed as the President and Chief Executive Officer of the Company. On 15 January 2019, XIAO Min ceased to serve as a Non-executive Director of the Company.

## Section 7

# Directors, Members of Supervisory Committee, Senior Management and Employees

Top five paid person of the Company in 2018

Ranking	Total remuneration (before tax) received from the Company (RMB'0000)	Any remunerations received from shareholders or other connected entities
1	1,401.8	No
2	1,352.7	No
3	1,253.0	No
4	1,253.0	No
5	1,190.9	No
<b>Total</b>	<b>6,451.3</b>	<b>-</b>

One of top five paid person of the Company in 2018 is a director.

## Directors, Members of Supervisory Committee, Senior Management and Employees

## 7.1.4 Change in shareholding during the Reporting Period

Shareholdings of the current directors, supervisors and senior management in the Company:

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	Unit: Share	
							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	Member of Supervisory Committee	20,000	20,000	0.0002%	-	0	0	0
<b>Total</b>		<b>12,035,320</b>	<b>12,035,320</b>	<b>0.1090%</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes:

1. Save as above-mentioned, other directors, member of supervisory committee and senior management did not hold shares of the Company.
2. As at the end of the Reporting Period, for Mr. Sun Jia as a Executive Vice President, Chief Financial Officer and Finance Principal, his spouse held 2,800 A shares, and for Ms. Zhu Xu as a Vice President and Company Secretary, her spouse 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 Hong Kong Laws) 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 Hong Kong Laws)) 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.

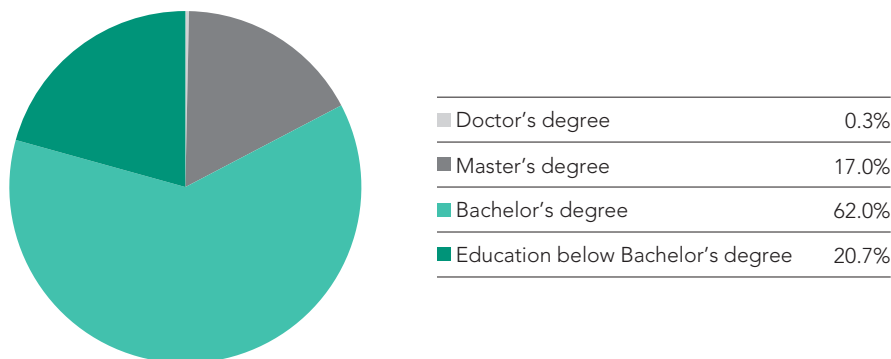


## 7.2 Number of Employees of the Group and their Composition by Job Classification

As at 31 December 2018, there were 104,300 employees on the Group's payroll, representing an increase of 34.2% from that of the previous year. The average age of the employees was 31.1 and the average year of service was 2.3 years. Among which 68,709 employees were male, and 35,591 employees were female. The details of composition by business divisions are as follows:

### (1) Property development division

There were 12,669 employees engaged in the property development division, representing an increase of 31.0% from that of the previous year. The average age of the staff working for this division was 30.8 and the average year of service was 2.7 years. In terms of education level, 0.3% held doctor's degree, 17.0% with master's degree, 62.0% with bachelor's degree, 20.7% with education below bachelor's degree while 79.3% with bachelor's degree or above.



Composition by job classification:

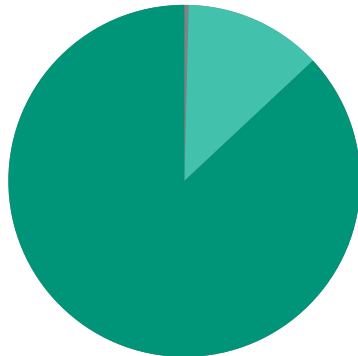
No.	Composition by job classification	Number of individuals	Percentage	Year-on-year change
1	Marketing and sales staff	1,140	9%	11.8%
2	Professional technicians	8,070	63.7%	23.6%
3	Management staff	3,459	27.3	63.2%

Notes: 1. Professional technicians include staff from engineering, design, cost management, procurement and project development.

2. Management staff include financial, audit, IT, legal, human resources, customer services, information analysis etc. and senior management.

**(2) Property services division**

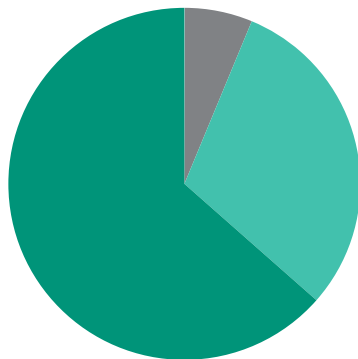
There were 80,116 employees engaged in property services, increased by 27.5% from the previous year. The average age was 31.1 and the average year of service was 2.2. In terms of education level, 0.001% held doctoral degree, 0.4% held master's degree, 12.6% with bachelor's degree, 87.0% with education below bachelor's degree, and 13.0% with bachelor's degree or above.



Doctor's degree	0.001%
Master's degree	0.4%
Bachelor's degree	12.6%
Education below Bachelor's degree	87.0%

**(3) Other divisions**

There were 11,515 employees engaged in the other divisions, increased by 122.4% from the previous year. The average age was 32.9 and the average year of service was 3.4. In terms of education level, 0.05% held doctor's degree, 6.2% held master's degree, 30.2% with bachelor's degree, 63.5% with education below bachelor's degree, and 36.5% with bachelor's degree or above.



Doctor's degree	0.05%
Master's degree	6.2%
Bachelor's degree	30.2%
Education below Bachelor's degree	63.5%



## Section 7

# Directors, Members of Supervisory Committee, Senior Management and Employees



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 Company’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 company has accrued staff remuneration benefit with an aggregate amount RMB14.9 billion.

Talent is the most precious treasure for the Group. The Group formulated classified training plans for employees at different levels. The training include professional and management capability, culture and leadership development projects, such as Vanke Forum, New Employee Training Program, New Power Training Program, Apprentice Class, Star Wars Class, Roc Class, Youth Striver Training Camp, Everest Mission, and etc. on regular basis. The Group will continue to dedicate to provide development space and work environment for talent.

The Company has always abided by its corporate values: simplicity, transparency, standardisation and responsibility. It had strictly complied with the requirements of the laws, regulations and regulatory documents governing listed companies and continued to fine-tune its corporate governance structure and enhance its regular operation level. The general meeting, the Board of Directors, the Supervisory Committee and senior management of the Company performed their respective power and obligations in strict accordance with the duties and responsibilities ascribed to them in the Articles of Association of the Company.

### **8.1 Overview of Corporate Governance**

During the Reporting Period, the Company strictly complied with the Company Law, the Securities Law, the Governance Guidelines of Listed Company, relevant laws and regulations in Hong Kong and the SEHK Listing Rules and in light of the actual situation of the Company, continuously improved the standard operation of corporate governance.

Provision A.6.7 of the Corporate Governance Code states that independent non-executive directors and other non-executive directors should attend general meetings and develop an unbiased understanding of the views of shareholders. During the Reporting Period, the Company held a total of two general meetings. Due to other important matters at the relevant time, directors did not attend each of the general meetings. For the attendance of directors, please see this section headed "Attendance of directors at the general meeting" under "8.4 Shareholders and General Meeting" in this Report.

Provision A.2.7 of Corporate Governance Code provides that the Chairman shall hold a meeting with the independent non-executive directors at least once a year without the attendance of any other directors. Although, during this year, the Chairman of the Company had not held any meeting with all independent non-executive directors without the attendance of other directors, the Chairman kept close communication with each independent non-executive director to collect any doubts or questions and answered them timely, so as to hold meetings when necessary.

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 established a corporate governance structure with complete functions and checks and balances. The general meeting, the Board, the Supervisory Committee and senior management exercise their rights and obligations in strict accordance with the responsibilities stipulated in the Company's Articles of Association, and effectively implement corporate governance and safeguard the interests of shareholders and the Company by giving full play to the specialized committees of the Board of Directors and independent directors, to ensure sustained and sound development of the Company. In 2018, the Company won several awards such as the "2018 China Top Ten Listed Companies" by CCTV, "2018 Best Enterprise Management Team and Corporate Governance in Asia (except Japan)" by the *Institutional Investor*, an authoritative international financial magazine, and the Special Contribution Award for Governance of the Board of Directors by a magazine, namely *Board of Directors* in its thirteenth awarding activity of the "Golden Round Table Awards" for Board of Directors of China-listed Companies.

The directors, supervisors and senior management officers of the Company also complied with Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the SEHK Listing Rules. The directors, supervisors, senior management officers and employees of the Company complied with relevant requirements in the Insider Information and Informer Management System and Rules for the Trading of Securities by Employees of the Company and other regulatory framework, to strictly control and prevent insider information. During the Reporting Period, the Company did not have an informer with insider information conducting the irregular trading of securities of the Company.

## 8.2 Independence of the Company from the Largest Shareholder in Business, Staff, Asset, Organization and Finance

The business, staff, asset, organization and finance of the Company are completely independent from those of SZMC, the largest shareholder, the Company has its own independent and complete businesses and possesses the capabilities for independent operation. The Company had not taken any actions that would violate the code on corporate governance practices such as reporting to SZMC on any undisclosed information.

## 8.3 An Overview on Competition

Applicable    Not applicable

## 8.4 Shareholders and General Meeting

### (1) General meeting held during the Reporting Period

#### Convention of general meetings

During the Reporting Period, the Company held a total of two general meetings, the details of which are as follows:

On 23 February 2018, the Company held the first extraordinary general meeting of 2018 at Vanke Center, No.33 Huanmei Road, Dameisha, Yantian District, Shenzhen, China. The shareholders of A shares and H shares of the Company participated in the general meeting by way of on-site meeting and internet voting (only applicable to A shareholders), with shareholding representing 71.23% of the total issued share capital of the Company. For details, please refer to the announcements dated 23 February 2018 and 24 February 2018 disclosed on the website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)) respectively.

On 29 June 2018, the Company held the annual general meeting of 2017 at Vanke Center, No.33 Huanmei Road, Dameisha, Yantian District, Shenzhen, China. The shareholders of A shares and H shares of the Company participated in the general meeting by way of on-site meeting and internet voting (only applicable to A Shareholders), with shareholding representing 56.84% of the total issued share capital of the Company. For details, please refer to the announcements dated 29 June 2018 and 30 June 2018 disclosed on the website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn)) respectively.

#### Attendance of directors at the general meeting

During the Reporting Period, directors worked to attend the general meeting in person and actively understand the views of shareholders. The attendance of directors at the general meeting is as follows<sup>1</sup>:

Name	Position	Attendance in Person (Number)
YU Liang	Chairman, Executive Director	2
LIN Maode	Vice Chairman, Non-executive Director	0
KANG Dian	Independent Non-executive Director	0
LIU Shuwei	Independent Non-executive Director	1
NG Kar Ling, Johnny	Independent Non-executive Director	1
LI Qiang	Independent Non-executive Director	1
SUN Shengdian	Non-executive Director	0
XIAO Min	Non-executive Director	0
CHEN Xianjun	Non-executive Director	0
WANG Wenjin	Executive Director	2
ZHANG Xu	Executive Director	2

<sup>1</sup> Certain directors of the Company did not attend the general meeting in person due to business engagements.

(2) Request for convening of extraordinary general meeting by preferred shareholders with recovered voting rights

Applicable  Not applicable

(3) Shareholders' right

**Convening of extraordinary general meeting**

In accordance with the Articles of Association, any shareholders individually or aggregately holding more than 10% of the shares of the Company are entitled to request the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such request in accordance with the provisions of the laws, administrative regulations and the Articles of Association. If the Board rejects to convene such a general meeting or fails to reply within five (5) days of receiving such request, such shareholders individually or aggregately holding more than 10% of the shares of the Company are entitled to request the Supervisory Committee to convene such an extraordinary general meeting in writing. If the Supervisory Committee fails to issue a notice of the general meeting within the required period, in which circumstance, shareholders individually or aggregately holding more than 10% of the shares of the Company for more than ninety (90) consecutive days are entitled to convene and chair such a general meeting.

**Proposal of resolution at general meeting**

The shareholder(s) individually or jointly holding more than 3% of the Company's issued shares with voting rights may submit extra proposed resolutions in writing to the convener of a general meeting 10 days prior to the meeting. The convener shall issue a supplementary notice of the general meeting and announce the contents of such extra proposed resolutions within 2 days after receipt thereof.

Candidates for non-independent directors can be proposed by last session of the Board or shareholder(s) individually or jointly holding more than 3% of the Company's outstanding issued shares with voting rights for 180 consecutive trading days.

Candidates for Supervisors can be proposed by last session of the Supervisory Committee or shareholder(s) individually or jointly holding more than 3% of the Company's outstanding issued shares with voting rights.

The shareholder(s) individually or jointly holding more than 1% of the Company's outstanding issued shares may nominate the candidates for independent directors to be elected at the general meeting.

**Convening of extraordinary meeting of the Board**

An extraordinary meeting of the Board may be convened if proposed by shareholders representing more than 10% of the voting rights. The Chairman shall convene the Board meeting within ten days after receipt of proposal from the shareholders representing more than 10% of the voting rights.

### Enquiry to the Board

Shareholders could send enquiry to the Board through the address in the Corporate Information in the Annual Report in writing. Shareholders also have the right to inspect information relevant to the Company, including the Articles of Association and financial and accounting reports, according to the provisions in Articles of Association, after the capacity of shareholders, proved by written documents showing his or her holding on certain class and number of shares, verified by the Company.

During the Reporting Period, the articles of association has not been modified by the Company. The latest version of the Articles of Association can be inspected on the website of SEHK and the Company.

### (4) Investor relations

As at the end of 2018, the Company has 9,724,196,533 domestic shares (A Shares) issued, representing 88.09% of total shares of the Company; 1,314,955,468 overseas shares listed on SEHK (H Shares) and issued to overseas investors, representing 11.91% of total shares of the Company. H Shares are all public float and its total market value as at the end of 2018 was approximately HK\$34,978 million. For details, please refer to "Section 6 Changes in Share Capital and Information on Shareholders" in this Report.

The Company weigh the importance of investor relations, and focus on interaction and communication with investors through various means. The details on the Company's meetings with investors in 2018 can be referred in "4.5 Details on the Company's Investor Relations Activities and Investor Protection" in "Section 4 Directors' Report" in this Report.

## 8.5 Board of Directors

### (1) Composition of the Board

During the Reporting Period, the Eighteenth Session of the Board of the Company consists of eleven Directors, of which there is one Chairman and one Vice Chairman. Members of the Board include three executive Directors, four non-executive Directors and four independent non-executive Directors. The detailed list of Directors is as follows:

Executive Directors: Mr. Yu Liang (Chairman), Mr. Wang Wenjin, Mr. Zhang Xu.

Non-executive Directors: Mr. Lin Maode (Vice Chairman), Mr. Sun Shengdian, Mr. Xiao Min (resigned in January 2019), Mr. Chen Xianjun.

Independent Non-executive Directors (Independent Directors): Mr. Kang Dian, Ms. Liu Shuwei, Mr. Ng Kar Ling, Johnny, Mr. Li Qiang.



**(2) Duties and responsibilities of the Board and management**

The duties and responsibilities of the Board include: to implement the resolutions passed at general meetings; to determine the Company's business plans and investment schemes; to prepare the Company's annual financial budget and final accounts; to formulate the Company's profit distribution plan and loss recovery plan; to determine the establishment of the Company's internal management system; to formulate the performance appraisal incentive plans; and to exercise other duties and powers specified in laws, regulations or the provisions of the Articles of Association and authorized by the general meetings.

The duties and responsibilities of the management include: in charge of the production, operation and management of the Company; to organize and implement the resolutions adopted by the Board, the annual business plans and investment plans of the Company; to formulate detailed rules and regulations of the Company; and other duties and powers authorized by the Articles of Association or by the Board.

**(3) Performance of duties of the Board****Board meeting**

During the Reporting Period, the Board held a total of 12 meetings, including 4 on-site meetings and 8 communication votings. The attendance of directors at the Board meeting is as follows:

Name	Position	Board Meeting			
		Number of Board Meetings	Attendance in person	Attendance by authorized person	Absence
YU Liang	Chairman, Executive Director	12	12	0	0
LIN Maode	Vice Chairman, Non-executive Director	12	11	1	0
KANG Dian	Independent Non-executive Director	12	9	3	0
LIU Shuwei	Independent Non-executive Director	12	12	0	0
Ng Kar Ling, Johnny	Independent Non-executive Director	12	12	0	0
LI Qiang	Independent Non-executive Director	12	12	0	0
SUN Shengdian	Non-executive Director	12	12	0	0
XIAO Min	Non-executive Director	12	12	0	0
Chen Xianjun	Non-executive Director	12	12	0	0
WANG Wenjin	Executive Director	12	12	0	0
ZHANG Xu	Executive Director	12	12	0	0

**(1) Four on-site Board meetings held in 2018**

The Seventh Meeting of the Eighteenth Session of the Board

On 26 March 2018, the Seventh Meeting of the Eighteenth Session of the Board was held to consider and approve the following resolutions. The announcement regarding the relevant resolutions was published on the website of SEHK after trading hour on 26 March 2018, and was published in China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and CNINFO Network, respectively, on 27 March 2018.

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**No. Resolution**

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- 1 The Company's Major Tasks for the Year 2018
  - 2 The audited financial report for the Year 2017
  - 3 The 2017 Annual Report and its Summary
  - 4 The Resolution in relation to the Appropriation and Write-off of the Provision for Impairment in Asset Value for the Year 2017
  - 5 The Proposal on Profit Appropriation for the Year 2017
  - 6 The Internal Control Assessment Report for the Year 2017
  - 7 The Corporate Social Responsibility Report for the Year 2017
  - 8 The Special Remarks on the Deposit and Use of Proceeds Raised from Previous Fundraising Exercises during 2017
  - 9 Resolution Regarding the Implementation of New Accounting Standards for the Company's A-share Financial Statements
  - 10 The Resolution in relation to the Reappointment of Certified Public Accountants for the Year 2018
  - 11 The Resolution Regarding Confirmation of Economic Profit Bonus for the Year 2017
  - 12 The Resolution Regarding Proposal to the General Meeting for Authorisation of Financial Assistance by the Company and majority-owned subsidiaries to Third Parties
- 

The Ninth Meeting of the Eighteenth Session of the Board

On 25 April 2018, the Ninth Meeting of the Eighteenth Session of the Board was held to consider and approve the following resolutions. The announcement regarding the relevant resolutions was published on the website of SEHK after trading hour on 25 April 2018, and was published in China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and CNINFO Network, respectively, on 26 April 2018.

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**No. Resolution**

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- 1 The Resolution Regarding the Implementation of the Newly Revised Five Accounting Standards for Income and Financial Instruments
  - 2 2018 First Quarterly Report and the Financial Statement
-

#### The Fourteenth Meeting of the Eighteenth Session of the Board

On 20 August 2018, the Fourteenth Meeting of the Eighteenth Session of the Board was held to consider and approve the following resolutions. The announcement regarding the relevant resolutions was published on the website of SEHK after trading hour on 20 August 2018, and was published in China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and CNINFO Network, respectively, on 21 August 2018.

No.	Resolution
1	2018 Interim Report and its summary, Financial Statements, and Results Announcement
2	Resolution Regarding There Will Be no Distribution of Dividend nor Capitalisation of Equity Reserve for the 2018 Interim Period
3	Resolution Regarding Provision of Guarantee to associates

#### The Sixteenth Meeting of the Eighteenth Session of the Board

On 25 October 2018, the Sixteenth Meeting of the Eighteenth Session of the Board was held to consider and approve the following resolutions. The announcement regarding the relevant resolutions was published on the website of SEHK after trading hour on 25 October 2018, and was published in China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and CNINFO Network, respectively, on 26 October 2018.

No.	Resolution
1	Resolution Regarding Provision and Reversal of Inventory Impairment
2	2018 Third Quarterly Report and the Financial Statement
3	Resolution Regarding the Issuance of Overseas Listed Foreign Shares (H Shares) Scheme under the General Mandate
4	Resolution Regarding Authorizing the Chairman of the Board to Handle Issues Related to the Issuance of Overseas Listed Foreign Shares (H Shares) under the General Mandate

(2) 8 votings via telecommunication by the Board in 2018

No.	Date of Submission to the Board	Resolution
1	24 January 2018	Change of Assistant Company Secretary
2	30 January 2018	Resolution Regarding Change of Company President and Chief Executive Officer Resolution Regarding the Board of Directors to Authorize the President of the Company to Fully Handle Matters Related to the Issuance of Debt Financing Instruments
3	12 April 2018	Resolution Regarding Establishing Guangcai Vanke Targeted Poverty Alleviation & Village Revitalisation Special Fund
4	9 May 2018	Resolution Regarding the General Mandate to Issue Additional H Shares of the Company
5	6 June 2018	Resolution Regarding Holding 2017 Annual General Meeting Resolution Regarding Change of the Authorized Person, Manager and Security Officer of the Electronic Submission System of the Hong Kong Exchanges and Clearing Limited
6	22 June 2018	Resolution Regarding the Special Report for Resignation of Mr. WANG Shi Resolution Regarding Additional Investment in the Second Phase of Guangcai Vanke Targeted Poverty Alleviation & Village Revitalisation Special Fund
7	13 August 2018	Resolution Regarding Requesting the Board of Directors to Authorize Subsidiaries to Carry out Foreign Exchange Hedging
8	25 September 2018	Resolution Regarding Provision of Guarantee to Malaysia Kuala Lumpur Project by Vanke Property (Hong Kong)

Pursuant to relevant requirements, the progress and important facts of the related issues were published on the website of SEHK after trading hours at night on 29 January 2018, 31 January 2018, 14 May 2018 and 28 September 2018, and also published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and CNINFO Network on 30 January 2018, 1 February 2018, 15 May 2018 and 29 September 2018.

2. Board's implementation of the resolutions approved at general meetings

(1) Issue of bonds

The first extraordinary general meeting of 2018 considered and approved the Company's issuance (one-off or multiple issuances) of debt financing facilities not more than RMB35 billion. During the Reporting Period, the Group had completed the issuance of eight tranches of Short-term Commercial Paper, with coupon rate range between 3.13% 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 and November 2018, the Group completed the issuance of medium term notes with an amount of RMB3 billion and RMB2 billion, and a issuance rate of 4.60% and 4.03%, respectively; and in August and October 2018, and February 2019, the Group completed the issuance of corporate bonds specialized for rental housing with an amount of RMB1.5 billion, RMB2 billion and RMB2 billion, with a coupon rate of 4.05%, 4.18% and 3.65%, respectively.

(2) Implementation of the proposal on dividend distribution for the year 2017

In accordance with the resolutions passed at the 2017 annual general meeting, the Board had proceeded with the implementation of the proposal on dividend distribution for 2017. The dividend distribution proposal for 2017 is as follows: based on the number of shares on the record date for dividend distribution, a cash dividend of RMB9 (including tax) will be distributed to all shareholders for every 10 existing shares held.

The actual cash dividend paid to A shareholders and securities investment fund investors of A shares on the basis of every 10 existing shares held was RMB9. When a shareholder transfers his/her shares, China Securities Depository and Clearing Corporation Limited (hereafter referred to as "CSDC") will, according to the Notice from the Ministry of Finance of the People's Republic of China, the State Administration of Taxation and China Securities Regulatory Commission Regarding Policies of Implementation of Differential Individual Income Tax on Dividends of Listed Companies (Cai Shui [2015] No. 101), withhold the amount exceeding the tax amount already deducted and such amount will be paid by the Company on its behalf, in accordance with the actual tax amount to be paid by the shareholder, which is calculated based on the holding period of the shares. Shareholding period is determined in unit of securities account of shareholders. According to the first-in, first-out principle, a supplementary tax amount of RMB1.8 is required to be paid for transferring every 10 shares held within 1 month (inclusive); a supplementary tax amount of RMB0.9 is required to be paid for transferring every 10 shares held over 1 month and less than 1 year (inclusive); no supplementary tax is required to be paid for transferring shares held over 1 year. An actual amount of RMB8.1 cash dividend, after deducting a withholding income tax at a 10% rate, was paid to non-resident enterprise shareholders of A shares (including qualified foreign institutional investors and qualified foreign institutional investors of Renminbi) on the basis of every 10 existing shares held.

An actual amount of RMB8.1 cash dividend, after deducting a withholding income tax at a 10% rate, was paid to the Hong Kong market investors holding the A shares of the Company through Shenzhen Hong Kong Stock Connect on the basis of every 10 existing shares held. For the Hong Kong market investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, by themselves or may entrust the Company to, apply to the competent tax authorities for the entitlement of the paid amount in excess of the tax payable based on the tax rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

For an individual shareholder of H shares who is a resident of a country or territory which has signed an dividend income tax treaty with the PRC, withholding income tax will be deducted at the relevant rate; for an individual shareholder who is a resident of a country or territory which has no dividend income tax treaty with the PRC, withholding income tax will be deducted at a 20% rate. The record date for A shares was 22 August 2018, and ex-dividend date was 23 August 2018, while the ex-dividend date of H shares was 25 July 2018, the record date for dividend distribution was 31 July 2018 and the date for dividend distribution was 23 August 2018. The exchange rate for H share's cash dividend was HK\$1 = RMB0.84753, being the median price of the exchange rate of Hong Kong dollars for Renminbi published by the People's Bank of China on the first working day (3 July 2018) after the approval of the dividend distribution proposal at the Company's 2017 annual general meeting.

Based on the Company's total number of shares of 11,039,152,001 on the record date for dividend distribution for 2017, the amount of cash dividends paid by the Company amounted to RMB9,935,236,800.9 (including tax).

(3) A general mandate to issue additional H shares of the Company

The 2017 annual general meeting approved the granting of a general mandate to the Board by a special resolution to authorise the Board to decide to, subject to market conditions and the needs of the Company, separately or concurrently issue, allot and/or deal with new H Shares not exceeding 20% of the amount of H shares in issue at the date of the approving of such mandate by the 2017 annual general meeting, with issuance price complying with requirements of Rule 13.36(5) of the SEHK Listing Rules and make or grant necessary or plausible necessary offers, agreements and options of placing H shares (including but not limited to options such as warrants, convertible bonds and other securities which carry rights to subscribe for or are convertible into H shares). The Sixteenth Meeting of the Eighteenth Session of the Board considered and approved the Resolution Regarding Matters Concerning Issue of Overseas-listed Foreign Share(s) (H Shares) under General Mandate and the Resolution Regarding Authorizing the Chairman of the Board to Handle Issues Related to the Issuance of Overseas Listed Foreign Shares (H Shares) under the General Mandate on 25 October 2018.

#### (4) Training of directors

During the Reporting Period, the directors and supervisors of the Company attended various trainings, studies, observation and communication activities to gain continuous professional development.

The directors and supervisors of the Company participated in the online training for the directors of listed issuers of the SEHK to learn the requirements of the new corporate governance mechanism that came into effect on 1 January 2019. The training covered the latest developments in corporate governance in 2018, appointment and the role of independent non-executive directors, attendance of directors at meetings and dividend policies, and corporate governance requirements, important messages and summaries applicable to issuers with different voting rights.

Mr. LIN Maode as a director and ZHENG Ying as a supervisor took the course on compliance of directors and supervisors organized by Shenzhen Securities Regulatory Bureau; director CHEN Xianjun participated in the training for independent directors organized by Shenzhen Stock Exchange.

In addition, the Company's directors and supervisors inspected real estate and new business projects of the Company located in multiple places, in order to deeply understand the business status of the Company, and observed multiple companies including Huawei, ZTE and Royole to learn and communicate advanced experience in technology research and development, corporate culture, corporate governance.

#### (5) Independent Non-executive Directors

During the Reporting Period, there are eight non-executive Directors (including independent non-executive Directors) in the Company, each with a term of three years. Among them, there are four independent non-executive Directors. Each independent non-executive Director has confirmed his/her independence through independence confirmation letter as required by Rule 3.13 of the SEHK Listing Rules with the Company, and the Company recognizes the independence of the independent non-executive Directors. In 2018, all independent Directors performed their duties with due diligence. Not only did they attend Board meetings and listen to the reports on matters relating to the Company, participate in discussion at specialised committees, and review documents of the Board, but also delivered independent opinion and constructive advice to the Company on bonus and dividend distribution, external guarantee, derivatives investment, appointment of accounting firm, appointment of senior management, and internal control.

1. Attendance of Independent Non-Executive Directors at the Board meetings

Attendance of Independent Non-Executive Directors at the Board meetings						
Name of independent non-executive Directors	Number of attendance required in the Board meetings during the Reporting Period	Attendance in person	Attendance by proxy	Number of Absent	If not attend in person for consecutive two times	
Kang Dian	12	9	3	0	No	
Liu Shuwei	12	12	0	0	No	
Ng Kar Ling, Johnny	12	12	0	0	No	
Li Qiang	12	12	0	0	No	

2. Issues being disagreed by the Independent Non-executive Directors with the Company

During the Reporting Period, independent non-executive Directors did not disagree with the issues of the Company.

(6) Specialized committees of the Board

The Company has established three specialized committees, i.e. Audit Committee, Remuneration and Nomination Committee and Investment and Decision-making Committee. Those specialized committees will conscientiously perform their duties in accordance with Governance Guidelines of Listed Company, Corporate Governance Code, Articles of Associations, and Rules of Procedures of the Board and the implementation rules of each specialized committee. Independent Non-executive Directors serve as the convener of each professional committee. Matters within the terms of reference of specialized committees should be approved by the specialized committees before submitting to the Board for consideration.



## Section 8

# Corporate Governance Report

The attendance in specialized committee meetings of each member

Name	Position	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Investment and Decision-making Committee Meeting
KANG Dian	Convener of Remuneration and Nomination Committee	-	3	-
LIU Shuwei	Member of Audit Committee	6	-	-
NG Kar Ling, Johnny	Convener of Audit Committee, Member of Remuneration and Nomination Committee	6	3	-
LI Qiang	Convener of Investment and Decision-making Committee	-	-	0
LIN Maode	Member of Remuneration and Nomination Committee	-	3	-
CHEN Xianjun	Member of Audit Committee Member	6	-	-
SUN Shengdian	Member of Investment and Decision-making Committee	-	-	0
ZHANG Xu	Member of Investment and Decision-making Committee	-	-	0

### 1. Audit Committee

The Audit Committee consists of Ng Kar Ling, Johnny (serving as convener) and Liu Shuwei, both being independent non-executive Directors, and Chen Xianjun, being a non-executive Director. It is responsible for auditing the Company's financial information, reviewing the internal control and coordinating the communication, supervising and inspecting of the Company's internal and external audit, and inspecting and evaluating the Company's risk management system.

During the Reporting Period, the Audit Committee convened 6 committee meetings in accordance with the provisions of the Articles of Association and Implementing Regulations of the Audit Committee of the Board (revised on 19 August 2016) and reviewed and discussed matters including the arrangement of annual audit, regular financial reporting, profit distribution plan, internal control, engagement of certified public accountants, economic profit bonus for the year, implementation of new accounting standards, and provision on and write-off inventory falling price reserves.

The Audit Committee reviewed the Company's annual financial statements for the year ended 31 December 2017, the first quarterly financial statements for the three months ended 31 March 2018, the interim financial statements for the six months ended 30 June 2018 and the third quarterly financial statements for the nine months ended 30 September 2018. Furthermore, the Audit Committee convened a meeting to review the unaudited financial report for the year 2018 and agreed to deliver it to the auditor for auditing. The Audit Committee also reviewed the audited financial report for the year ended 31 December 2018, and made recommendations to the Board for their consideration.

Meeting Time	Matter
5 March 2018	<p>Report on the Progress of the Preparation of 2017 Annual Financial Statements</p> <p>Auditor Reporting Work Progress</p> <p>Considering the 2017 Financial Report and Submitting Them to the Auditor for Audit</p>
20 March 2018	<p>Listening to the Reports on the Financial Statement Work and Audit for the Year 2017</p> <p>Listening to the Reports on the Internal Audit Work for the Year 2017</p> <p>Listening to the Reports on the Internal Control Work for the Year 2017 and Reviewing the Internal Control Assessment Report for the Year 2017</p> <p>Consideration for the Resolution in relation to the Appropriation and Write-off of the Provision for Impairment in Asset Value for the Year 2017</p> <p>Consideration for the Special Remarks on the Deposit and Use of Proceeds Raised from Previous Fundraising Exercises during 2017</p> <p>Consideration for the Resolution Regarding the Implementation of New Accounting Standards for the Company's A-share Financial Statements</p> <p>Consideration for the Proposal to Renew the Appointment of Accounting Firm for the Year 2018</p> <p>Listening to the Special Explanations and Independent Opinions of Independent Directors on the Capital Occupation and External Guarantees of Related Parties of the Company</p>
26 March 2018	<p>Listening to the Report on Internal Control and Risk Management for the Year 2017</p> <p>Consideration for the Resolution Regarding Profit Appropriation for the Year 2017</p> <p>Consideration for the Resolution Regarding Confirmation of Economic Profit Bonus for the Year 2017</p> <p>Consideration for the Audited Financial Report for the Year 2017</p>
25 April 2018	<p>Consideration for the Resolution Regarding the Implementation of the Newly Revised Five Accounting Standards for Income and Financial Instruments</p>
17 August 2018	<p>Consideration for 2018 First Quarterly Reports and Financial Statements</p> <p>Consideration for 2018 Interim Report, its Summary and Financial Statement, and Results Announcement</p> <p>Consideration for the Resolution Regarding no Distribution of Dividend nor Capitalisation of Equity Reserve for the 2018 Interim Period</p> <p>Report on the Quality Inspection of Cross-Border Accounting Information</p> <p>Other Communication Matters of Audit Committee</p>
25 October 2018	<p>Consideration for the Resolution Regarding Provision and Reversal of Inventory Impairment</p> <p>Consideration for 2018 Third Quarterly Reports and Financial Statements</p> <p>Other Communication Matters of Audit Committee</p>

## 2. Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Kang Dian (serving as convener) and Ng Kar Ling, Johnny, both being Independent Non-executive Directors and Lin Maode, a Non-executive Director. It is responsible for studying the selection criteria and procedures for directors and presidents and making recommendations to the board; actively looking for qualified candidates for directors and presidents; reviewing the candidates for directors and presidents and making recommendations to the board; studying the assessment standards for directors and presidents, conducting assessments and making recommendations; studying and reviewing the remuneration policies and programs of directors and senior management, and advise to the Board; reviewing the structure and composition of the Board and assessing the independence of independent directors; and so on.

The Remuneration and Nomination Committee has actively implemented the policy of diversity of Board members in its work. The selection of directors will be subject to a series of diversities, including but not limited to gender, age, cultural and educational background, and professional experience, skills, and knowledge. On this basis, the decision will be made in consideration of the objective conditions, including the comprehensive value of the potential directors toward the Company's business and development, their contribution could be brought to the Board, and guarantee of diversity for the Board members.

During the Reporting Period, the Remuneration and Nomination Committee convened 3 committee meetings in accordance with the provisions of the Articles of Association and Implementing Regulations of the Nomination and Remuneration Committee of the Board and discussed and reviewed matters including the economic profit bonus for the year, executive remuneration, and nomination of president candidates.

Meeting Time	Matter
28 January 2018	Consideration for the Resolution Regarding Determining the Company's 2017 Year-end Bonus Package and the Remuneration of Senior Management Notification on the Allocation of Annual Appraisal Scores for 2016 Annual Economic Profit Bonus Consideration for the Resolution Regarding Deducting the Annual Appraisal Scores of Some Beneficiaries Consideration for the Resolution Regarding Nominating the President and Chief Executive Officer Candidate for the Company
23 March 2018	Resolution Regarding Confirming the Company's 2017 Annual Economic Profit Bonus Notification on the Redemption of Annual Appraisal Scores for 2010-2014 Annual Economic Profit Bonus
31 December 2018	Resolution Regarding Confirming the Amount of Chairman's 2017 Annual Economic Profit Bonus Notification on the Distribution Plan of Other Beneficiaries for the 2017 Annual Economic Profit Bonus

### 3. Investment and Decision-making Committee

The Investment and Decision-making Committee consists of Li Qiang (serving as convener), an Independent Non-executive Director, Sun Shengdian, a Non-executive Director and Zhang Xu, an Executive Director. It is responsible for studying the Company's long-term strategic planning and major investment and financing decisions, and other significant items and making recommendations.

During the Reporting Period, each member of the Investment and Decision-making Committee has actively focused on the "assessment on strategy and classification of businesses" in 2018 of the Company, and maintained intensive communication with the management of the Company, and a deep understanding on the status of business of the Company. During the Reporting Period, the Investment and Decision-making Committee did not hold decision-making meeting for specific projects.

### 8.6 Supervisory Committee

As at 31 December 2018, the Supervisory Committee consisted of three members, namely Mr. XIE Dong as the chairman of Supervisory Committee, Ms. ZHENG Ying as a member of Supervisory Committee, and Mr. ZHOU Qingping as a member of Supervisory Committee in the capacity as a representative of staff. The biographies of the supervisors are detailed in "Section 7 Directors, Members of Supervisory Committee, Senior Management and Employees". The number and composition of the Supervisory Committee meet the regulatory requirements and the provisions of the Articles of Association.

The main functions and powers of the Supervisory Committee include signing written assessment opinions on the Company's periodic reports, checking the Company's finances, and supervising the behavior of directors and senior management in performing company duties. For details of the performance of the Supervisory Committee in 2018, please refer to "Section 9 Report of Supervisory Committee".

### 8.7 Compliance with the Corporate Governance Code by the Company

#### (1) Corporate Governance Functions

The Board is responsible for the formulation of corporate governance policies of the Company and performance of the following corporate governance duties:

- (1) to formulate and review the corporate governance policies and practices;
- (2) to review and monitor the training and continuing professional development of the Directors and senior management;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct applicable to Directors and employees; and
- (5) to review the Company's compliance with Corporate Governance Code and the disclosure in corporate governance report.

During the Reporting Period, the Board has reviewed and monitored the training and professional development of the Directors and senior management and performed its corporate governance duties in compliance with the relevant laws and regulations. It has also put great efforts on improving the Company's corporate governance practices.

## (2) Chairman, President and Chief Executive Officer

The Chairman of the Board and the President assume different responsibilities. According to the Articles of Association, the Chairman of the Board is mainly responsible for presiding over the Board meetings and supervising and inspecting the implementation of Board resolutions; and the President is mainly responsible for the management of daily operation of the Company, reporting to the Board and implementing Board resolutions.

YU Liang was elected 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 ZHU Jiusheng as the President and Chief Executive Officer of the Company on 31 January 2018. YU Liang, Chairman of the Board, ceased to act as the President and Chief Executive Officer of the Company.

## 8.8 Securities Transactions of Directors and Supervisors

The Company established rules like Management System for Insider Information and Insider and Rules Governing Employees Trading Securities of the Company. The requirements of the relevant internal rules of the Company are no less strict than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the SEHK Listing Rules ("Model Code"). During the Reporting Period, the Directors and Supervisors did not deal in the shares of the Company. After specified inquiries to the Directors and Supervisors, the Company confirmed that the Directors and Supervisors complied with relevant internal regulations of the Company and the Model Code, and did not conduct any securities transactions in breach of the Model Code.

## 8.9 Directors and Supervisors' Interests in Contracts

During the Reporting Period, no Director or Supervisor of the Company has material interests in the transactions, arrangements and contracts of the Company or any of its subsidiaries.

## 8.10 Disciplinary Actions Taken Against the Company or its Directors, Members of Supervisory Committee and Senior Management During the Reporting Period

Mr. ZHU Jiusheng, the President and Chief Executive Officer of the Company, was criticized by the SZSE as a then member of the board of Shenzhen Kondarl (Group) Co., Ltd. due to its failure in disclosure of its 2017 annual report and 2018 first quarterly report before 30 April 2018.

Except for the above, there was no disciplinary action taken against the Company or its Directors, members of Supervisory Committee and senior management during the Reporting Period.

### 8.11 Relevant Information on Senior Management

- (1) Establishment and implementation of appraisal, incentive and reward mechanisms for senior management
- (II) Composition of remuneration

The Group's remuneration system consists of fixed salary, annual bonus and economic profit bonus.

1. **Fixed salaries.** All staff receive fixed salaries. The amount of a fixed salary is determined according to the importance of the position to the Company and the basic life needs of the staff. The higher the position hold, the smaller proportion the fixed salary will be in the total remuneration that goes with that position.
2. **Annual bonus.** The annual bonus is accrued based on the realization of the annual profit, and is distributed according to the net profit, sales revenue and event partnership, etc. During the Reporting Period, the "Resolution on Formulating the Annual Bonus Plan for 2017-2019" has been considered and approved at the second meeting of the 18th session of the Board of Directors, which clarified the calculation method for the Group's 2017-2019 annual bonus.
3. **Economic profit bonus.** In 2010, in order to realize shareholder orientation, align business decisions with shareholders' interests and encourage continuous achievement above market average performance, the Group made adjustment to the overall remuneration scheme, by reducing the accrued proportion of annual bonus and introducing economic profit scheme which was approved by the twelfth meeting of the fifteenth Session of the Board, and is calculated based on economic profits (EP). Currently, the Company's economic profit bonus plan was considered and approved at the Fourth Meeting of the Eighteenth Session of the Board in January 2018.

Beneficiaries of the economic profit bonus include Directors, members of the Supervisory Committee, the Group's management staff, as well as staff for the important roles they play in the business of the Group or for their outstanding contribution, who are working full-time at the Company.

Regarding economic profit (EP) bonus each year, a fixed rate of 10% of the economic profit will be accrued or returned, with a two-way (upward or downward) adjustment mechanism. In other words, if the Company's EP for the year is positive, a corresponding amount of the EP with fixed percentage will be accrued; on the other hand, if the Company's EP for the year is negative, an amount corresponding to the fixed percentage will be returned from the deferred bonus pool, (referred to as "contingent return"). The EP bonus allocated each year is in a deferred lock-up period for three years after such allocation ("lock-up period"). For the time being, it is a restricted bonus. The beneficiaries entrust the entitlements in the restricted bonus accounts for economic profit bonus to third parties for investment and management to obtain investment gain and bear investment loss accordingly, and won't bear any obligation to the Company after the expiry of deferred lock-up period.

**(II) Appropriation for economic profit bonus for 2017**

The total amount of economic profit bonus of the Company in 2017 was RMB1.51 billion.

The Proposal on Adjustment of the Remuneration Scheme of Directors and Supervisors of the Company was approved on the first extraordinary general meeting of 2018, which specified that the distribution proportion of economic profit bonus for allocation to the Chairman of the Board is set at 1.8% to 2.2% of the annual economic bonus of the Company, and the specific proportion shall be determined by the Remuneration and Nomination Committee under the Board on an annual basis. Accordingly, confirmed in the sixth meeting of the Remuneration and Nomination Committee under the Board, the economic profit bonus amount of 2017 obtained by the Company's directors, supervisors and senior management is as follows:

Name	Position	Economic profit bonus amount of 2017 distributed after tax (RMB)
YU Liang	Chairman of the Board	14,993,186
ZHU Jiusheng	President and Chief Executive Officer	12,416,966
XIE Dong	Chairman of Supervisory Committee and Chairman of Labour Union of the Company	9,661,008
WANG Wenjin	Directors, Executive Vice President and Chief Risk Officer	9,661,008
ZHANG Xu	Directors, Executive Vice President and Chief Operation Officer	11,038,987
SUN Jia	Executive Vice President and Chief Financial Officer	11,038,987
ZHU Xu	Vice President and Secretary to the Board	5,711,533
ZHOU Qingping	Employee Representative Supervisor	1,445,171
<b>Total</b>	–	<b>75,966,847</b>

**(III) Appropriation for Economic Profit Bonus for 2018**

On 25 March 2019, the total amount of economic profit bonus of the Company in 2018 was confirmed as RMB1.74 billion on the Eighteenth Meeting of the Eighteenth Session of the Board. The economic profit bonus of 2018 is proposed to be distributed after the annual general meeting of 2018, and the details of distribution to directors, supervisors and senior management will be disclosed in the annual report of 2019.



#### (IV) Share of the Company held by “collective bonus” of economic profit bonus

In 2014, under the influence of the overall situation of the capital market, the stock price of the Company continued to be sluggish. The capital market eagerly expected the major shareholders and senior management team of the Company to increase their shareholding in the Company to boost market confidence. In response to the expectations of the capital market, the beneficiaries of the “collectively bonus” voluntarily agreed to buy A Share of Vanke through Guosen Jinpeng No.1 and No.2 Classified Collective Asset Management Plans (hereinafter referred to as “Jinpeng Plan”), using the funds from the accounts of the “collectively bonus” as the inferior-grade investment. From 28 May 2014 to 28 January 2015, Jinpeng Plan acquired a total of 495,934,792 A shares of Vanke, representing 4.49% of current total share capital of the Company, and made voluntarily disclosure. From 29 January 2015 and up to now, Jinpeng Plan neither increase nor decrease its shareholding in A shares of Vanke.

#### (2) Company secretary

The Company Secretary is Ms. Zhu Xu. During the Reporting Period, the Company has appointed Mr. Chan Wing Kit (who works in Hong Kong) as Assistant Company Secretary to assist Ms. Zhu Xu in order to satisfy the requirements in Rules 3.18 and 8.17 of the SEHK Listing Rules. In 2018, both Ms. Zhu Xu and Mr. Chan Wing Kit have received over 15 hours of relevant profession trainings according to the requirements in Rule 3.29 of the SEHK Listing Rules.

Since Mr. Luk Chi Chung, Peter has resigned as Assistant Company Secretary and all other positions appointed by the Company on 29 January 2018, the Company has appointed Mr. Chan Wing Kit (who works in Hong Kong) to take the position as Assistant Company Secretary, alternate authorized representative for SEHK, and the agent to accept the service of process and notices on behalf of the Company in Hong Kong under Rule 19A.13(2) in SEHK Listing Rules and authorized representative under Schedule 16 of Companies Ordinance (Chapter 622 of the laws of Hong Kong) on the same day.

### 8.12 Internal Control and Risk Management

In 2018, the risk identification, monitoring, prevention and other functions of the Company at the Board level and internal management level were further improved and strengthened. The Board delegated the audit committee to assess and determine the Company’s maximum exposure to risks in achieving its strategic objectives and the nature of such risks, and examine and assess the effectiveness of implementation of the risk management system established by the Company. The Chief Risk Officer and the internal risk management committee were responsible for the identification, prevention and control of risks at company level, gradually established the risk management function in business groups/units and front-line companies, and conducted risk identification and assessment.

Meanwhile, the Board of the Company is responsible for establishing, improving and effectively implementing the internal control in accordance with the requirements of internal control standard system of enterprises as well as assessing its effectiveness. The audit committee under the Board is responsible for risk management, reviewing the internal control of the Company, supervising the effective management and self-assessment of internal control, guiding and coordinating the internal audit and other related matters.

The Company conducts self-assessment of internal control on an annual basis. The time range of assessment in 2018 was from 1 January 2018 to 31 December 2018, and the scope of assessment included internal environment, risk assessment and control activities, information and communication and internal supervision. Independent assessment on the design, efficiency and effectiveness of the Company's internal control was also conducted through risk inspection, internal audit and inspection by supervisors, and the internal control audit report was issued by KPMG Huazhen LLP.

The Board is of the view that there is no major defect for the Company's established internal control system in terms of completeness, compliance, effectiveness and other respects. In 2018, the Company maintained effective internal control of financial reporting, and was not aware of any major defect in the internal control of non-financial reporting matters.

The Company formulated the Measures on the Administration of Information Disclosure of China Vanke Co., Ltd. and adopted the multi-level approving procedures to control and ensure that all types of information are delivered to external users through appropriate ways in a timely, accurate and complete manner.

The Board is of the view that there is no material uncertainty that may have material effect on the Company's ability to continue as a going concern. After due assessment, it is concluded that major risks faced by the Company currently and respective countermeasures are as follows:

#### (I) Environment risk

The industry in which the Company operates is closely related to the macro-economy and people's livelihood. Since 2018, the intensified economic downswing pressure affected the going concern of the Company as it may result in decrease in the effective demands. Sales of the traditional development business and operation of industry office properties may be also affected. Growth of income from self-owned property business will also face certain challenges.

In 2018, the central government continued the primary policy tone of "houses are for living in, not for speculation", and announced that the country will speed up the establishment of a long-term mechanism for stable and healthy development of properties on the basis of China's conditions and following the rules of market. In the meanwhile, the government adopted various measures to direct the market in various aspects such as finance, land, tax, investment and legislation, bringing about profound changes in the development of the industry.

In order to better respond to the opportunities and challenges from the changes in economy environment and policies, the Company carried out in-depth study on the macro-economy policy direction and dynamics, and precisely determined the business development direction under the business development strategy of "Concentration" and Focus". In respect of traditional business, the Company further adhered to the idea of "building quality housing for ordinary people, developing premises for accommodation", and also implemented the product and service concept of "good housing, good services and good community" to continuously improve quality of product and services. Meanwhile, it also accelerated the development of long-term rental apartments and increased its efforts in the development of rental housing business to fully capture the market opportunities.

### (II) Project development risk

Facing the complex product design for different property types, complicated construction environment, it is challenging to achieve the target of project development on schedule with good quality and strict cost control in a safe manner. Due to delay in supply of construction materials, unskilled construction workers, labour disputes, safety accidents, natural disasters, adverse weather and other factors, risks in relation to construction progress, project cost, housing quality and customers satisfaction may arise, and thus affecting the results of operation and reputation of the Company.

The Company has established various systems for management of quality, progress, safety, material and cost of project development with project management staff of business groups and front-line companies monitoring project progress, construction quality and work site on a real-time basis. It conducted strict assessment on suppliers and implemented stringent control on construction changes, improved construction safety protection measures and set specific assessment indicators. In addition, provided that the construction safety is ensured, the Company also improved the quality and efficiency of construction by technology-based project management, exploration of intelligent construction site and continuously promoting the wide application of industrialized construction system and building information model. Under the business idea of “Centering on Customers”, the Company actively conducted customer satisfaction research and follow-up so as to timely respond to demands of customers. The Company created online customer service platforms in order to enhance products and services through online services.

### (III) New business risk

Based on the development strategy of being an “city and town development and services provider”, the Company strives to achieve mutual development with the city and its customers. It gradually enriched its product and service system and made continuous development in new business including property service, rental housing, commercial development and operation, logistic & warehousing service, skiing resorts, elderly care and education, fully serving the new requirements of “better life” as a “solution provider of better life”.

Alongside ownership and operation of various types of new businesses, the Company faced new pressure in such respects as precise identification of customer demands, good management of touch points, promotion of value preservation and addition of assets, setup of sound organization structure, enhancement of service response speed and management efficiency, effective management of safety and quality, and avoidance of occurrence of events violating laws and regulations. In the meanwhile, in the development process of new business, the Company also faces challenges on how to effectively improve utilization efficiency of funds of new business, operating return of heavy asset projects, as well as the customer satisfaction.

The Company expanded and invested in new business based on its strategic direction and adhered to the business development strategy of “Concentration” and “Focus”, while giving a priority to creation of business mode and intensification of the ability to carry on the new business. It also specified the development direction and the main point for capacity building of new business in the form of three-year business plan, thereby setting annual development target for new business in different stages; and systematically and constantly monitored and assessed the development quality of new business, promptly pointed out and rectified the new business which deviated from expectation. In respect to the organization structure, the Company made full authorization in connection with the new business so as to improve the independent operation of new businesses. In respect to new business management improvement, the Company constantly accumulated operational experience of various new businesses and caused excellent organizations to lead the demonstration of the expansion mode of projects of the kind across China, thereby improving operation of new businesses.

#### (IV) Human resource risk

To respond to changes in the era and industry environment, as well as the increasingly uncertain and complicated challenges faced in the business development, personnel with greater quality and teamwork ability are required. It is an inevitable choice to find and leverage talents meeting the needs of the development of the undertaking outside the Company. The management and human resources team should quickly find a solution on how to shortly make breakthroughs in the inertial thinking and path reliance in connection with hunting and utilization of personnel, and how to attract personnel with the same goal to join the Company by providing them with platforms to fulfill their potential and utilizing the culture mechanism. On the other hand, in the context of the increasing size, widening distribution and enhancing complexity of different businesses, and even due to the frequent occurrence of head-hunting by other companies in the industry, the Company faces the risk of diluted human resources and capability reserve, thus lagging behind the needs of the business development.

In 2018, the Company announced its strategy of “Consolidating the fundamentals through concentration and focus”, based on which the Company comprehensively initiated organizational restructuring and matching between affairs and personnel. The Company, based on the requirements of the business partner mechanism, explored the brand-new organization mode and team collaboration mode utilizing advantages of the business partner mechanism in order to minimize the traditional organization barriers, strengthen partnership-based collaboration, and improve the team’s recognition of the objective of the undertaking, thus enhancing effects and effectiveness of collaboration between talents, and increasing the organizational efficacy. In the meanwhile, the Company improved its mechanisms such as those for emergence, inspiration, development and incentive of dedicated employees so as to unleash potential of each person for striving for the development of the business, and provide development platforms for more personnel alongside dealing with the business challenges.

**(V) Compliance risk**

The Company's operation is subject to a wide range of policies and regulations, including the company ordinance of the region where it locates, financial and taxation regulations, regulations in relation to property sales and construction and listing rules of Hong Kong and mainland China etc., and the requirements and changes of laws, regulations and policies may also affect the Company. In 2018, the Company actively complied with laws, regulations and policies, and continuously improved its knowledge and management awareness of compliance requirements.

The Company has designated special personnel to study new regulations and policies and make relevant arrangements, and reflected the requirements of relevant laws and regulations in its business activities and operation management in a timely manner. The Company also invited internal and external experts to provide trainings and updated information and assigned experienced staff and consulted external experts for handling compliance matters, and conducted regular internal control check and internal audit in order to comply with various relevant regulations, policies and guidelines.

**(VI) Data security risk**

The development of emerging technological means such as big data, cloud computing, artificial intelligence and the Internet of Things is accelerating to produce profound and transformational impacts on all sectors of the society. At the same time, businesses of the Company are increasingly diversified and the business process is complex and diverse. Operational businesses such as property management and long-term rental housing are expanding, and the volume and sensitivity of data are increasing. In this context, good operation of information systems and data confidentiality management are increasingly demanded year by year. The physical security and network security of information systems pose challenges to a series of work such as planning, development, operation and continuous upgrading of information systems.

The Company has implemented the "Fertile Soil Project", which covers the planning and construction of the information-based management and control processes and links of core business, customer service, and employees. Data connection between various systems was realized through system integration, ensuring the data is processed accurately and promptly. At the same time, the Company actively promoted the planning, design and implementation of information security work, regulated the activities of internal and external transmission of management information, and strengthened the prevention of malicious external invasion to protect the security of its information assets.

**(VII) Corruption risk**

The "fundamental principles in operation and team with striving partners" is the core values of Vanke. The Company advocated the healthy and sunshine corporate culture by improving the sunshine system, required all employees to abide by the principle of honesty and trustworthiness, and set up an effective working system featuring proper assumption of responsibilities and duties as well as the checks and balances.

The Company takes a zero-tolerance attitude to corruption and has set up “Vanke Whistle-blowing Network” to publicize its anti-corruption policy and provide a channel to receive corruption reporting given internally and externally. The Company added the supervisory audit function by designating special personnel to perform internal anti-corruption duty and conduct special investigations to bring the role of supervisor into play. The Company constantly improved its integrity system by requiring all staff to make regular reporting on potential conflict of interest, conducting integrity certification and integrity condition investigation, signing integrity undertaking, and entering into the Sunshine Cooperation Agreement with all partners to create a healthy and clean operation environment, providing an assurance for healthy development of the business.

During the Reporting Period, the audit committee of the Company reviewed the effectiveness of the Company’s risk management and internal control system and procedures. According to the review result of the audit committee, the risk management and internal control system and procedures was effective and adequate during the Reporting Period.

### 8.13 Audit

#### 1) Appointment and remuneration of auditors

Please refer to “Appointment of certified public accountants” in “Significant Events”.

#### 2) Confirmations by Directors and auditors

All Directors of the Company confirmed their responsibilities for the preparation of consolidated financial statements for the year ended 31 December 2018. KPMG, the auditor of the Company, confirmed its auditor’s responsibilities for the audit of the consolidated financial statements in the Independent Auditor’s Report of the financial statements for the year ended 31 December 2018.

## Section 9

# Report of Supervisory Committee

In 2018, the Supervisory Committee of the Company stood firmly on the Company's culture and values, diligently performed their duties and safeguarded the interests of the Company, its shareholders and employees, in accordance with the requirements of Company Law and Articles of Association.

The main duties of the Supervisory Committee for the year 2018 were presented as follows:

### 9.1 Convention of Meetings

In 2018, a total of 5 meetings were held by the Supervisory Committee. The details of the meetings and resolutions were as follows:

#### (1) The Fourth Meeting of the Ninth Supervisory Committee

The Fourth Meeting of the Ninth Supervisory Committee was held on 26 March 2018. The meeting considered and approved the following resolutions:

##### No. Issues for consideration and approval

- 1 The Company's Major Tasks for the Year 2018
- 2 The Audited Financial Report for the Year 2017
- 3 The 2017 Annual Report and its Summary
- 4 The Report of the Supervisory Committee of the Company for the Year 2017
- 5 The Resolution in relation to the Appropriation and Write-off of the Provision for Impairment in Asset Value for the Year 2017
- 6 The Proposal on Profit Distribution for the Year 2017
- 7 The Internal Control Assessment Report for the Year 2017
- 8 The Corporate Social Responsibility Report for the Year 2017
- 9 The Special Remarks on the Deposit and Use of Proceeds Raised from Previous Fundraising Exercises during 2017
- 10 The Resolution in relation to the Reappointment of Certified Public Accountants for the Year 2018
- 11 The Resolution Regarding Confirmation of Economic Profit Bonus for the Year 2017
- 12 The Resolution Regarding Proposal to the General Meeting for Authorisation of Financial Assistance by the Company and majority-owned subsidiaries to Third Parties

#### (2) The Fifth Meeting of the Ninth Supervisory Committee

The Fifth Meeting of the Ninth Supervisory Committee was held on 25 April 2018. The meeting considered and approved the following resolutions:

##### No. Issues

- 1 The Resolution Regarding the Implementation of the Newly Revised Five Accounting Standards for Income and Financial Instruments
- 2 2018 First Quarterly Report and the Financial Statement

### (3) The Sixth Meeting of the Ninth Supervisory Committee

The Company submitted to the Sixth Meeting of the Ninth Supervisory Committee on 22 June 2018, which considered and approved the Resolution Regarding the Special Report on Mr. Wang Shi's Resignation by communication voting.

### (4) The Seventh Meeting of the Ninth Supervisory Committee

The Seventh Meeting of the Ninth Supervisory Committee was held on 20 August 2018. The meeting considered and approved the following resolutions:

#### No. Issues

- 1 2018 Interim Report, its summary and financial statements, and results announcement
- 2 The resolution regarding no distribution of dividend nor capitalisation of equity reserve for the 2018 interim period

### (5) The Eighth Meeting of the Ninth Supervisory Committee

The Eighth Meeting of the Ninth Supervisory Committee was held on 25 October 2018. The meeting considered and approved the following resolutions:

#### No. Issues

- 1 The Resolution in relation to the Appropriation and Write-off of the Provision for Impairment in Asset Value
- 2 2018 Third Quarterly Report and the Financial Statements

## 9.2 Performance of Duties by Members of the Supervisory Committee

During the Reporting Period, all the 5 meetings were held by the Supervisory Committee according to the Articles of Association, and all members of the Supervisory Committee who have the right to participate attended the meetings in person or by proxy, or actively participated in the meetings through electronic communication. The details of the members of the Supervisory Committee attending the meetings are as follows:



Name	Classification of members of the Supervisory Committee	Actual number of meetings attended/Number of meetings to be attended	Attendance
Xie Dong	Non-employee representative member of the Supervisory Committee	5/5	100%
Zheng Ying	Non-employee representative member of the Supervisory Committee	5/5	100%
Zhou Qingping	Employee representative member of the Supervisory Committee	5/5	100%

In addition, all members of the Supervisory Committee attended the Board meetings (on-site meetings), and some members of the Supervisory Committee attended the general meetings of the Company without objection to the supervision matters.

### 9.3 Inspection Tours

In 2018, the Supervisory Committee of the Company carried out more inspecting and visiting work on each BG (Business Group) and BU (Business Unit). Through on-site inspection, meetings and seminars, risk training, audit and specialized inspections, the committee inspected and supervised the operation, risk management, internal control, the management's performance of duties, protection of shareholders' and employees' interest of the BG and BU using technology. It covered financial, investment, marketing, fund-raising, construction cost, cooperation and other aspects. The committee supervised relevant personnel to diligently perform their duties, control risks and fine-tune their internal control systems, to prevent professional ethics risk.

### 9.4 Independent Opinions on Certain Issues of the Company

#### (1) Statutory compliance

In 2018, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, operation decision meetings, reviewing reports on special projects, on-site inspection and meeting with staff. With reference to various regulations, the Supervisory Committee was of the opinion that the Company's decision-making process had gone through necessary procedures, and the internal control measures were effective. The directors and senior management team of the Company diligently carried out their duties, and safeguarded the interests of the Company and its shareholders. The Supervisory Committee had reviewed the Company's internal control self-assessment report and internal control audit report by KPMG Huazhen LLP and the Company's corporate governance report, and was of the view that the report reflected the actual situation of the Company's corporate governance, risk management and internal control, and agreed to publish the abovementioned report.

## (2) Financial monitoring

In 2018, the Supervisory Committee continued to review the Company's financial situation through the review of financial reports and inspection tours, and monitored the Company's operation and its risks. The Supervisory Committee also provided audited opinions to each regular report and was of the opinion that the procedures for the preparation and review of regular reports by the Board of the Company were in line with laws, administrative regulations and the provisions of the CSRC, and the contents of the reports reflected the actual situation of the Company in a true, accurate and complete manner, without any false records, misleading statements or major omissions.

## (3) Assessment Report on Internal Control

The Supervisory Committee was of the view that the Assessment Report on Internal Control has comprehensively, objectively and truly reflected the actual situation of corporate governance and internal controls and the construction of the Company's internal controls was continuously improved.

In 2019, the Supervisory Committee of the Company will continue to fulfil their duties, faithfully and diligently perform their supervisory duties and safeguard the interest of the Company, its shareholders and employees, in accordance with the provisions of Company Law, Securities Law, Articles of Association and the listing rules.

## Section 10

# Information on Corporate Bonds

### 10.1 Basic Information of 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 repay capital with interest
China Vanke Co., Ltd. corporate bonds in 2015 (first tranche)	15 Vanke 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)	17 Vanke 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)	17 Vanke 02	112561	3 August 2017 to 4 August 2017	4 August 2022	100,000	4.54%	
China Vanke Co., Ltd. 2018 corporate bonds specialized in rental housing to qualified investors in public (first tranche)	18 Vanke 01	112742	8 August 2018 to 9 August 2018	9 August 2023	150,000	4.05%	
China Vanke Co., Ltd. 2018 corporate bonds specialized in rental housing to qualified investors in public (second tranche)	18 Vanke 02	112784	26 October 2018 to 29 October 2018	29 October 2023	200,000	4.18%	
China Vanke Co., Ltd. 2019 corporate bonds specialized in rental housing to qualified investors in public (first tranche)	19 Vanke 01	112844	25 February 2019 to 26 February 2019	26 February 2024	200,000	3.65%	
Trading floor of corporate bonds for listing and trading	SZSE						
Qualified investors arrangement	The bond is 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 are issued publicly to qualified investors 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	Interest is paid in full 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).	"17 Vanke 01", "17 Vanke 02", "18 Vanke 01", "18 Vanke 02" and "19 Vanke 01" were all attached with option for the Company to adjust coupon rate and option for investors to sell back at the end of the third year. During the Reporting Period, the abovementioned options were not executed.						

## 10.2 Bond Trustee and Credit Rating Institution

### Bond trustee:

Name	CITIC Securities Co., Ltd.	Business address	Zhuoyue Time Square (Phase 2) North Tower, Zhongxin 3rd Rd No. 8, Futian, Shenzhen, Guangdong Province	Contact	Yang Fang, Zhu Ge, Chen Xiaodong	Contact Tel	010-60837028
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Credit rating institution which rate for the Company during the Reporting Period:

Name:	China Chengxin Securities Rating Co., Ltd.	Business address:	Level 8, An Ji Plaza, 760 South Xizang Road, Huangpu District, Shanghai
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During the Reporting Period, the changes in bond trustee and credit rating agencies appointed by the Company, the reasons of changes, the procedures performed and the impacts on the interest of investors (if applicable)

N/A

## 10.3 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》), and the Rules Governing the Listing of Bonds on the Shenzhen Stock Exchange (《深圳證券交易所債券上市規則》). The disclosed information relating to the Company's use of proceeds from corporate bonds 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 Year (RMB'0000)

As at 31 December 2018, the fund raised was used as required.

The operating condition of the special account for the proceeds

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

The use of proceeds from the corporate bonds was in compliance with the undertakings made in the prospectus.

#### 10.4 Credit Rating of Corporate Bonds

During and after the Reporting Period, China Chengxin Securities Rating Company Limited (“China Chengxin”) assigned rating to the corporate bonds within the duration of the Company, with corresponding credit rating reports disclosed on the CNINFO Network (www.cninfo.com.cn). Details are as follows:

Abbreviation of bonds	Credit rating of the Company	Rating outlook of the Company	Credit rating of corporate bonds	Credit rating notice	Latest rating tracking date	Report disclosure date
15 Vanke 01	AAA	Stable	AAA	Xin Ping Wei Han Zi [2018] Gen Zong No. 149	24 May 2018	26 May 2018
17 Vanke 01	AAA	Stable	AAA	Xin Ping Wei Han Zi [2018] Gen Zong No. 150	24 May 2018	26 May 2018
17 Vanke 02	AAA	Stable	AAA	Xin Ping Wei Han Zi [2018] Gen Zong No. 151	24 May 2018	26 May 2018
18 Vanke 01	AAA	Stable	AAA	Xin Ping Wei Han Zi [2018] No. G159-1	13 July 2018	4 August 2018
18 Vanke 02	AAA	Stable	AAA	Xin Ping Wei Han Zi [2018] Gen Zong No. G159-F2	18 October 2018	24 October 2018
19 Vanke 01	AAA	Stable	AAA	Xin Ping Wei Han Zi [2019] Gen Zong No. G008-F3	4 January 2019	21 February 2019

#### 10.5 Credit Enhancement Mechanism for Corporate Bonds, Debt Repayment Plans and Debt Repayment Protective 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 Company’s daily operations. During the Reporting Period, the Company 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.

#### 10.6 Convention of Bondholders Meetings During the Reporting Period

Up till the date of publication of the Report, the Company has not convened any bondholders meeting for its corporate bonds during the Reporting Period.

### 10.7 The Performance of Duties of the Bond Trustee During the Reporting Period

The bond trustee of the 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 Trustee Report on Corporate Bonds of China Vanke Co., Ltd. to Qualified Investors in Public (2017) on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) 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.

On 11 August 2018, the Company disclosed the Interim Trustee Report on Corporate Bonds of China Vanke Co., Ltd. to Qualified Investors in Public on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and disclosed the accumulated new borrowings as at 31 July 2018.

### 10.8 Payment of Interest and Principal Amount of Other Bonds and Debt Financing Instruments During the Reporting Period

During the Reporting Period, the Group has paid the interest of other bonds and debt financing instruments on a timely basis and has no event of default.

### 10.9 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 at the end of December 2018, the Group had been granted facilities with an aggregate amount of RMB363.050 billion, RMB202.238 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.

### 10.10 Implementation of the Relevant Provisions or Undertakings Made under the Group's Corporate Bond Prospectus During the Reporting Period

During the Reporting Period, the Group strictly complied with the relevant requirements in the corporate bond prospectus and used the proceeds as prescribed, without prejudicing the interests of bond investors.

### 10.11 Whether the Corporate Bond has Guarantor

Nil.

# Independent Auditor's Report



Independent Auditor's Report to the shareholders of China Vanke Co., Ltd.  
(incorporated in the People's Republic of China with joint stock limited liability)

## Opinion

We have audited the consolidated financial statements of China Vanke Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Net realisable value of inventories</b>	
<i>Refer to note 18 to the consolidated financial statements and the accounting policies in note 1(p).</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>As at 31 December 2018, the aggregate carrying value of the Group's properties held for development ("PHD"), properties under development ("PUD") and completed properties held for sale (together "inventories") was significant. These properties are stated at the lower of cost and net realisable value.</p> <p>The calculation of the net realisable value for each property development project at the financial reporting date is performed by management.</p> <p>The calculation of the net realisable value of inventories involves significant management judgement and estimation in preparing the updated estimations of the costs to complete each property development project for PHD and PUD as well as in assessing the expected future net selling prices for each property development project (with reference to recent sales transactions in nearby locations), the estimated future selling costs and the relevant taxes.</p>	<p>Our audit procedures to assess the net realisable value of inventories included the following:</p> <ul style="list-style-type: none"> <li>• assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project;</li> <li>• conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project and the development budgets reflected in the latest forecasts for each property development project;</li> <li>• evaluating the valuation methodology adopted by management for assessing the net realisable value of inventories and comparing the key estimates and assumptions adopted in the valuations, including those relating to average net selling prices, with market available data and the sales budget plans maintained by the Group;</li> </ul>



# Independent Auditor's Report

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified the assessment of net realisable value of the Group's inventories as a key audit matter because of the significance of inventories to the assets of the Group and because of the inherent risks involved in estimating the costs to complete each property development project and the future selling prices for each property development project, particularly in light of the current economic circumstances and various property market measures introduced in various cities across Mainland China.</p>	<ul style="list-style-type: none"> <li>• comparing the estimated construction costs to complete each property development project with the Group's latest budgets and comparing the costs incurred to 31 December 2018 with budgets made at 31 December 2017 to assess the accuracy of management's forecasting and budgeting process;</li> <li>• performing sensitivity analyses to determine the extent of changes in key estimates and assumptions that, either individually or collectively, would be required for inventories to be materially misstated and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection.</li> </ul>

Provision for land appreciation tax ("LAT") in Mainland China	
<p>Refer to notes 6 and 27 to the consolidated financial statements and the accounting judgement and estimates in note 2(b)(ii).</p>	
The Key Audit Matter	How the matter was addressed in our audit
<p>LAT in Mainland China is one of the main components of the Group's taxation charge.</p> <p>LAT is levied on sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each financial reporting period, management estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates.</p> <p>We identified provision for LAT in Mainland China as a key audit matter because of its significance to the consolidated financial statements and because the estimated provisions for LAT are based on management's judgement and interpretation of the relevant tax laws and regulations and practices.</p>	<p>Our audit procedures to assess the provision for LAT in Mainland China included the following:</p> <ul style="list-style-type: none"> <li>• assessing the design, implementation and operating effectiveness of key internal controls over the calculation of the estimated LAT provisions;</li> <li>• engaging our internal taxation specialists to evaluate the Group's LAT provisions as at 31 December 2018 which involved challenging the Group's assumptions and judgements based on our experience, knowledge and understanding of the practices of the application of the relevant tax laws by the various local tax bureaus;</li> <li>• challenging the Group's assumptions and judgements based on our assessment of the value of the deductible expenditure;</li> <li>• re-calculating the provision for LAT and comparing our calculations with the amounts recorded by the Group.</li> </ul>

# Independent Auditor's Report

Revenue recognition for property development projects ("PDP")	
<i>Refer to note 3 to the consolidated financial statements and the accounting policies in note 1(y)(i).</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>Revenue arising from sales of PDP accounted for 96% of the Group's revenue for the year ended 31 December 2018.</p> <p>Such revenue is recognised at a point in time when all of the following criteria have been met:</p> <p>(i) the sale and purchase agreement has been signed;</p> <p>(ii) the related deposit has been received and the arrangements for the settlement of the remaining proceeds have been confirmed; and</p> <p>(iii) the property is accepted by the customer, or deemed as accepted according to the sale and purchase agreement, whichever is earlier.</p> <p>We identified the recognition of revenue for PDP as a key audit matter because of its significance to the Group and because small errors in recognition of revenue for each PDP, in aggregate, could have a material impact on the Group's profit for the year.</p>	<p>Our audit procedures to assess the recognition of revenue for PDP included the following:</p> <ul style="list-style-type: none"> <li>evaluating the design, implementation of operating effectiveness of key internal controls over the recording of revenue for PDP;</li> <li>inspecting the terms of the standard sale and purchase agreements for sales of PDP to assess the Group's revenue recognition policies for sales of PDP, with reference to the requirements of the prevailing accounting standards;</li> <li>inspecting, on a sample basis for sales of PDP recognised during the year, sale and purchase agreements and documents which evidenced that the properties were accepted by the customer, or deemed as accepted and assessing whether the related revenue has been recognised in accordance with the Group's revenue recognition accounting policies;</li> <li>inspecting, on a sample basis, documents which evidenced that the properties were accepted by the customer, or deemed as accepted before and after the end of the financial period to assess whether the related revenue has been recognised in the appropriate financial period.</li> </ul>

## Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

# Independent Auditor's Report

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chung Kai Ming.



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

25 March 2019

# Consolidated Statement of Profit or Loss

## For the year ended 31 December 2018

	Note	2018 RMB'000	2017 (Note) RMB'000
Revenue	3(a)	297,083,058	237,344,688
Cost of revenue		(187,130,999)	(160,621,229)
<b>Gross profit</b>		<b>109,952,059</b>	<b>76,723,459</b>
Other net income	4	3,585,145	4,537,623
Selling and marketing expenses		(7,868,076)	(6,261,981)
Administrative expenses		(14,590,133)	(9,632,693)
Other operating expenses		(2,112,602)	(1,193,097)
<b>Profit from operations</b>		<b>88,966,393</b>	<b>64,173,311</b>
Finance costs	5(a)	(8,181,336)	(4,060,732)
Share of profits less losses of associates and joint ventures	15	6,279,911	4,569,160
<b>Profit before taxation</b>		<b>87,064,968</b>	<b>64,681,739</b>
Income tax	6(a)	(37,792,673)	(27,473,352)
<b>Profit for the year</b>		<b>49,272,295</b>	<b>37,208,387</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		33,772,652	28,051,815
Non-controlling interests		15,499,643	9,156,572
<b>Profit for the year</b>		<b>49,272,295</b>	<b>37,208,387</b>
<b>Earnings per share (RMB)</b>			
Basic and diluted	10	3.06	2.54

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 1(c).

The accompanying notes form part of these financial statements. Details of dividend payable to equity shareholders of the Company attributable to the profit for the year are set out in note 29(d).

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the year ended 31 December 2018

	Note	2018 RMB'000	2017 (i) RMB'000
<b>Profit for the year</b>		<b>49,272,295</b>	<b>37,208,387</b>
<b>Other comprehensive income for the year</b>	9		
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Equity investments at fair value through other comprehensive income ("FVOCI") (non-recycling)		(373,622)	–
Share of other comprehensive income of associates		(869,385)	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		(109,927)	(96,792)
Cash flow hedge: net movement in the hedging reserve		(226,889)	(163,304)
Available-for-sale securities: net movement in the fair value reserve (recycling) (ii)		–	110,589
Share of other comprehensive income of associates		(1,413,464)	(51,022)
<b>Other comprehensive income for the year</b>		<b>(2,993,287)</b>	<b>(200,529)</b>
<b>Total comprehensive income for the year</b>		<b>46,279,008</b>	<b>37,007,858</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		31,140,825	27,890,484
Non-controlling interests		15,138,183	9,117,374
<b>Total comprehensive income for the year</b>		<b>46,279,008</b>	<b>37,007,858</b>

Notes:

- (i) 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 1(c).
- (ii) This amount arose under the accounting policies applicable prior to 1 January 2018. As part of the opening balance adjustments as at 1 January 2018, the balance of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods. See note 1(c)(2).

The accompanying notes form part of these financial statements.



# Consolidated Statement of Financial Position

## As at 31 December 2018

	Note	31 December 2018 RMB'000	31 December 2017 (Note) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	22,645,383	10,734,770
Investment properties	12	25,897,948	17,046,197
Intangible assets	13	1,015,426	1,096,273
Interests in associates and joint ventures	15	129,527,656	81,224,305
Other financial assets	16	2,688,915	1,340,749
Other non-current assets	17	35,982,967	26,700,789
Deferred tax assets	27(b)(ii)	15,749,205	9,651,002
		<b>233,507,500</b>	<b>147,794,085</b>
<b>Current assets</b>			
Inventories and other contract costs	18	754,310,077	597,487,304
Contract assets	19	1,364,127	–
Trade and other receivables	20	331,838,827	238,404,911
Other current assets	21	12,600,806	721,893
Pledged and restricted deposits		12,749,283	9,795,002
Cash and cash equivalents	22	175,668,164	164,326,007
Assets held for sale	23	6,624,631	6,910,171
		<b>1,295,155,915</b>	<b>1,017,645,288</b>
<b>Current liabilities</b>			
Trade and other payables	24	486,726,148	760,383,146
Contract liabilities	19	504,711,414	–
Bank loans and borrowings from financial institutions	25	69,136,923	56,109,320
Bonds payable	26	24,046,473	6,163,376
Current taxation	27(a)	37,292,979	24,699,588
		<b>1,121,913,937</b>	<b>847,355,430</b>
<b>Net current assets</b>		<b>173,241,978</b>	<b>170,289,858</b>
<b>Total assets less current liabilities</b>		<b>406,749,478</b>	<b>318,083,943</b>

# Consolidated Statement of Financial Position

## As at 31 December 2018

	Note	31 December 2018 RMB'000	31 December 2017 (Note) RMB'000
<b>Non-current liabilities</b>			
Bank loans and borrowings			
from financial institutions	25	120,929,055	96,029,045
Bonds payable	26	47,095,146	32,322,672
Deferred tax liabilities	27(b)(ii)	622,971	357,755
Provisions		143,528	159,866
Other non-current liabilities	28	2,338,048	2,540,666
		171,128,748	131,410,004
<b>NET ASSETS</b>			
		235,620,730	186,673,939
<b>CAPITAL AND RESERVES</b>			
	29		
Share capital		11,039,152	11,039,152
Reserves		144,724,980	121,636,163
<b>Total equity attributable to equity shareholders of the Company</b>			
		155,764,132	132,675,315
<b>Non-controlling interests</b>			
		79,856,598	53,998,624
<b>TOTAL EQUITY</b>			
		235,620,730	186,673,939

Approved and authorised for issue by the board of directors on 25 March 2019.

Wang Wenjin  
Director

Zhang Xu  
Director

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 1(c).

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2018

	Note	Attributable to equity shareholders of the Company							Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		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			
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 2017											
Profit for the year		-	-	-	-	-	-	28,051,815	28,051,815	9,156,572	37,208,387
Other comprehensive income	9	-	-	-	(57,594)	(163,304)	59,567	-	(161,331)	(39,198)	(200,529)
Total comprehensive income		-	-	-	(57,594)	(163,304)	59,567	28,051,815	27,890,484	9,117,374	37,007,858
Dividends approved in respect of the previous year	29(d)(ii)	-	-	-	-	-	-	(8,720,930)	(8,720,930)	-	(8,720,930)
Appropriation to statutory reserves	29(c)(i)	-	-	3,359,304	-	-	-	(3,359,304)	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	10,810,632	10,810,632
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	2,026,903	2,026,903
Acquisitions of additional interest in subsidiaries		-	-	-	-	-	7,852	-	7,852	(745,906)	(738,054)
Disposals of interest in subsidiaries		-	-	-	-	-	889,552	-	889,552	1,767,712	2,657,264
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(2,012,401)	(2,012,401)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(4,144,537)	(4,144,537)
Capital reduction of subsidiaries		-	-	-	-	-	-	-	-	(11,052,958)	(11,052,958)
Shares of changes in equity other than comprehensive income and distributions received from associates	15	-	-	-	-	-	(836,409)	-	(836,409)	-	(836,409)
Balance at 31 December 2017 (Note)		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

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 1(c).

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2018

Note	Attributable to equity shareholders of the Company											
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Hedging reserve RMB'000	Fair value reserve (non-recycling) 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 (Note)	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	1(c)	-	-	-	-	-	-	2,206,863	2,206,863	449,530	2,656,393	
Impact on initial application of IFRS 9	1(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)	79,380,609	134,882,178	54,448,154	189,330,332	
Changes in equity for 2018												
Profit for the year		-	-	-	-	-	-	33,772,652	33,772,652	15,499,643	49,272,295	
Other comprehensive income	9	-	-	(1,307,463)	(226,889)	(1,097,475)	-	-	(2,631,827)	(361,460)	(2,993,287)	
Total comprehensive income		-	-	(1,307,463)	(226,889)	(1,097,475)	-	33,772,652	31,140,825	15,138,183	46,279,008	
Dividends approved in respect of the previous year	29(d)(ii)	-	-	-	-	-	-	(9,935,237)	(9,935,237)	-	(9,935,237)	
Appropriation to statutory reserves	29(c)(i)	-	-	11,493,174	-	-	-	(11,493,174)	-	-	-	
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	20,274,079	20,274,079	
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	6,812,142	6,812,142	
Acquisitions of additional interest in subsidiaries		-	-	-	-	-	(757,651)	-	(757,651)	(2,260,297)	(3,017,948)	
Disposals of interest in subsidiaries		-	-	-	-	-	103,966	-	103,966	1,023,880	1,127,846	
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(2,244,924)	(2,244,924)	
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(7,588,429)	(7,588,429)	
Capital reduction of subsidiaries		-	-	-	-	-	-	-	-	(5,746,190)	(5,746,190)	
Others		-	-	-	-	-	330,051	-	330,051	-	330,051	
Balance at 31 December 2018		11,039,152	9,201,769	47,393,246	(1,338,050)	(155,284)	(902,389)	(1,199,162)	91,724,850	155,764,132	79,856,598	235,620,730

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 1(c).

The accompanying notes form part of these financial statements.

# Consolidated Cash Flow Statement

## For the year ended 31 December 2018

	Note	2018 RMB'000	2017 RMB'000
<b>Operating activities</b>			
Cash generated from operations	22(b)	70,210,637	108,837,087
Income tax paid		(36,592,454)	(26,514,253)
<b>Net cash generated from operating activities</b>		<b>33,618,183</b>	<b>82,322,834</b>
<b>Investing activities</b>			
Acquisitions of subsidiaries, net of cash acquired	34	(11,527,199)	(18,343,183)
Investments in associates and joint ventures		(45,840,076)	(24,036,188)
Other investments		(1,937,689)	(23,396,809)
Acquisitions of property, plant and equipment, investment properties and intangible assets		(5,896,749)	(2,360,481)
Net cash flow from disposals of subsidiaries	35	(1,109,992)	2,915,595
Proceeds from disposal of property, plant and equipment		47,552	141,606
Proceeds from disposals of investments		1,472,714	3,367,297
Interest received		3,877,859	1,373,978
Net cash flow from (purchases)/redemptions of wealth management product		(10,987,160)	7,473,457
Dividends received		4,536,306	1,251,495
<b>Net cash used in investing activities</b>		<b>(67,364,434)</b>	<b>(51,613,233)</b>
<b>Financing activities</b>			
Contributions from non-controlling interests		19,491,299	14,253,822
Payments to non-controlling interests		(7,587,414)	(8,120,957)
Proceeds from bank loans, borrowings from financial institutions and bonds	22(c)	135,035,782	105,196,167
Proceed from advance payment from contracted parties	22(c)	14,780,756	4,324,560
Repayment of bank loans, borrowings from financial institutions and bonds	22(c)	(73,854,371)	(41,254,320)
Repayment of advance payment from contracted parties	22(c)	(2,819,066)	–
Dividends and interest paid		(40,249,339)	(19,134,376)
<b>Net cash generated from financing activities</b>		<b>44,797,647</b>	<b>55,264,896</b>
<b>Net increase in cash and cash equivalents</b>		<b>11,051,396</b>	<b>85,974,497</b>
Cash and cash equivalents at 1 January		164,326,007	79,490,015
Effect of foreign exchange rate changes		290,761	(1,138,505)
<b>Cash and cash equivalents at 31 December</b>		<b>175,668,164</b>	<b>164,326,007</b>

The accompanying notes form part of these consolidated financial statements.

# Notes to the Financial Statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in equity securities (see note 1(h)); and
- derivative financial instruments (see note 1(i)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(ab)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

### (c) Changes in accounting policies

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:

- (1) IFRS 15, *Revenue from contracts with customers*
- (2) IFRS 9, *Financial instruments*
- (3) 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.

Changes in accounting policies are applied by the Group in accordance with the new IFRSs and require management to make judgements and estimates after considering the specific circumstances of the Group. These judgements and estimates are reviewed and assessed on an ongoing basis. As a result, the impacts of adoption of new IFRSs reflected in the 2018 annual financial statements differs from the estimated impacts disclosed in the 2018 interim financial statements.

#### (1) 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.

IFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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.

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (1) IFRS 15, Revenue from contracts with customers (Continued)

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
<b>Retained earnings</b>	
Capitalisation of sales commissions	3,063,942
Related tax	(765,987)
Impact on share of profits of associates and joint ventures	358,438
Non-controlling interests	(449,530)
<b>Net increase in retained earnings at 1 January 2018</b>	<b>2,206,863</b>

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

#### (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.

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.



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

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

##### (i) *Timing of revenue recognition* (Continued)

If the contract terms and the entity's activities do not fall into any of these three 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.

The Group's property development activities are mainly carried out in the People's Republic of China (the "PRC") and some overseas countries and regions. The timing of revenue recognition for sales of properties is analysed as follows.

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 opening balances as at 1 January 2018.

##### (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. The Group has assessed and considered that the financing component effect is insignificant and therefore, this change in accounting policy had no material impact on opening balances as at 1 January 2018.

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (1) IFRS 15, Revenue from contracts with customers (Continued)

##### (iii) Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as selling and marketing expenses 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, and non-controlling interests increased by RMB450 million. For the same reason, interests in associates and joint ventures increased by RMB359 million at 1 January 2018.

##### (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 (see note 1(y)) 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 (see note 1(q)).

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 (note 20) are now included under contract assets (note 19); and
- B. “Receipts in advance” amounting to RMB379,941 million, which were previously included in trade and other payables (note 24) are now included under contract liabilities (note 19).

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

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

#### (v) *Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018.*

The following tables summarise the estimated impact of adoption of IFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under IFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under IAS 18 and IAS 11 if those superseded standards had continued to apply to 2018 instead of IFRS 15. These tables show only those line items impacted by the adoption of IFRS 15:

	Amounts reported in accordance with IFRS 15 (A) RMB'000	Hypothetical amounts under IASs 18 and 11 (B) RMB'000	Difference: Estimated impact of adoption of IFRS 15 on 2018 (A)-(B) RMB'000
Line items in the consolidated statement of profit or loss for year ended 31 December 2018 impacted by the adoption of IFRS 15:			
Revenue	297,083,058	297,835,768	(752,710)
Cost of revenue	(187,130,999)	(187,733,122)	602,123
<b>Gross profit</b>	<b>109,952,059</b>	<b>110,102,646</b>	<b>(150,587)</b>
Selling and marketing expenses	(7,868,076)	(8,727,526)	859,450
<b>Profit from operations</b>	<b>88,966,393</b>	<b>88,257,530</b>	<b>708,863</b>
Share of profits less losses of associates and joint ventures	6,279,911	6,846,983	(567,072)
<b>Profit before taxation</b>	<b>87,064,968</b>	<b>86,923,177</b>	<b>141,791</b>
Income tax	(37,792,673)	(37,651,777)	(140,896)
<b>Profit for the year</b>	<b>49,272,295</b>	<b>49,271,400</b>	<b>895</b>
<b>Profit attributable to equity shareholders of the Company</b>	<b>33,772,652</b>	<b>33,903,712</b>	<b>(131,060)</b>
<b>Earnings per share (RMB)</b>			
Basic and diluted	3.06	3.07	(0.01)

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (1) IFRS 15, Revenue from contracts with customers (Continued)

	Amounts reported in accordance with IFRS 15 (A) RMB'000	Hypothetical amounts under IASs 18 and 11 (B) RMB'000	Difference: Estimated impact of adoption of IFRS 15 on 2018 (A)-(B) RMB'000
Line items in the consolidated statement of profit or loss and other comprehensive income for year ended 31 December 2018 impacted by the adoption of IFRS 15:			
Total comprehensive income for the year	46,279,008	46,278,113	895
Total comprehensive income attributable to the equity shareholders of the Company	31,140,825	31,271,885	(131,060)
Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of IFRS 15:			
Inventories and other contract costs	754,310,077	749,784,563	4,525,514
Contract assets	1,364,127	–	1,364,127
Trade and other receivables	331,838,827	333,202,954	(1,364,127)
<b>Total current assets</b>	<b>1,295,155,915</b>	<b>1,290,630,401</b>	<b>4,525,514</b>
Interest in associates and joint ventures	129,527,656	129,736,290	(208,634)
<b>Total non-current assets</b>	<b>233,507,500</b>	<b>233,716,134</b>	<b>(208,634)</b>
Trade and other payables	486,726,148	990,684,852	(503,958,704)
Contract liabilities	504,711,414	–	504,711,414
Current taxation	37,292,979	36,643,271	649,708
<b>Total current liabilities</b>	<b>1,121,913,937</b>	<b>1,120,511,519</b>	<b>1,402,418</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

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

	Amounts reported in accordance with IFRS 15 (A) RMB'000	Hypothetical amounts under IASs 18 and 11 (B) RMB'000	Difference: Estimated impact of adoption of IFRS 15 on 2018 (A)-(B) RMB'000
Net current assets	173,241,978	170,118,882	3,123,096
Total assets less current liabilities	406,749,478	403,835,016	2,914,462
Deferred tax liabilities	622,971	365,798	257,173
Total non-current liabilities	171,128,748	170,871,575	257,173
Net assets	235,620,730	232,963,441	2,657,289
Reserves	144,724,980	142,649,176	2,075,804
Total equity attributable to equity shareholders of the Company	155,764,132	153,688,328	2,075,804
Non-controlling interests	79,856,598	79,275,113	581,485
Total equity	235,620,730	232,963,441	2,657,289
Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 31 December 2018 (note 22(b)) impacted by the adoption of IFRS 15:			
Profit before taxation	87,064,968	86,923,177	141,791
Increase in inventories and other contract costs	(111,117,086)	(109,655,514)	(1,461,572)
Increase in trade and other payables and contract liabilities	175,776,497	175,023,787	752,710

The significant differences arise as a result of the changes in accounting policies are described above.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (2) 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.

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

	Retained earnings RMB'000	Other reserve RMB'000	Fair value reserve RMB'000
Equity securities measured at FVPL	1,896	(1,896)	–
Equity securities measured at FVOCI	–	(195,086)	195,086
Net change at 1 January 2018	1,896	(196,982)	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 categories 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.

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.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (2) 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)

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

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (2) 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) The Group has initially adopted IFRS 15 at 1 January 2018. Under the transition methods chosen, “gross amounts due from customers for contract work” amounting to RMB692,809,000, which were previously included in trade and other receivables are now included under contract assets (note 1(c)(1)(iv)).
- (ii) 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 as FVOCI by the Group. At 1 January 2018, the Group designated certain investments amounted to RMB745,325,000 at FVOCI, as these investments are held for strategic purposes. Other equity securities amounted to RMB595,424,000 were classified as at FVPL at 1 January 2018.
- (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.

##### (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 1(q)).

For further details on the Group’s accounting policy for accounting for credit losses, see note 1(o)(i).

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

##### (iii) *Hedge accounting*

The Group has elected to prospectively 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 (see note 1(j)). The adoption of IFRS 9 has not had a significant impact on the Group’s financial statements in this regard.



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (c) Changes in accounting policies (Continued)

#### (3) 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.

#### (d) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Where a property is acquired, via corporate acquisitions or otherwise, the directors considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. hotel and logistics operations, etc.). When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net identifiable assets.

## 1 Significant accounting policies (Continued)

### (d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(t) or (u) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)).

### (e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (see note 1(ab)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(g) and 1(o)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (e) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(h)).

### (f) Joint operation

The Group classifies joint arrangements as joint operations when the Group has rights to the individual assets, and obligations for the individual liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the inventories arising from the joint operation;
- its share of the revenue from the sale of the inventories by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

## 1 Significant accounting policies (Continued)

### (g) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(o)).

### (h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 30(e). These investments are subsequently accounted for as follows, depending on their classification.

### (A) Policy applicable from 1 January 2018

#### *Investments other than equity investments*

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 (see note 1(y)(vi)).
- 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.
- 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.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (h) Other investments in debt and equity securities (Continued)

#### (A) Policy applicable from 1 January 2018 (Continued)

##### *Equity investments*

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 (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) 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, are recognised in profit or loss as other income in accordance with the policy set out in note 1(y)(v).

#### (B) Policy applicable prior to 1 January 2018

Investments in equity securities which are not held for trading are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(o)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 1(y)(v), respectively.

When the investments are derecognised or impaired (see note 1(o)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

#### (i) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 1(j)).

## 1 Significant accounting policies (Continued)

### (j) Cash flow hedges

The hedge accounting policy applied from 1 January 2018 is similar to that applicable prior to 1 January 2018. However, under the new hedge accounting policy, depending on the complexity of the hedge, the Group applies a more qualitative approach to assessing hedge effectiveness, and the assessment is always forward-looking.

The Group designates only the change in fair value of the spot element of the foreign exchange derivatives as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity. The forward elements and foreign currency basis spread are separately accounted for as costs of hedging; they are recognised in other comprehensive income and accumulated in costs of hedging reserve as a separate component within equity.

The amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged items affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, it is reclassified to profit or loss in the same period or periods as the hedged items affect profit or loss.

### (k) Investment properties

Investment properties are buildings which are owned or held under a leasehold interest (see note 1(n)) to earn rental income and/or for capital appreciation. These include property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. Rental income from investment properties is accounted for as described in note 1(y)(iv).

Depreciation is calculated to write off the costs of investment properties, less its residual value of 0% to 7%, if any, using the straight-line method over their estimated useful lives of 20 to 70 years. Both the useful life and residual value, if any, are reviewed annually.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (l) Property, plant and equipment

The following items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss (see note 1(o)):

- buildings held for own use which are situated on leasehold land classified as held under operating lease (see note 1(n)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, and an appropriate proportion of production overheads and borrowing costs (see note 1(aa)).

A self-constructed asset is classified as construction in progress and transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Useful life	Residual value %
Leasehold land	unexpired term of lease	0%
Buildings held for own use	the shorter of the unexpired term of lease and 70 years	4%
Improvements to premises	5 years	0%
Machinery and motor vehicles	5 – 20 years	4%
Electronics and other equipment	3 – 5 years	4%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

## 1 Significant accounting policies (Continued)

### (m) Intangible assets (other than goodwill)

Intangible assets are referred to the identifiable non-monetary assets that are owned or controlled by the Group without physical form. The cost of external purchased intangible assets, including the purchase price, the related tax and fees, and the other expenses directly attributable to the intended use of the assets.

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(o)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight line method over its estimated useful life as follows:

Operating rights	Project operation period
Executable property management contracts	Remaining contract period

The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. The Group does not have any intangible assets with indefinite useful lives.

The Group recognises an infrastructure operating right arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. A public premise operating right received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the public premise operating right is measured at cost, which includes capitalised borrowing costs (see note 1(aa)), less accumulated amortisation and impairment losses (see note 1(o)).

### (n) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (n) Leased assets (Continued)

The cost of acquiring land held under an operating lease is classified as non-current assets and amortised on a straight-line basis over the period of the lease term except where the property is classified as a property, plant and equipment (see note 1(l)) or is held for development for sale (see note 1(p)(i)).

### (o) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments and contract assets

##### (A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for ECLs on the following item:

- 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 1(q));

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

##### *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.

## 1 Significant accounting policies (Continued)

### (o) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments and contract assets (Continued)

##### (A) Policy applicable from 1 January 2018 (Continued)

###### *Measurement of ECLs (Continued)*

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.

###### *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 borrower 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.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (o) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments and contract assets (Continued)

#### (A) Policy applicable from 1 January 2018 (Continued)

##### *Significant increases in credit risk (Continued)*

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.

##### *Basis of calculation of interest income*

Interest income recognised in accordance with note 1(y)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 borrower 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.

## 1 Significant accounting policies (Continued)

### (o) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments and contract assets (Continued)

##### (A) Policy applicable from 1 January 2018 (Continued)

###### *Write-off policy*

The gross carrying amount of a financial asset, lease receivable 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.

##### (B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables). Under the “incurred loss” model, an impairment loss was recognised only when there was objective evidence of impairment.

Objective evidence of impairment included:

- 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 bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was determined and recognised as follows:

- For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate, where the effect of discounting was material.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (o) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments and contract assets (Continued)

#### (B) Policy applicable prior to 1 January 2018 (Continued)

This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

When the recovery of a trade receivables or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

- For available-for-sale investments, the cumulative loss that had been recognised in the fair value reserve (recycling) was reclassified to profit or loss. The amount of the cumulative loss that was recognised in profit or loss was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities were not reversed through profit or loss. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income.

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

## 1 Significant accounting policies (Continued)

### (o) Credit losses and impairment of assets (Continued)

#### (ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (o) Credit losses and impairment of assets (Continued)

#### (ii) Impairment of other assets (Continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### (iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 1(o)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

### (p) Inventories and other contract costs

#### (i) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

- Property held for development and property under development

The cost of properties held for development and properties under development comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses and an appropriate proportion of overheads and borrowing costs capitalised (see note 1(aa)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

## 1 Significant accounting policies (Continued)

### (p) Inventories and other contract costs (Continued)

#### (i) Property development (Continued)

- Completed property for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### (ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(p)(i)), property, plant and equipment (see note 1(l)) or intangible assets (see note 1(m)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(y).



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (q) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(y)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(o)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(r)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(y)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(r)).

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.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(y)).

#### Policy prior to 1 January 2018

In the comparative period, contract balances were recorded for construction contracts at the net amount of costs incurred plus recognised profit less recognised losses and progress billings. These net balances were presented under “trade and other receivables” or “trade and other payables” respectively on a contract-by-contract basis. These balances have been reclassified on 1 January 2018 as shown in note 19 (see note 1(c)(1)(iv)).

### (r) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(q)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(o)(i)).

### (s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(o)(i).

## 1 Significant accounting policies (Continued)

### (t) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (u) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, using the effective interest method.

### (v) Employee benefits

#### (i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

### (w) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (w) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

## 1 Significant accounting policies (Continued)

### (w) Income tax (Continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### (x) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (y) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (y) Revenue and other income (Continued)

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is 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. Deposits and instalments received on properties sold prior to the date of revenue recognition were included in the statement of financial position under contract liabilities (see note 1(q)).

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 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. Deposits and instalments received on properties sold prior to the date of revenue recognition were included in the statement of financial position under trade and other payables.

#### (ii) Provision of services

Revenue from services including property management services is recognised when services are rendered.

#### (iii) Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on real estate assets under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Revenue for construction contracts was recognised on a similar basis in the comparative period under IAS 11.

## 1 Significant accounting policies (Continued)

### (y) Revenue and other income (Continued)

#### (iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### (v) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

#### (vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

### (z) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (aa) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### (ab) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

## 1 Significant accounting policies (Continued)

### (ac) Related parties

- (1) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (2) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (1).
  - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 1 Significant accounting policies (Continued)

### (ad) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 2 Accounting judgement and estimates

### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

#### (i) Classification between subsidiaries, joint ventures and associates

The Group co-operated with certain third parties to engage in property development project through certain entities. In accordance with the respective co-operation agreements, the Group has the right to acquire certain percentage of the equity interest in these entities at a pre-determined price when certain conditions set out in these agreements are met. The Group has made judgement on the classification of these entities to subsidiaries, joint ventures or associates in accordance with the respective agreements, articles of associations and the involvement of the Group and the other parties in these entities. The Group will continuously evaluate the situation and such investments are accounted for in accordance with accounting policies set out in notes 1(d) and (e).

#### (ii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

## 2 Accounting judgement and estimates (Continued)

### (a) Critical accounting judgements in applying the Group's accounting policies (Continued)

#### (iii) Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after their completion, whereas, the properties are accounted for as investment properties under construction if the properties are intended to be held to earn rentals and/or for capital appreciation.

#### (b) Sources of estimation uncertainty

Notes 13 and 30 contain information about the assumptions and their risk factors relating to goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

##### (i) Properties for sale

As explained in note 1(p), the Group's properties for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in cases for properties held for development and properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

##### (ii) PRC Land Appreciation Tax ("LAT")

As explained in note 6(a), 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 cost and relevant property development expenditures. Given the uncertainties of the calculation basis of land appreciation tax to be interpreted by the local tax bureau and the actual appreciation of land value may be different from the original estimates, the actual outcomes may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in estimates would affect profit or loss in future years.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 2 Accounting judgement and estimates (Continued)

### (b) Sources of estimation uncertainty (Continued)

#### (iii) Impairment for trade and other receivables

The Group estimates loss allowance for expected credit losses for trade and other receivables resulting from the expected cash shortfalls. The Group bases the estimates on the information about past events, current conditions and forecasts of future economic conditions. If above conditions were to deteriorate, actual provisions would be higher than estimated.

#### (iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and other deductible temporary differences carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

#### (v) Revenue recognition

As explained in policy note 1(y), revenue from construction contracts is recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the manufacturing and construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets disclosed in note 19 do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

In addition, the contract assets arising from construction contracts were included in trade and other receivables as amounts due from customers for contract work and were disclosed in note 20, rather than note 19.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 3 Revenue and segment reporting

### (a) Revenue

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

### (i) The amount of each significant category of revenue is as follows:

	2018 RMB'000	2017 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sales of properties	278,083,220	225,761,341
Property management and related services	9,795,648	7,199,419
Construction contracts	3,411,259	845,461
Other services	2,726,291	2,165,860
	<b>294,016,418</b>	<b>235,972,081</b>
<b>Revenue from other sources</b>		
Gross rentals from investment properties	3,066,640	1,372,607
	<b>297,083,058</b>	<b>237,344,688</b>

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

### (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RMB520.8 billion. This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed or, in the case of the properties under development for sale, when the properties are assigned to the customers, which is expected to occur over the next 12 to 36 months.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales that had an original expected duration of one year or less.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 3 Revenue and segment reporting (Continued)

### (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.

- Property development (Northern region/Southern region/Shanghai region/Central-western 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 expected credit loss and the profit arising from the inter-segment transactions. 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.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 3 Revenue and segment reporting (Continued)

### (b) Segment reporting (Continued)

#### (i) Segment results and assets (Continued)

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

	Property development					
	Northern region	Southern region	Shanghai region	Central and western region	Property management	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2018</b>						
Revenue from external customers before tax	68,931,596	77,152,009	83,857,542	55,876,325	9,795,648	295,613,120
Inter-segment revenue	76,507	155,106	380,097	51,791	1,374,946	2,038,447
Reportable segment revenue, before tax	69,008,103	77,307,115	84,237,639	55,928,116	11,170,594	297,651,567
Reportable segment profit	14,673,916	18,722,136	25,668,552	7,350,046	1,180,943	67,595,593
Reportable segment assets	322,739,185	411,794,011	363,948,651	278,630,190	11,963,513	1,389,075,550

	Property development					
	Northern region	Southern region	Shanghai region	Central and western region	Property management	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2017</b>						
Revenue from external customers before tax	55,771,827	71,730,215	67,209,346	39,997,377	7,367,842	242,076,607
Inter-segment revenue	188,227	193,163	20,336	115,067	1,218,900	1,735,693
Reportable segment revenue, before tax	55,960,054	71,923,378	67,229,682	40,112,444	8,586,742	243,812,300
Reportable segment profit	10,840,097	20,023,572	13,096,343	5,365,811	931,090	50,256,913
Reportable segment assets	246,903,759	329,483,976	299,138,180	182,860,476	10,662,270	1,069,048,661

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 3 Revenue and segment reporting (Continued)

### (b) Segment reporting (Continued)

#### (i) Segment results and assets (Continued)

Northern region:	Southern region:	Shanghai region:	Central and western region:
Beijing, Tianjin, Shenyang, Anshan, Dalian, Qingdao, Changchun, Yantai, Jilin, Taiyuan, Tangshan, Langfang, Fushun, Qinhuangdao, Jinzhong, Yingkou, Jinan, Shijiazhuang, Pingdu, Harbin, Zibo and Weihai	Shenzhen, Guangzhou, Qingyuan, Dongguan, Foshan, Zhuhai, Zhongshan, Changsha, Xiamen, Fuzhou, Huizhou, Sanya, Nanning, Putian, Quanzhou and Zhangzhou	Shanghai, Hangzhou, Suzhou, Ningbo, Nanjing, Zhenjiang, Nanchang, Hefei, Yangzhou, Jiaxing, Wuhu, Wenzhou, Nantong, Changzhou, Kunshan, Wuxi, Xuzhou, Changshu, Shaoxing, Haining, Jingjiang, Rui'an, Taicang, Yancheng, Gaoyou, Suqian, Haimen, Taizhou and etc.	Chengdu, Wuhan, Xi'an, Chongqing, Kunming, Guiyang, Urumqi, Nanchong, Zhengzhou, Lanzhou, Yichang, Weinan, Yuxi, Yinchuan, Xining, Xishuangbanna, Dali and etc.

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

	2018 RMB'000	2017 RMB'000
<b>Revenue</b>		
Reportable segment revenue before tax	297,651,567	243,812,300
Elimination of inter-segment revenue	(2,038,447)	(1,735,693)
Unallocated revenue	2,066,211	820,504
Sales taxes	(596,273)	(5,552,423)
<b>Consolidated revenue</b>	<b>297,083,058</b>	<b>237,344,688</b>
<b>Profit</b>		
Reportable segment profit	67,595,593	50,256,913
Elimination of inter-segment profit	(930,565)	(1,750,499)
Share of profits less losses of associates and joint ventures	6,279,911	4,569,160
Dividend income	36,201	27,145
Other income	1,029,546	2,366,629
Other operating expenses, excluding expected credit loss	(512,908)	(394,252)
Unallocated expenses	(6,037,577)	(3,933,143)
LAT	19,604,767	13,539,786
<b>Consolidated profit before taxation</b>	<b>87,064,968</b>	<b>64,681,739</b>
<b>Assets</b>		
Reportable segment assets	1,389,075,550	1,069,048,661
Elimination of inter-segment receivables	(462,169,113)	(349,685,747)
Unallocated assets	601,756,978	446,076,459
<b>Consolidated assets</b>	<b>1,528,663,415</b>	<b>1,165,439,373</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 3 Revenue and segment reporting (Continued)

### (b) Segment reporting (Continued)

#### (iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, intangible assets, interest in associates, interest in joint ventures, other financial assets and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the properties sold. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties, the location of the operation to which they are allocated, in the case of intangible assets, other financial assets and other non-current assets, and the location of operations, in the case of interest in associates and joint ventures.

	Revenue from external customers	
	2018 RMB'000	2017 RMB'000
Mainland China	296,972,150	237,261,795
Hong Kong Special Administrative Region ("Hong Kong")	110,908	82,893
	<b>297,083,058</b>	<b>237,344,688</b>
	Specified non-current assets	
	2018 RMB'000	2017 RMB'000
Mainland China	206,233,761	128,154,514
Hong Kong	2,999,009	3,156,838
The United States of America	6,342,480	4,790,792
The United Kingdom	2,183,045	2,040,939
	<b>217,758,295</b>	<b>138,143,083</b>

The analysis above includes property rental income from external customers in Mainland China of RMB2,914,027,000 (2017: RMB1,248,020,000), in Hong Kong and Oversea of RMB152,613,000 (2017: RMB124,587,000), respectively.



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 4 Other net income

	2018 RMB'000	2017 RMB'000
Interest income	3,839,923	2,502,617
Dividend income	36,201	27,145
Forfeited deposits and compensation from customers	228,786	497,059
Net gain on disposals of subsidiaries, joint ventures and associates	433,887	942,825
Net gain on disposal of other financial assets	–	28,741
Net gain on disposals of other current asset	37,936	–
Net loss on disposals of property, plant and equipment	(3,409)	(4,916)
Fair value changes	86,635	–
Net exchange loss	(1,320,525)	(358,767)
Gain from change of ownership interest in subsidiaries and joint ventures	–	676,690
Others	245,711	226,229
	<b>3,585,145</b>	<b>4,537,623</b>

## 5 Profit before taxation

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

### (a) Finance costs

	2018 RMB'000	2017 RMB'000
Borrowings costs	14,145,812	8,208,090
Less: Borrowing costs capitalised into inventories, investment properties and construction in progress	(5,964,476)	(4,147,358)
	<b>8,181,336</b>	<b>4,060,732</b>

Note: The borrowing costs have been capitalised at a rate of 5.30% (2017: 5.04%) per annum.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 5 Profit before taxation (Continued)

### (b) Staff costs

	2018 RMB'000	2017 RMB'000
Salaries, wages and other benefits	14,103,050	9,679,235
Contributions to defined contribution plans	855,763	654,855
	<b>14,958,813</b>	10,334,090

The total Economic Profits Bonus (see note 33(a)(ii)) of 2018 were RMB1.74 billion (2017: RMB1.51 billion) and included in the staff cost.

The Company and its subsidiaries in Mainland China participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities, whereby the Company and its subsidiaries in Mainland China are required to make contribution at the rate required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

### (c) Other items

	2018 RMB'000	2017 RMB'000
Depreciation and amortisation	2,921,936	1,929,038
Impairment loss of trade and other receivables	616,799	724,727
Impairment loss of leasehold land/investment properties	982,895	74,118
Auditors' remuneration	14,000	14,000
Cost of inventories (note 18(a))	174,784,281	153,080,270
Operating lease charges	265,880	216,155

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

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

### (a) Taxation in the consolidated statement of profit or loss represents:

	2018 RMB'000	2017 RMB'000
<b>Current tax</b>		
Provision for CIT, Hong Kong Profits Tax and U.S. income tax	24,470,938	16,281,070
Provision for LAT	19,613,163	13,561,204
Withholding tax	75,432	206,832
	44,159,533	30,049,106
<b>Deferred tax</b>		
Origination and reversal of temporary differences (note 27(b)(i))	(6,366,860)	(2,575,754)
	37,792,673	27,473,352

#### (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 2018 is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year.

The U.S. income tax charge comprises federal income tax calculated at 21% 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.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

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

### (a) Taxation in the consolidated statement of profit or loss represents: (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%.

### (b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2018 RMB'000	2017 RMB'000
Profit before taxation	87,064,968	64,681,739
Less: LAT	(19,604,767)	(13,539,786)
Profit before CIT, Hong Kong Profits Tax and U.S. income tax	67,460,201	51,141,953
Notional tax calculated at applicable income tax rate of the relevant group entities concerned	17,714,524	13,344,513
Non-taxable income	(1,579,028)	(1,318,249)
Non-deductible expenses	1,551,521	1,339,512
Effect of temporary difference not recognised	736,434	487,149
Utilisation of previously unrecognised tax losses	(178,787)	(19,964)
Under-provision in respect of prior years	(56,758)	100,605
CIT, Hong Kong Profits Tax and U.S. income tax	18,187,906	13,933,566
LAT	19,604,767	13,539,786
Income tax expense	37,792,673	27,473,352

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 7 Directors', supervisors' and chief executive's emoluments

	2018				2017 Total RMB'000
	Directors'/ supervisors' fee RMB'000	Basic salaries, allowances and other benefits RMB'000	Bonuses and retirement benefit RMB'000	Total RMB'000	
<b>Executive directors</b>					
Mr. YU Liang	–	1,380	11,150	12,530	11,899
Mr. WANG Wenjin	–	1,150	8,123	9,273	7,998
Mr. ZHANG Xu <sup>#</sup>	–	1,150	8,895	10,045	4,520
Mr. WANG Shi <sup>*</sup>	–	–	–	–	5,947
<b>President and Chief Executive Officer</b>					
Mr. ZHU Jiusheng <sup>Δ</sup>	–	1,260	10,018	11,278	–
<b>Non-executive directors</b>					
Mr. LIN Maode <sup>#</sup>	333	–	–	333	–
Mr. XIAO Min <sup>#</sup>	333	–	–	333	–
Mr. CHEN Xianjun <sup>#</sup>	333	–	–	333	–
Mr. SUN Shengdian <sup>#</sup>	333	–	–	333	–
Mr. QIAO Shibo <sup>*</sup>	–	–	–	–	90
Mr. SUN Jianyi <sup>*</sup>	–	–	–	–	90
Mr. WEI Bin <sup>*</sup>	–	–	–	–	90
Mr. CHEN Ying <sup>*</sup>	–	–	–	–	90
<b>Independent non-executive directors</b>					
Mr. KANG Dian <sup>#</sup>	555	–	–	555	150
Ms. LIU Shuwei <sup>#</sup>	555	–	–	555	150
Mr. Ng Kar Ling, Johnny <sup>#</sup>	555	–	–	555	150
Mr. LI Qiang <sup>#</sup>	555	–	–	555	–
Mr. ZHANG Liping <sup>*</sup>	–	–	–	–	150
Ms. LAW Elizabeth <sup>*</sup>	–	–	–	–	150
Mr. HAI Wen <sup>*</sup>	–	–	–	–	150
Mr. HUA Sheng <sup>*</sup>	–	–	–	–	–
<b>Supervisors</b>					
Mr. XIE Dong	–	1,150	7,652	8,802	8,292
Mr. ZHOU Qingping	–	840	1,804	2,644	2,320
Ms. ZHENG Ying <sup>#</sup>	333	–	–	333	–
Ms. LIVASIRI Ankana <sup>*</sup>	–	–	–	–	90
<b>2018</b>	<b>3,885</b>	<b>6,930</b>	<b>47,642</b>	<b>58,457</b>	<b>42,326</b>
<b>2017</b>	<b>1,350</b>	<b>6,000</b>	<b>34,976</b>	<b>42,326</b>	

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 7 Directors', supervisors' and chief executive's emoluments (Continued)

In addition, certain directors, supervisors and the chief executive officer participated in the Economic Profits Bonus Plan of the Company. Details are disclosed in note 33(a).

\* These executive directors, non-executive directors, independent non-executive directors and supervisors were ceased appointment during 2017.

# These executive directors, non-executive directors, independent non-executive directors and supervisors were appointed on 30 June 2017.

△ Mr. ZHU Jiusheng was appointed as Chief Executive Officer of the Company on 1 February 2018.

## 8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, 1 (2017: 1) of them is a director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other 4 (2017: 4) individuals are as follows:

	2018 RMB'000	2017 RMB'000
Salaries and other emoluments	5,280	5,280
Discretionary bonuses	46,285	46,022
Contributions to retirement benefit scheme	418	408
	51,983	51,710

In addition, the above individuals participated in the Economic Profits Bonus Plan of the Company. Details are disclosed in note 33(a).

The emoluments of the 4 (2017: 4) individuals with the highest emoluments are within the following bands:

	2018 Number of individuals	2017 Number of individuals
HK\$11,500,001 – HK\$12,000,000	–	1
HK\$14,000,001 – HK\$14,500,000	1	–
HK\$14,500,001 – HK\$15,000,000	1	–
HK\$15,500,001 – HK\$16,000,000	1	1
HK\$16,000,001 – HK\$16,500,000	1	2

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 9 Other comprehensive income

2018	Attributable to equity shareholders of the Company					
	Exchange reserve	Hedging reserve	Fair value reserve (non- recycling)	Total	Non- controlling interests	Total OCI
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Equity investments at FVOCI (non-recycling)	-	-	(373,622)	(373,622)	-	(373,622)
Share of other comprehensive income of associates	-	-	(723,853)	(723,853)	(145,532)	(869,385)
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of financial statements of overseas subsidiaries	(130,607)	-	-	(130,607)	20,680	(109,927)
Cash flow hedge reserve: Effective portion of changes in fair value of hedging instruments recognised during the year	-	493,948	-	493,948	-	493,948
Cash flow hedge reserve: Reclassification adjustments for amounts transferred to profit or loss	-	(494,623)	-	(494,623)	-	(494,623)
Costs of hedging reserve: Change in fair value for the year	-	(562,664)	-	(562,664)	-	(562,664)
Costs of hedging reserve: Reclassification adjustments for amounts transferred to profit or loss	-	336,450	-	336,450	-	336,450
Share of other comprehensive income of associates	(1,176,856)	-	-	(1,176,856)	(236,608)	(1,413,464)
<b>Total</b>	<b>(1,307,463)</b>	<b>(226,889)</b>	<b>(1,097,475)</b>	<b>(2,631,827)</b>	<b>(361,460)</b>	<b>(2,993,287)</b>

## 10 Earnings per share ("EPS")

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 11 Property, plant and equipment

	Buildings held for own use RMB'000	Improvements to premises RMB'000	Leasehold land RMB'000	Machinery and motor vehicles RMB'000	Electronics and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>							
At 1 January 2017	7,055,065	1,697,330	655,212	507,693	523,703	765,314	11,204,317
Additions	335,363	1,757,439	6,946	80,289	204,620	331,321	2,715,978
Transfer	217,480	–	–	4,852	–	(74,224)	148,108
Disposals	(179,231)	(11,910)	(13,493)	(29,878)	(42,682)	–	(277,194)
Change in consolidation scope	45,355	(3,364)	(1,556)	2,141	12,043	–	54,619
Exchange adjustments	–	(348)	–	–	(8,400)	–	(8,748)
At 31 December 2017	7,474,032	3,439,147	647,109	565,097	689,284	1,022,411	13,837,080
At 1 January 2018	7,474,032	3,439,147	647,109	565,097	689,284	1,022,411	13,837,080
Additions	120,952	3,945,585	3,142,178	55,769	218,996	923,548	8,407,028
Transfer	1,447,728	–	–	21,740	37,958	(483,897)	1,023,529
Disposals	(63,636)	(20,582)	–	(16,566)	(38,416)	–	(139,200)
Change in consolidation scope	3,704,784	67,051	680,800	92,989	119,832	450,945	5,116,401
Exchange adjustments	–	590	–	43	5,545	–	6,178
At 31 December 2018	12,683,860	7,431,791	4,470,087	719,072	1,033,199	1,913,007	28,251,016
<b>Accumulated depreciation:</b>							
At 1 January 2017	852,304	672,749	85,917	167,199	320,516	–	2,098,685
Charge for the year	258,946	636,447	15,219	44,993	99,795	–	1,055,400
Written back on disposals	(3,777)	(10,076)	(3,400)	(19,670)	(29,773)	–	(66,696)
Change in consolidation scope	4,901	(2,370)	1,798	857	10,587	–	15,773
Exchange adjustments	–	(183)	–	–	(669)	–	(852)
At 31 December 2017	1,112,374	1,296,567	99,534	193,379	400,456	–	3,102,310
At 1 January 2018	1,112,374	1,296,567	99,534	193,379	400,456	–	3,102,310
Charge for the year	457,711	977,757	123,997	50,303	127,960	–	1,737,728
Written back on disposals	(50,866)	(12,797)	–	(14,202)	(28,123)	–	(105,988)
Change in consolidation scope	621,852	46,267	92,288	57,069	53,046	–	870,522
Exchange adjustments	–	277	–	15	769	–	1,061
At 31 December 2018	2,141,071	2,308,071	315,819	286,564	554,108	–	5,605,633
<b>Net book value:</b>							
At 31 December 2018	10,542,789	5,123,720	4,154,268	432,508	479,091	1,913,007	22,645,383
At 31 December 2017	6,361,658	2,142,580	547,575	371,718	288,828	1,022,411	10,734,770



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 12 Investment properties

### (a) Reconciliation of carrying amount

	2018		2017	
	Completed properties RMB'000	Properties under development RMB'000	Completed properties RMB'000	Properties under development RMB'000
<b>Cost:</b>				
At 1 January	12,123,244	5,437,179	10,420,880	2,176,338
Additions of construction costs	–	3,172,331	–	2,287,910
Change in consolidation scope	1,390,193	811,423	3,842,912	807,739
Transfer from inventories	2,135,667	1,900,480	2,483,186	74,472
Additions	367,102	–	281,336	1,256,666
Exchange adjustment	110,299	–	(38,941)	(86,793)
Classified as assets held for sale	–	–	(5,821,805)	(123,477)
Transfer upon completion	899,258	(899,258)	955,676	(955,676)
At 31 December	17,025,763	10,422,155	12,123,244	5,437,179
<b>Accumulated depreciation:</b>				
At 1 January	383,086	–	443,350	–
Change in consolidation scope	271,405	–	100,212	–
Charge for the year	757,625	–	354,378	–
Exchange adjustment	6,714	–	(10,493)	–
Classified as assets held for sale	–	–	(504,361)	–
At 31 December	1,418,830	–	383,086	–
<b>Impairment:</b>				
At 1 January	131,140	–	57,022	–
Charge for the year	–	–	74,118	–
At 31 December	131,140	–	131,140	–
<b>Net book value:</b>				
At 31 December	15,475,793	10,422,155	11,609,018	5,437,179

## 12 Investment properties (Continued)

### (a) Reconciliation of carrying amount (Continued)

As at 31 December 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 17, was approximately RMB63,256,479,000 (2017: RMB33,038,391,000). This fair value, together with the fair value of the Group's assets held for sale as disclosed in note 23, 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, independent qualified professional valuers.

The valuation for completed properties was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in nearby locations and comparable conditions.

The valuation for properties under development was arrived at by making reference to comparable sales as available in the relevant market. The construction cost incurred, estimated construction cost to complete the development, discount rate and estimated developer's profit as at the date of valuation are also taken into account.

The fair value of the investment properties, together with leasehold land on which the investment properties located as set out in note 17, and assets held for sale as set out in note 23 disclosed at the end of the reporting period is categorised into Level 3 valuations: Fair value measured using significant unobservable inputs, as defined in IFRS 13, *Fair value measurement*.

## Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

### 12 Investment properties (Continued)

- (b) The Group leases out investment properties under operating leases. The leases run for an initial period of two to twenty years. The lease payments include fixed rentals and contingent rentals based on business performance of the tenants.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2018 RMB'000	2017 RMB'000
Within 1 year	1,267,685	682,555
After 1 year but within 5 years	6,234,562	3,264,864
After 5 years	1,758,220	922,293
	9,260,467	4,869,712

Certain of the Group's investment properties were pledged for bank loans. See note 25 for details.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 13 Intangible assets

	Operating right and others RMB'000	Goodwill RMB'000	Total RMB'000
<b>Cost:</b>			
At 1 January 2017	939,544	201,690	1,141,234
Exchange adjustment	–	4,653	4,653
Additions	392,312	–	392,312
At 31 December 2017 and 1 January 2018	1,331,856	206,343	1,538,199
Exchange adjustment	–	10,766	10,766
Additions	62,936	–	62,936
At 31 December 2018	1,394,792	217,109	1,611,901
<b>Accumulated amortisation:</b>			
At 1 January 2017	248,480	–	248,480
Charge for the year	193,446	–	193,446
At 31 December 2017 and 1 January 2018	441,926	–	441,926
Charge for the year	154,549	–	154,549
At 31 December 2018	596,475	–	596,475
<b>Net book value:</b>			
At 31 December 2018	798,317	217,109	1,015,426
At 31 December 2017	889,930	206,343	1,096,273

### (a) Operating right and others

The cost of operating right and others mainly represented the fair value of operating rights of public premise acquired. The public premise has commenced operation since December 2014.

### (b) Goodwill

Goodwill arose from the acquisition of Vanke Property (Overseas) Limited by the Group in 2012. As at the end of the financial reporting period, an impairment test was performed and no impairment loss was recorded.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 14 Investments in subsidiaries

The following are the particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. The PRC subsidiaries are of limited liability.

Name of company*	Place of incorporation and operation	Particulars of issued and paid up capital ('000)	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Shenzhen Vanke Development Company Limited	Shenzhen	RMB600,000	100%	95%	5%	Property development
Guangzhou Vanke Enterprises Company Limited	Guangzhou	RMB1,000,000	100%	90%	10%	Property development
Shanghai Vanke Enterprises Company Limited	Shanghai	RMB10,000,000	100%	–	100%	Property development
Beijing Vanke Enterprises Company Limited	Beijing	RMB2,000,000	100%	95%	5%	Property development
Foshan Vanke Property Company Limited	Foshan	RMB20,000	100%	–	100%	Property development
Dongguan Vanke Real Estate Company Limited	Dongguan	RMB300,000	100%	–	100%	Property development
Zhuhai Vanke Development Company Limited	Zhuhai	RMB10,000	100%	100%	–	Property development
Xiamen Vanke Enterprises Company Limited	Xiamen	RMB1,200,000	100%	100%	–	Property development
Fuzhou Vanke Development Company Limited	Fuzhou	RMB20,000	100%	100%	–	Property development
Hainan Vanke Corporate Management Company Limited	Hainan	RMB10,000	100%	100%	–	Property development
Nanjing Vanke Enterprises Company Limited	Nanjing	RMB150,000	100%	100%	–	Property development

\* For identification purposes only

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 14 Investments in subsidiaries (Continued)

Name of company*	Place of incorporation and operation	Particulars of issued and paid up capital ('000)	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Suzhou Vanke Enterprises Company Limited	Suzhou	RMB100,000	100%	100%	-	Property development
Ningbo Vanke Enterprises Company Limited	Ningbo	RMB150,000	100%	100%	-	Property development
Hefei Vanke Enterprises Company Limited	Hefei	RMB200,000	100%	100%	-	Property development
Tangshan Vanke Real Estate Company Limited	Tangshan	RMB200,000	100%	-	100%	Property development
Tianjin Vanke Real Estate Company Limited	Tianjin	RMB390,000	100%	15%	85%	Property development
Shenyang Vanke Enterprises Company Limited	Shenyang	RMB100,000	100%	95%	5%	Property development
Dalian Vanke Property Company Limited	Dalian	RMB30,000	100%	100%	-	Property development
Changchun Vanke Real Estate Development Company Limited	Changchun	RMB50,000	100%	95%	5%	Property development
Yantai Vanke Enterprises Company Limited	Yantai	RMB30,000	100%	100%	-	Property development
Taiyuan Vanke Real Estate Company Limited	Taiyuan	RMB60,000	100%	100%	-	Property development
Qingdao Vanke Real Estate Company Limited	Qingdao	RMB20,000	100%	100%	-	Property development
Vanke (Chengdu) Enterprises Company Limited	Chengdu	RMB500,000	100%	90%	10%	Property development

\* For identification purposes only

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 14 Investments in subsidiaries (Continued)

Name of company*	Place of incorporation and operation	Particulars of issued and paid up capital ('000)	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Wuhan Vanke Real Estate Company Limited	Wuhan	RMB150,000	100%	95%	5%	Property development
Vanke (Chongqing) Enterprises Company Limited	Chongqing	RMB100,000	100%	100%	–	Property development
Xi'an Vanke Enterprises Company Limited	Xi'an	RMB20,000	100%	100%	–	Property development
Guiyang Vanke Real Estate Company Limited	Guiyang	RMB100,000	100%	100%	–	Property development
Yunnan Vanke Enterprises Company Limited	Kunming	RMB20,000	100%	100%	–	Property development
Vanke (Xinjiang) Enterprises Company Limited	Urumqi	RMB100,000	100%	95%	5%	Property development
Zhejiang Zhenan Vanke Real Estate Company Limited	Wenzhou	RMB1,300,000	100%	100%	–	Property development
Wuhu Vanke Real Estate Company Limited	Wuhu	RMB60,000	100%	100%	–	Property development
Yangzhou Vanke Real Estate Company Limited	Yangzhou	RMB10,000	100%	100%	–	Property development
Zhengzhou Vanke Enterprises Company Limited	Zhengzhou	RMB100,000	100%	100%	–	Property development
Xuzhou Vanke Enterprises Company Limited	Xuzhou	RMB100,000	100%	100%	–	Property development
Jinan Vanke Enterprises Company Limited	Jinan	RMB100,000	100%	100%	–	Property development

\* For identification purposes only

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 14 Investments in subsidiaries (Continued)

Name of company*	Place of incorporation and operation	Particulars of issued and paid up capital ('000)	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Guangxi Vanke Corporate Management Company Limited	Nanning	RMB10,000	100%	100%	–	Property development
Changzhou Vanke Real Estate Company Limited	Changzhou	RMB500,000	100%	–	100%	Property development
Shijiazhuang Vanke Real Estate Company Limited	Shijiazhuang	RMB50,000	100%	–	100%	Property development
Zhongshan Vanke Enterprises Company Limited	Zhongshan	RMB100,000	100%	100%	–	Property development
Changsha Vanke Enterprises Company Limited	Changsha	RMB19,000	100%	100%	–	Property development
Zhejiang Vanke Nandu Real Estate Company Limited	Hangzhou	RMB3,650,000	100%	–	100%	Property development
Wuxi Vanke Enterprises Company Limited	Wuxi	RMB20,000	100%	100%	–	Property development
Nantong Vanke Real Estate Company Limited	Nantong	RMB20,000	100%	–	100%	Property development
Jiangxi Vanke Yida Property Investment Company Limited	Nanchang	RMB100,000	50%	50%	–	Property development
Jiaxing Vanke Real Estate Company Limited	Jiaxing	RMB100,000	100%	–	100%	Property development
Yancheng Vanke Real Estate Company Limited	Yancheng	RMB20,000	100%	–	100%	Property development
Vanke Property (Overseas) Limited	The Cayman Islands/ Hong Kong	HKD7,500	75%	–	75%	Property Investment holding

\* For identification purposes only



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 14 Investments in subsidiaries (Continued)

Name of company*	Place of incorporation and operation	Particulars of issued and paid up capital ('000)	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Lanzhou Vanke Enterprises Company Limited	Lanzhou	RMB100,000	100%	–	100%	Property development
Vanke Real Estate (Hong Kong) Company Limited	Hong Kong	HKD3,034,200	100%	80%	20%	Investment holding
Vanke Property (Hong Kong) Company Limited	Hong Kong	USD490,000	100%	–	100%	Investment holding
Vanke Land (Hong Kong) Company Limited	Hong Kong	USD90,000	100%	49%	51%	Investment holding
Dongguan Vanke Architectural Technology Research Company Limited	Dongguan	RMB20,000	100%	100%	–	Others
Vanke Holdings USA LLC	USA	USD804,069	100%	–	100%	Investment holding
Jilin Songhua Lake International Resorts Company Limited	Jilin	RMB100,000	100%	–	100%	Tourism
Lithium Real Estate (Jersey) Limited	UK	GBP27,420	100%	–	100%	Investment holding
Shenzhen Vanke Logistics Investment Company Limited	Shenzhen	RMB90,000	100%	–	100%	Investment holding
Zhuhai Port Apartment Management Company Limited	Shenzhen	RMB5,000	100%	–	100%	Investment holding
Vanke Service Development Co., Ltd.	Shenzhen	RMB1,000,000	71.43%	60%	3%	Property service
Shenzhen Vanke Property Service Company Limited	Shenzhen	RMB50,000	71.43%	–	63%	Property service

\* For identification purposes only

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 14 Investments in subsidiaries (Continued)

Name of company*	Place of incorporation and operation	Particulars of issued and paid up capital ('000)	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Guangzhou Vanke Property Service Company Limited	Guangzhou	RMB5,000	71.43%	–	63%	Property service
Dongguan Vanke Property Service Company Limited	Dongguan	RMB5,000	71.43%	–	63%	Property service
Foshan Vanke Property Service Company Limited	Foshan	RMB5,000	71.43%	–	63%	Property service
Nanjing Vanke Property Management Company Limited	Nanjing	RMB12,000	71.43%	–	63%	Property service
Shanghai Vanke Property Service Company Limited	Shanghai	RMB12,260	71.43%	–	63%	Property service
Beijing Vanke Property Service Company Limited	Beijing	RMB22,000	71.43%	–	63%	Property service
Tianjin Vanke Property Service Company Limited	Tianjin	RMB10,000	71.43%	–	63%	Property service
Shenyang Vanke Property Service Company Limited	Shenyang	RMB10,000	71.43%	–	63%	Property service
Chengdu Vanke Property Service Company Limited	Chengdu	RMB15,000	71.43%	–	63%	Property service
Wuhan Vanke Property Service Company Limited	Wuhan	RMB12,000	71.43%	–	63%	Property service
Changchun Vanke Property Service Company Limited	Changchun	RMB20,000	71.43%	–	63%	Property service
Shenzhen Wanrui Intelligent Technology Company Limited	Shenzhen	RMB10,000	71.43%	–	63%	Others

No individual non-controlling interest is considered material to the Group as at 31 December 2018 and 2017.

\* For identification purposes only

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 15 Interests in associates and joint ventures

### (a) Interests in associates

	2018 RMB'000	2017 RMB'000
Listed in Hong Kong	6,158,865	3,136,217
Unlisted	67,678,136	36,537,676
	<b>73,837,001</b>	<b>39,673,893</b>

As at 31 December 2018, the market value of the investment in associate listed in Hong Kong was RMB6,240,278,000 (2017: RMB3,154,271,000).

Management considers that none of the associates of the Group will have a significant impact to the financial position and performance of the Group individually.

	2018 RMB'000	2017 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	73,837,001	39,673,893
Aggregate amounts of the Group's share of those associates' profit or loss for the year*	1,666,729	486,439
Aggregate amounts of the Group's share of those associates' other comprehensive income for the year	(2,282,849)	(51,022)
Share of changes in equity other than comprehensive income and distributions received from associates	–	(836,409)

\* Included the Group's share of impairment loss of inventories of RMB601 million (2017: RMB259 million).

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 15 Interests in associates and joint ventures (continued)

### (b) Interests in joint ventures

Management considers that none of the joint ventures of the Group will have significant impact to the financial position and performance of the Group individually.

	2018 RMB'000	2017 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	55,690,655	41,550,412
Aggregate amounts of the Group's share of those joint ventures' profit or loss and total comprehensive income for the year*	4,613,181	4,082,721

\* Included the Group's share of impairment loss of inventories of RMB Nil million (2017: RMB114 million).

## 16 Other financial assets

		31 December 2018 RMB'000	1 January 2018 RMB'000	31 December 2017 RMB'000
<b>Equity securities designated at FVOCI (non-recycling)</b>	(i),(ii)			
– Listed equity securities		1,636,584	745,325	–
<b>Financial assets measured at FVPL</b>	(ii)			
– Listed equity securities		586,989	293,992	–
– Unlisted equity securities		465,342	301,432	–
		1,052,331	595,424	–
<b>Available-for-sale equity securities</b>	(ii)			
– Listed		–	–	1,039,317
– Unlisted		–	–	301,432
		–	–	1,340,749

(i) The Group designated its investment in certain companies at FVOCI (non-recycling), as the investment is held for strategic purposes. Dividends of RMB12,748,000 were received on this investment during the year (2017: RMB12,890,000).

(ii) Available-for-sale financial assets were reclassified to financial assets measured at FVPL and equity securities designated at FVOCI (non-recycling) upon the initial application of IFRS 9 at 1 January 2018 (see note 1(c)(2)).

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 17 Other non-current assets

	2018 RMB'000	2017 RMB'000
Prepayments for acquisitions and properties development (note (a))	6,171,552	14,391,777
Amounts due from associates	–	132,872
Prepayments for leasehold land (note (b))	28,157,836	11,765,103
Others	1,653,579	411,037
	<b>35,982,967</b>	<b>26,700,789</b>

Notes:

- (a) The balance mainly included payments for land development projects for the purpose of acquisition of land and other properties development.
- (b) Movement of prepayments for leasehold land included in other non-current assets is analysed as follows:

	2018 RMB'000	2017 RMB'000
<b>Cost:</b>		
At 1 January	12,239,660	10,068,448
Additions	20,043,767	3,843,112
Disposal and transfer	(2,302,623)	(1,671,900)
At 31 December	<b>29,980,804</b>	<b>12,239,660</b>
<b>Accumulated amortisation:</b>		
At 1 January	474,557	290,870
Charge for the year	443,254	325,814
Written back on disposal and transfer	(77,738)	(142,127)
At 31 December	<b>840,073</b>	<b>474,557</b>
<b>Impairment:</b>		
At 1 January	–	–
Charge for the year	982,895	–
At 31 December	<b>982,895</b>	–
<b>Net book value:</b>		
At 31 December	<b>28,157,836</b>	<b>11,765,103</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 17 Other non-current assets (Continued)

Certain of the Group's other non-current assets were pledged for bank loans. See note 25 for details.

An impairment provision amounted to RMB982,895,000 was made for leasehold land by management with reference to the valuation report.

## 18 Inventories and other contract costs

		31 December 2018 RMB'000	1 January 2018 (i) RMB'000	31 December 2017 (i) RMB'000
	Notes			
Properties held for development		178,298,587	217,660,671	217,660,671
Properties under development		507,075,261	329,143,658	329,143,658
Completed properties for sale		63,962,097	49,981,113	49,981,113
Others		1,050,740	701,862	701,862
		<b>750,386,685</b>	597,487,304	597,487,304
Other contract costs	(ii)	3,923,392	3,063,942	–

Notes:

- (i) The Group has initially applied IFRS 15 using the cumulative effect method and adjusted the opening balances at 1 January 2018. Comparative information has not been restated.
- (ii) Upon the adoption of IFRS 15, opening adjustments were made as at 1 January 2018 to capitalise certain sales commissions which were expensed in prior periods. This has resulted in an increase in contract costs as at that date (see note 1(c)(1)(iii)).

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 18 Inventories and other contract costs (Continued)

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2018 RMB'000	2017 RMB'000
Carrying amount of inventories sold	173,765,903	152,560,374
Write-down of inventories	1,018,378	519,896
	174,784,281	153,080,270

Certain of the Group's inventories were pledged for bank loans. See note 25 for details.

### (b) Contract costs

Contract costs capitalised as at 31 December 2018 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and marketing expenses" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB2,401,188,000. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

In the comparative period, such sales commissions were recognised as "selling and marketing expenses" when incurred and therefore an opening balance adjustment was made on 1 January 2018 in this regard (see note 1(c)(1)).

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

The amount of capitalised contract costs that is expected to be recovered after more than one year is RMB440,576,000.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 19 Contract assets and contract liabilities

### (a) Contract assets

	Notes	31 December 2018 RMB'000	1 January 2018 (i) RMB'000	31 December 2017 (i) RMB'000
<b>Contract assets</b>				
Arising from performance under construction contracts	(ii)	1,364,127	692,809	–
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables"		1,588,739	1,432,734	

Notes:

- (i) The Group has initially applied IFRS 9 and IFRS 15 using the cumulative effect method and adjusted the opening balances as at 1 January 2018.
- (ii) Upon the adoption of IFRS 15, amounts previously included as "Gross amount due from customers for contract work" under "Trade and other receivables" (note 20) were reclassified to contract assets (see note 1(c)(1)(iv)).

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets.

The amount of contract assets that is expected to be recovered after more than one year is RMB64,348,000 (2017: RMB nil), all of which relate to retentions.

### (b) Contract liabilities

	Notes	31 December 2018 RMB'000	1 January 2018 (i) RMB'000	31 December 2017 (i) RMB'000
<b>Contract liabilities</b>				
Property development	(ii)	504,711,414	379,941,171	–



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 19 Contract assets and contract liabilities (Continued)

### (b) Contract liabilities (Continued)

Notes:

- (i) The Group has initially applied IFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018.
- (ii) Upon the adoption of IFRS 15, these amounts were reclassified from "Trade and other payables" (note 24) to contract liabilities (see note 1(c)(1)(iv)).

The Group receives 20-100% of the contract value as a deposit from customers when they sign the sale and purchase agreement and the rest of the consideration is paid according to payment schedules. This deposit is recognised as a contract liability until the properties are controlled by the customer.

#### Movements in contract liabilities

	2018 RMB'000
Balance at 1 January	379,941,171
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(235,972,681)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments, excluding amounts recognised as revenue during the year	341,074,243
Change of consolidation scope	19,668,681
Balance at 31 December	504,711,414

The amount of forward sales deposits and instalments received expected to be recognised as income after more than one year is RMB126,971 million (2017: RMB120,837 million), which were included under "trade and other payables").

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 20 Trade and other receivables

	Notes	31 December 2018 RMB'000	1 January 2018 RMB'000	31 December 2017 RMB'000
Trade receivables, net of loss allowance	a	1,588,739	1,432,734	1,432,734
Other receivables, net of loss allowance	b	107,429,364	87,106,009	87,106,009
Prepayments, net of loss allowance	d	85,915,161	73,017,107	73,017,107
Amounts due from associates	c	35,727,848	21,871,219	21,871,219
Amounts due from joint ventures	c	101,166,932	54,272,539	54,272,539
Gross amount due from customers for contract work	e	–	–	692,809
Derivative financial instruments	f	10,783	12,494	12,494
		<b>136,905,563</b>	76,156,252	76,849,061
		<b>331,838,827</b>	237,712,102	238,404,911

Notes:

Upon the adoption of IFRS 15, gross amount due from customers for contract work is included in contract assets and disclosed in note 19 (see note 1(c)(1)(iv)).

All of the trade and other receivables, apart from receivables of RMB3,835 million (2017: RMB4,271 million), are expected to be recovered within one year.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 20 Trade and other receivables (Continued)

### (a) Ageing analysis

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

	2018 RMB'000	2017 RMB'000
Within 1 year	1,078,552	798,422
1 to 2 years	266,418	396,837
2 to 3 years	190,602	148,131
Over 3 years	53,167	89,344
	1,588,739	1,432,734

The Group's credit policy is set out in note 30(a).

Trade receivables that were past due but not impaired relate to a number of independent debtors that have a good track record or ongoing business relationship with the Group. Management considers that the trade receivables that were past due but not impaired was insignificant. Based on experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- (b) Other receivables mainly included deposits paid for the acquisition of land and advances made to non-controlling shareholders of certain subsidiaries. Allowance for other receivables related to certain long outstanding deposits and management assessed that only a portion of the receivables is expected to be recovered.
- (c) The amounts due from associates and joint ventures as at 31 December 2018 include amounts of RMB35,697 million (2017: RMB21,338 million) which are interest-bearing at market rate, unsecured and repayable on demand. The interest income from these associates and joint ventures amounted to RMB1,596 million (2017: RMB809 million). The remaining amounts due from associates and joint ventures are unsecured, interest-free and repayable on demand.
- (d) Prepayments include prepayments for leasehold land of RMB33,704 million (2017: RMB36,590 million), prepaid CIT of RMB10,560 million (2017: RMB8,415 million) and prepaid LAT of RMB9,375 million (2017: RMB6,494 million) and prepaid value-added tax ("VAT") of RMB22,872 million (2017: RMB12,657 million). Allowance for prepayments relates to certain prepayments for property project and management assessed that the prepayments are not expected to be recoverable.

## 20 Trade and other receivables (Continued)

- (e) Upon the adoption of IFRS 15, gross amount due from customers for contract work is included in contract assets and disclosed in note 19 (see note 1(c)(1)(iv)).
- (f) The Group entered into foreign exchange forward contracts, cross currency swap contracts (“CCS contracts”) and interest rate swap contracts (“IRS contracts”). These foreign exchange forward contracts, CCS contracts and IRS contracts are measured at fair value. The effective portion of gains and losses on forward contracts, CCS contracts and IRS contracts qualifying for hedge accounting as at 31 December 2018 was recognised in the other comprehensive income and calculated separately in equity in hedging reserve.

The Group uses foreign exchange forward contracts and CCS contracts to mitigate currency risk. The notional amount of outstanding foreign exchange forward contracts as at 31 December 2018 was RMB6,012 million (2017: RMB13,191 million), and the fair value was recognised in derivative financial liability at RMB340 million (note 24) (2017: derivative financial asset at RMB1,020 million). The notional amount of outstanding CCS contracts as at 31 December 2018 was RMB11,790 million, and the fair value was recognised in derivative financial liability at RMB291 million (note 24).

The Group uses IRS contracts to mitigate the risk of changes in market interest rates. As at 31 December 2018, the notional principal of the outstanding IRS contracts amounted to RMB4,386 million (2017: RMB4,169 million), and the fair value was recognised in derivative financial asset at RMB11 million (2017: derivative financial asset at RMB11 million).

## 21 Other current assets

At 31 December 2018, other current assets mainly represented investments in wealth management products with maturity dates of less than one year.

## 22 Cash and cash equivalents

### (a) Cash and cash equivalents comprise

	2018 RMB'000	2017 RMB'000
Cash at bank and on hand	175,668,164	164,326,007

As at the end of the reporting period, bank deposit balances amounted RMB1,094 million (2017: RMB143 million) were held with Huishang Bank.

## Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

### 22 Cash and cash equivalents (Continued)

#### (b) Reconciliation of profit before taxation to cash generated from operation

	Note	2018 RMB'000	2017 RMB'000
Profit before taxation		87,064,968	64,681,739
Adjustments for:			
Write-down of inventories	18(a)	1,018,378	519,896
Impairment loss of trade and other receivables	5(c)	616,799	724,727
Impairment loss of leasehold land/ investment properties	5(c)	982,895	74,118
Depreciation and amortisation	5(c)	2,921,936	1,929,038
Net loss on disposals of property, plant and equipment	4	3,409	4,916
Net gain on disposals of subsidiaries, joint ventures and associates	4	(433,887)	(942,825)
Net gain on disposal of other financial assets	4	–	(28,741)
Net gain on disposal of other current assets	4	(37,936)	–
Fair value changes	4	(86,635)	–
Gain on previously held interest in subsidiaries upon loss of control		–	(270,237)
Gain on previously held interest in joint ventures upon taking control		–	(406,453)
Finance costs	5(a)	8,181,336	4,060,732
Interest income	4	(3,839,923)	(2,502,617)
Dividend income from investments	4	(36,201)	(27,145)
Share of profits less losses of associates	15(a)	(1,666,729)	(486,439)
Share of profits less losses of joint ventures	15(b)	(4,613,181)	(4,082,721)
Net exchange loss	4	1,320,525	358,767
Changes in working capital:			
Increase in inventories and other contract costs		(111,117,086)	(106,003,417)
Increase in trade and other receivables and contract assets		(85,844,528)	(75,876,593)
Increase in trade and other payables and contract liabilities		175,776,497	227,110,342
Cash generated from operations		70,210,637	108,837,087

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 22 Cash and cash equivalents (Continued)

### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and borrowings from financial institutions RMB'000 Note 25	Bonds payable RMB'000 Note 26	Interest payables RMB'000 Note 24	Other payables RMB'000	Total RMB'000
At 1 January 2018	152,138,365	38,486,048	995,144	4,324,560	195,944,117
Changes from financing cash flows:					
Proceeds from bank loans, borrowings from financial institutions and bonds	96,052,992	38,982,790	–	–	135,035,782
Repayment of bank loans, borrowings from financial institutions and bonds	(65,829,693)	(8,024,678)	–	–	(73,854,371)
Proceed from advance payment from contracted parties	–	–	–	14,780,756	14,780,756
Repayment of advance payment from contracted parties	–	–	–	(2,819,066)	(2,819,066)
Interest paid	–	–	(13,633,142)	–	(13,633,142)
Total changes from financing cash flows	30,223,299	30,958,112	(13,633,142)	11,961,690	59,509,959
Exchange adjustments	2,484,847	1,649,226	677,359	–	4,811,432
Other changes:					
Interest expenses accrual (Note 5(a))	–	48,233	7,459,833	673,270	8,181,336
Capitalised borrowing costs (Note 5(a))	–	–	5,964,476	–	5,964,476
Change in consolidation scope	5,219,467	–	–	–	5,219,467
Total other changes	5,219,467	48,233	13,424,309	673,270	19,365,279
At 31 December 2018	190,065,978	71,141,619	1,463,670	16,959,520	279,630,787

## Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

### 22 Cash and cash equivalents (Continued)

#### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and borrowings from financial institutions RMB'000 Note 25	Bonds payable RMB'000 Note 26	Interest payables RMB'000 Note 24	Other payables RMB'000	Total RMB'000
At 1 January 2017	97,287,766	31,576,557	378,375	–	129,242,698
Changes from financing cash flows:					
Proceeds from bank loans, borrowings from financial institutions and bonds	94,575,767	10,620,400	–	–	105,196,167
Repayment of bank loans, borrowings from financial institutions and bonds	(38,773,234)	(2,481,086)	–	–	(41,254,320)
Proceed from advance payment from contracted parties	–	–	–	4,324,560	4,324,560
Interest paid	–	–	(7,211,556)	–	(7,211,556)
Total changes from financing cash flows	55,802,533	8,139,314	(7,211,556)	4,324,560	61,054,851
Exchange adjustments	(951,934)	(1,229,823)	(379,765)	–	(2,561,522)
Other changes:					
Interest expenses (Note 5(a))	–	–	4,060,732	–	4,060,732
Capitalised borrowing costs (Note 5(a))	–	–	4,147,358	–	4,147,358
Total other changes	–	–	8,208,090	–	8,208,090
At 31 December 2017	152,138,365	38,486,048	995,144	4,324,560	195,944,117

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 23 Assets held for sale

	2018 RMB'000	2017 RMB'000
Investment properties	6,044,310	5,059,928
Inventories	580,321	1,850,243
	<b>6,624,631</b>	6,910,171

The board of directors approved the disposal of a number of commercial real estate projects. The Group entered into a framework agreement with a fund (which is an associate of the Group) and the corresponding assets were classified as "assets held for sale". The transactions for a number of these projects were completed and the remaining transactions are progressing.

Assets being classified as held for sale are recognised at the lower of their carrying amount and fair value less costs to sell (see note 1(ab)). The fair value of the Group's assets held for sale, was approximately RMB8,106,620,000 as at 31 December 2018 as determined by the directors of the Company with reference to the valuation performed as set out in note 12(a). No impairment loss was recorded for the assets held for sale and the Group does not have any other comprehensive income related to the assets held for sale.

## 24 Trade and other payables

		31 December 2018 RMB'000	1 January 2018 RMB'000	31 December 2017 RMB'000
Trade creditors and bills payable	(a)	229,597,382	176,769,587	176,769,587
Other payables and accruals	(b)	171,215,957	106,658,934	106,658,934
Amounts due to associates	(c)	21,318,729	16,346,328	16,346,328
Amounts due to joint ventures	(c)	62,245,218	50,887,273	50,887,273
Receipts in advance		253,965	27,764,769	407,705,940
Interest payables		1,463,670	995,144	995,144
Derivative financial instrument	20(f)	631,227	1,019,940	1,019,940
		<b>486,726,148</b>	380,441,975	760,383,146

Notes:

Upon the adoption of IFRS 15, receipts in advance are included in contract liabilities and disclosed in note 19(b) (see note 1(c)(1)(iv)).



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 24 Trade and other payables (Continued)

Notes:

- (a) An amount of RMB3,613 million (2017: RMB3,368 million) included in trade and other payables is expected to be settled after one year.

Ageing analysis of trade creditors and bills payable included in trade and other payables as at the end of the reporting period, based on the invoice date:

	2018 RMB'000	2017 RMB'000
Current or payable on demand	225,983,899	173,401,196
Due after one year	3,613,483	3,368,391
Total	229,597,382	176,769,587

- (b) Other payables and accruals include advance from non-controlling shareholders of subsidiaries and other parties for the respective property development projects amounted to RMB79,403 million (2017: RMB76,991 million). These balances, except for amounts of RMB7,631 million (2017: RMB4,781 million) which are interest-bearing at market rate, are interest-free, unsecured and repayable on demand.
- (c) The amounts of RMB9,534 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 for the year amounted to RMB301 million (2017: RMB213 million). The remaining amounts due to associates and joint ventures are unsecured, interest free and repayable on demand.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 25 Bank loans and borrowings from financial institutions

This note provides information about the contractual terms of the Group's bank loans and borrowings from financial institutions. For more information about the Group's exposure to interest rate risk, please refer to note 30(c).

	31 December 2018		
	Bank loans RMB'000	Borrowings from financial institutions RMB'000	Total RMB'000
<b>Current</b>			
Secured	9,434,307	–	9,434,307
Unsecured	41,485,936	18,216,680	59,702,616
	50,920,243	18,216,680	69,136,923
<b>Non-current</b>			
Secured	13,474,674	–	13,474,674
Unsecured	73,568,050	33,886,331	107,454,381
	87,042,724	33,886,331	120,929,055
	31 December 2017		
	Bank loans RMB'000	Borrowings from financial institutions RMB'000	Total RMB'000
<b>Current</b>			
Secured	4,789,659	370,000	5,159,659
Unsecured	42,599,272	8,350,389	50,949,661
	47,388,931	8,720,389	56,109,320
<b>Non-current</b>			
Secured	17,111,295	200,000	17,311,295
Unsecured	50,873,050	27,844,700	78,717,750
	67,984,345	28,044,700	96,029,045

## Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

### 25 Bank loans and borrowings from financial institutions (Continued)

The secured bank loans are secured over share of interest in certain subsidiaries of the Group and other assets as below:

	2018 RMB'000	2017 RMB'000
Inventories	6,392,588	4,986,706
Investment properties	2,092,695	2,835,128
Other non-current assets	6,172,314	1,069,530
Pledged deposit	7,840,600	4,266,000
Property, plant and equipment	552,331	–
	<b>23,050,528</b>	<b>13,157,364</b>

Bank loans and borrowings from financial institutions are interest-bearing at 1.70% to 8.30% per annum (2017: 1.85% to 7.90% per annum).

At 31 December, non-current interest-bearing bank loans and borrowings from financial institutions were repayable as follows:

	2018 RMB'000	2017 RMB'000
After 1 year but within 2 years	45,172,737	35,821,555
After 2 years but within 5 years	70,358,538	59,645,942
After 5 years	5,397,780	561,548
	<b>120,929,055</b>	<b>96,029,045</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 26 Bonds payable

	Note	2018 RMB'000	2017 RMB'000
<b>Current</b>			
USD Corporate Bonds	(a)	–	5,164,654
Bonds issued under Medium Term Note (“MTN”) Programme	(b)	10,057,408	998,722
Bonds issued under Short-term Commercial Paper (“SCP”) Programme	(c)	13,989,065	–
		<b>24,046,473</b>	<b>6,163,376</b>
<b>Non-current</b>			
Bonds issued under MTN Programme	(b)	23,706,908	17,408,714
RMB Corporate Bonds	(d)	12,466,357	8,970,078
RMB MTN Programme	(e)	10,921,881	5,943,880
		<b>47,095,146</b>	<b>32,322,672</b>
		<b>71,141,619</b>	<b>38,486,048</b>

### 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 were repaid in 2018.
- (b) Vanke Real Estate Hong Kong (“VREHK”), a wholly owned subsidiary of the Group, established a MTN Programme (“the Programme”) which is listed on the Stock Exchange of Hong Kong. These bonds are unsecured and interest-bearing at 2.50% to 5.35% per annum. At 31 December 2018, RMB1,498 million of non-current bonds issued under the Programme are repayable after 2 year but within 5 years, and RMB22,209 million of which are repayable after 5 years.
- (c) In 2018, the Group issued notes of RMB14,000 million under the SCP Programme which are listed on the National Association of Financial Market Institution Investors in the PRC. These bonds bear fixed interest rate of 3.13% to 4.60% per annum, are unsecured and repayable within one year.
- (d) The Company was approved by the China Securities Regulatory Commission (“CSRC”) for public issuance of corporate bonds not exceeding RMB17 billion to qualified investors. These bonds bear fixed interest rate of 3.50% to 4.54% per annum, are unsecured and repayable after 2 years but within 5 years.
- (e) The Group issued notes under the MTN programme which are listed on the National Association of Financial Market Institution Investors. These bonds bear fixed interest rate of 3.20% to 4.60% per annum, are unsecured and repayable after 2 years but within 5 years.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 27 Income tax in the consolidated statement of financial position

### (a) Current taxation in the consolidated statement of financial position represents:

	31 December 2018 RMB'000	31 December 2017 RMB'000
Income taxes	9,435,377	7,224,614
LAT	27,857,602	17,474,974
	<b>37,292,979</b>	<b>24,699,588</b>

LAT provisions have been made pursuant to Guo Shui Fa (2006) No.187 Circular of State Administration of Taxation on Relevant Issues of Settlement and Management of Land Appreciation Tax for Real Estate Developers. The Group considers the timing of settlement is dependent on the practice of local tax bureaus. As a result of the uncertainty of timing of payment of LAT, the provisions have been recorded as current liabilities.

### (b) Deferred tax assets and liabilities recognised:

#### (i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses RMB'000	Write- down of inventories and impairment of investment properties RMB'000	Accruals for construction costs RMB'000	Accrual for LAT RMB'000	Unrealised profits RMB'000	Impairment loss of trade and other receivables RMB'000	Other temporary differences RMB'000	Fair value adjustments arising from business combinations RMB'000	Capitalised contract costs (Note 1) RMB'000	Withholding tax RMB'000 (note 6(a)(iii))	Total RMB'000
<b>Deferred tax arising from:</b>											
At 1 January 2017	3,589,162	251,787	571,266	2,166,225	319,403	176,312	124,378	(561,776)	-	(117,479)	6,519,278
Credited to profit or loss (note 6(a))	98,663	69,377	175,530	1,880,560	120,410	75,102	23,725	105,084	-	27,303	2,575,754
Acquisitions of subsidiaries	69,751	-	-	-	-	-	-	-	-	-	69,751
Disposals of subsidiaries	(60,649)	-	-	-	-	-	-	189,113	-	-	128,464
At 31 December 2017	3,696,927	321,164	746,796	4,046,785	439,813	251,414	148,103	(267,579)	-	(90,176)	9,293,247
Impact on initial application of IFRS 15	-	-	-	-	-	-	-	-	(765,985)	-	(765,985)
At 1 January 2018	3,696,927	321,164	746,796	4,046,785	439,813	251,414	148,103	(267,579)	(765,985)	(90,176)	8,527,262
Credited/(charged) to profit or loss (note 6(a))	2,655,517	188,362	664,628	1,449,870	783,386	59,033	45,843	9,356	528,264	(17,399)	6,366,860
Acquisitions of subsidiaries	323,024	-	-	-	-	-	-	-	(19,452)	-	303,572
Disposals of subsidiaries	(71,460)	-	-	-	-	-	-	-	-	-	(71,460)
At 31 December 2018	6,604,008	509,526	1,411,424	5,496,655	1,223,199	310,447	193,946	(258,223)	(257,173)	(107,575)	15,126,234

Note 1: Upon the initial application of IFRS 15, the Group has recognised deferred tax liabilities arising from the capitalisation of contract costs which had been expensed in prior periods (see note 1(c)(1)(iii)).

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 27 Income tax in the consolidated statement of financial position (Continued)

### (b) Deferred tax assets and liabilities recognised: (Continued)

#### (ii) Reconciliation to the consolidated statement of financial position

	2018 RMB'000	2017 RMB'000
<b>Representing:</b>		
Deferred tax assets	15,749,205	9,651,002
Deferred tax liabilities	(622,971)	(357,755)
	<b>15,126,234</b>	<b>9,293,247</b>

### (c) Deferred tax assets not recognised:

Deferred tax assets has not been recognised in respect of the following items:

	2018 RMB'000	2017 RMB'000
Tax losses	3,517,632	2,553,194
Deductible temporary differences	2,733,073	956,551
At 31 December	<b>6,250,705</b>	<b>3,509,745</b>

The deductible temporary differences will not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses expired/will expire in the following years:

	2018 RMB'000	2017 RMB'000
2018	–	85,252
2019	58,666	59,632
2020	66,472	272,392
2021	238,897	650,359
2022	1,399,164	1,485,559
2023	1,754,433	–
	<b>3,517,632</b>	<b>2,553,194</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 27 Income tax in the consolidated statement of financial position (Continued)

### (d) Deferred tax liabilities not recognised

Pursuant to the Implementation Rules of the Enterprise Income Tax Law, overseas investors of foreign investment enterprises shall be liable for withholding income tax at 10% on the dividend derived from the profits of PRC subsidiaries with effect from 1 January 2008, unless the tax rate is reduced by treaty. Pursuant to the Sino-Hong Kong Double Tax Arrangements, the investor established in Hong Kong which is the beneficiary owner holding not less than 25% of the equity interests of its PRC subsidiaries can enjoy a reduced withholding tax rate of 5% on the dividend received from its PRC subsidiaries. The Group recognised the deferred tax liabilities in relation to the distributable profits expected to be distributed in foreseeable future.

At 31 December 2018, temporary differences relating to the undistributed profits of domestic subsidiaries that have not been recognised as deferred tax liability amounted to RMB11,408 million (2017: RMB7,273 million). Deferred tax liabilities of RMB841 million (2017: RMB544 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and management expects that it is probable that these profits will not be distributed in the foreseeable future.

## 28 Other non-current liabilities

The balance mainly represents the amounts that are held on behalf of the owners committees in the property management sector by the Group, present value of proceeds to be paid by instalments for Qianhai Enterprise Dream Park Project.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 29 Capital, reserves and dividends

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2017		11,039,152	9,201,769	32,540,768	371,944	9,191,639	62,345,272
Changes in equity for 2017:							
Profit for the year		-	-	-	-	13,437,217	13,437,217
Total comprehensive income		-	-	-	-	13,437,217	13,437,217
Dividends approved in respect of the previous year		-	-	-	-	(8,720,930)	(8,720,930)
Appropriation to statutory reserves	29(c)(i)	-	-	3,359,304	-	(3,359,304)	-
<b>Balance at 31 December 2017</b>		<b>11,039,152</b>	<b>9,201,769</b>	<b>35,900,072</b>	<b>371,944</b>	<b>10,548,622</b>	<b>67,061,559</b>
Changes in equity for 2018:							
Profit for the year		-	-	-	-	22,986,348	22,986,348
Total comprehensive income		-	-	-	-	22,986,348	22,986,348
Dividends approved in respect of the previous year		-	-	-	-	(9,935,237)	(9,935,237)
Appropriation to statutory reserves	29(c)(i)	-	-	11,493,174	-	(11,493,174)	-
<b>Balance at 31 December 2018</b>		<b>11,039,152</b>	<b>9,201,769</b>	<b>47,393,246</b>	<b>371,944</b>	<b>12,106,559</b>	<b>80,112,670</b>

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



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 29 Capital, reserves and dividends (Continued)

### (b) Share capital

#### Issued share capital

	2018		2017	
	No. of shares (‘000)	RMB’000	No. of shares (‘000)	RMB’000
<b>A shares – registered, issued and fully paid of RMB1 each:</b>				
At 1 January and 31 December	9,724,197	9,724,197	9,724,197	9,724,197
<b>H shares – registered, issued and fully paid of RMB1 each:</b>				
At 1 January and 31 December	1,314,955	1,314,955	1,314,955	1,314,955
At 31 December and 1 January	11,039,152	11,039,152	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.

### (c) Nature and purpose of reserves

#### (i) Statutory reserves

##### *Statutory surplus reserve*

According to the PRC Company Law, the Group is required to transfer 10% of its profit after taxation, as determined under PRC Accounting Regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make up for previous years’ losses, if any, and may be converted into share capital by the issue of new shares to equity shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

##### *Discretionary surplus reserve*

The appropriation to the discretionary surplus reserve is subject to the shareholders’ approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

For the year ended 31 December 2018, the directors proposed to transfer RMB11,493,174,000 (2017: RMB3,359,304,000) of the Company’s current year’s net profit to this reserve.

## 29 Capital, reserves and dividends (Continued)

### (c) Nature and purpose of reserves (Continued)

#### (ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(z).

#### (iii) Hedging reserve

The hedging reserve consists of cash flow hedge reserve and cost of hedging reserve. Cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss. The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element and foreign currency basis spread of forward contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the hedging reserve.

#### (iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

#### (v) Other reserves

Other reserves are mainly resulted from transactions with owners in their capacity as owners.

### (d) Distributability of reserves and dividends

At 31 December 2018, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of the Company Law of the PRC, was RMB12,106,559,000 (2017: RMB10,548,622,000).

#### (i) Dividend payable to equity shareholders of the Company attributable to the year

	2018 RMB'000	2017 RMB'000
Dividend to be proposed at the Company's forthcoming annual general meeting of RMB1.07 per share (2017: RMB0.90 per share)	11,811,893	9,935,237

The dividend to be proposed at the Company's forthcoming annual general meeting has not been recognised as a liability at the end of the reporting period. If any circumstances, such as issuance of new shares, share repurchase or conversion of any convertible bonds into share capital before the record date for dividend distribution, results in the changes in our total number of shares on record date for dividend distribution, dividend per share shall be adjusted accordingly on the premise that the total dividends amount remains unchanged.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 29 Capital, reserves and dividends (Continued)

### (d) Distributability of reserves and dividends (Continued)

#### (ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

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

### (e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity of the Group. Net debt is calculated as total bank loans and borrowings from financial institutions and bonds payable less cash and cash equivalents and pledged and restricted deposits. The gearing ratio of the Group at 31 December 2018 and 2017 is calculated as follows:

	2018 RMB'000	2017 RMB'000
Bank loans and borrowings from financial institutions	190,065,978	152,138,365
Bonds payable	71,141,619	38,486,048
Less: Cash and cash equivalents	(175,668,164)	(164,326,007)
Pledged and restricted deposits	(12,749,283)	(9,795,002)
Net debt	72,790,150	16,503,404
Total equity	235,620,730	186,673,939
Gearing ratio	30.89%	8.84%

## 30 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents, pledged and restricted deposits, contract assets, trade and other receivables and other financial assets, and the carrying amounts of these assets represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents and pledged and restricted deposits held by the Group are mainly deposited in financial institutions such as commercial banks which maintain sound reputation and financial situation. The credit risk is considered low.

At the end of the reporting period, 10.18% (2017: 10.90%) of the total contract assets, trade and other receivables was due from the Group's five largest debtors.

Except for the financial guarantees given by the Group as set out in notes 32 and 33(d), the Group does not provide any other guarantees which would expose the Group to credit risk.

### (i) Trade receivables and contract assets

Credit risk from sale of properties is minimised as the Group normally receives full payment from buyers before the transfer of property ownership. Credit risk from construction contracts is minimised as the customers are mainly government related parties with good credit record and the contracts include payment schedules which require stage payments over the construction period once milestones are reached.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, trade receivables amounted to RMB1,589 million or 0.10% of total assets, and contract assets amounted to RMB1,364 million or 0.09% of total assets. The corresponding credit risk to the Group is therefore considered insignificant.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Gross carrying amount RMB'000	Expected loss rate %	Loss allowance RMB'000
Within 1 year	1,087,427	0.82	8,875
1 – 2 years	277,903	4.13	11,485
2 – 3 years	198,962	4.20	8,360
Over 3 years	63,267	15.96	10,100
	1,627,559		38,820

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (a) Credit risk (Continued)

#### (i) Trade receivables and contract assets (Continued)

Movement in the loss allowance account in respect of trade receivables during the reporting period is as follows:

	2018 RMB'000	2017 RMB'000
Balance at 1 January	50,843	52,747
Amounts written off during the year	(22,258)	(17,517)
Impairment losses recognised during the year	8,955	13,206
Change in consolidation scope	1,280	2,407
Balance at 31 December	38,820	50,843

No loss allowance in respect of contract assets was accrued during the reporting period since the expected credit loss from contract assets is considered immaterial.

#### (ii) Other receivables

In respect of amounts due from associates and joint ventures, the Group assesses and closely monitors their financial conditions and profitability to manage their credit risk.

In respect of other receivables due from third parties, the Group monitors the exposures and manages them based on historical settlement records and past experience, current conditions and forecasts of future economic conditions.

At each reporting date, the Group measures the expected credit losses of other debtors in following ways:

If, at the reporting date, the credit risk on other receivable has not increased significantly since initial recognition, the Group measures the loss allowance for other receivable at an amount equal to 12-month expected credit loss. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivable has increased significantly since initial recognition and no impairment loss has occurred. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if impairment losses has occurred since initial recognition.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (a) Credit risk (Continued)

#### (ii) Other receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables as at 31 December 2018:

	Gross carrying amount RMB'000	12-month expected credit loss allowance RMB'000
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For other receivable that the credit risk has not increased significantly since initial recognition:	105,656,321	116,695
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	Gross carrying amount RMB'000	Lifetime expected credit loss allowance RMB'000
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For other receivable that the credit risk has increased significantly since initial recognition and no impairment loss has occurred:	1,362,206	461,944
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	Gross carrying amount RMB'000	Lifetime expected credit loss allowance RMB'000
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For other receivable that impairment losses has occurred since initial recognition:	1,905,085	915,609
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# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (a) Credit risk (Continued)

#### (ii) Other receivables (Continued)

#### (3) For other receivable that impairment losses has occurred since initial recognition: (Continued)

Expected loss rates are based on historical loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

#### Comparative information under IAS 39

Prior to 1 January 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 1(o)(i) – policy applicable prior to 1 January 2018). At 31 December 2017, other receivables of RMB1,210 million were determined to be impaired.

Movement in the loss allowance account in respect of other receivables during the reporting period is as follows:

	2018 RMB'000	2017 RMB'000
Balance at 1 January	1,209,869	637,532
Amounts written off during the year	(3,756)	(6,800)
Impairment losses recognised during the year	280,877	577,577
Change in consolidation scope	7,258	1,560
Balance at 31 December	1,494,248	1,209,869

### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (b) Liquidity risk (Continued)

	Contractual undiscounted cash outflow					
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
<b>2018</b>						
Bank loans and borrowings from financial institutions	190,065,978	211,357,730	77,594,082	50,225,026	76,790,065	6,748,557
Bonds payable	71,141,618	79,608,544	26,240,751	9,797,687	31,342,874	12,227,232
Trade creditors and accruals	434,588,826	434,943,634	431,330,150	3,613,484	–	–
Other non-current liabilities	2,338,048	2,776,083	–	2,120,013	656,070	–
<b>Total</b>	<b>698,134,470</b>	<b>728,685,991</b>	<b>535,164,983</b>	<b>65,756,210</b>	<b>108,789,009</b>	<b>18,975,789</b>

	Contractual undiscounted cash outflow					
	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
<b>2017</b>						
Bank loans and borrowings from financial institutions	152,138,365	166,358,079	62,397,125	39,384,162	63,934,238	642,554
Bonds payable	38,486,048	44,002,310	7,493,839	23,496,332	5,238,594	7,773,545
Trade creditors and accruals	343,907,653	344,120,902	340,752,511	3,368,391	–	–
Other non-current liabilities	2,540,666	3,259,795	–	435,160	2,824,635	–
<b>Total</b>	<b>537,072,732</b>	<b>557,741,086</b>	<b>410,643,475</b>	<b>66,684,045</b>	<b>71,997,467</b>	<b>8,416,099</b>



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from its bank loans and borrowings from financial institutions. Bank loans and borrowings from financial institutions issued at variable rates expose the Group to cash flow interest rate risk. The interest rate and terms of repayment of the Group's interest-bearing borrowings are disclosed in notes 25 and 26 to the consolidated financial statements. The Group entered into IRS contracts to mitigate the interest rate risk and the aggregate amount of hedging reserve related to IRS contracts is RMB25,309,000 as at 31 December 2018 (2017: RMB25,983,000).

### (i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period, after taking into account the effect of IRS designated as cash flow hedging instruments (see (i) above).

	2018		2017	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
<b>Fixed rate borrowings:</b>				
Bank loans and borrowings from financial institutions	2.72%~8.30%	4,498,055	2.38%~7.90%	5,106,755
Bonds payable	2.50%~5.35%	6,669,926	2.50%~4.54%	3,848,605
IRS notional amount	1.15%	438,600	1.15%	416,850
		<b>11,606,581</b>		<b>9,372,210</b>
<b>Variable rate borrowings:</b>				
Bank loans and borrowings from financial institutions	Floating rate based on Libor/Hibor/SWAP/LPR	14,508,543	Floating rate based on Libor/Hibor/LPR	10,107,081
Bonds payable	Floating rate based on Libor	444,235		-
IRS notional amount	Floating rate based on Hibor	(438,600)	Floating rate based on Hibor	(416,850)
		<b>14,514,178</b>		<b>9,690,231</b>
<b>Total net borrowings</b>		<b>26,120,759</b>		<b>19,062,441</b>
Fixed rate borrowings as a percentage of total borrowings		<b>44%</b>		<b>49%</b>

## 30 Financial risk management and fair values (Continued)

### (c) Interest rate risk (Continued)

#### (ii) Sensitivity analysis

At 31 December 2018, it is estimated that a general increase of 50 basis points in interest rates of cash and bank loans and borrowings from financial institutions of the Group, with all other variables held constant, would have decreased the Group's profit after tax and total equity by approximately RMB342 million (2017: RMB197 million).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2017.

The sensitivity analysis above assumes that the change in interest rates had occurred at the end of the reporting period and had been applied to all floating rate bank loans and borrowings from financial institutions, without taking into account the impact of interest capitalisation. The analysis above has excluded the bank loans and borrowings from financial institutions hedged by IRS contracts.

### (d) Currency risk

The Group is exposed to foreign currency risk primarily on cash and cash equivalents, other financial assets, trade and other receivables and borrowings which are denominated in USD, HKD, SGD and GBP.

Cash and cash equivalents denominated in foreign currencies are as follows:

	2018 RMB'000	2017 RMB'000
USD	960,313	23,852,222
HKD	148,926	134,437
SGD	71,800	3,155
GBP	6,661	202

Other financial assets denominated in foreign currencies are as follows:

	2018 RMB'000	2017 RMB'000
USD	64,128	10,422
HKD	586,989	-

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (d) Currency risk (Continued)

Trade and other receivables denominated in foreign currencies are as follows:

	2018 RMB'000	2017 RMB'000
USD	1,212,012	24,533
HKD	3,491	8,290
SGD	150	–
GBP	2,163	1,017,730

Bank loans and borrowings from financial institutions and bonds payable denominated in foreign currencies, excluding amount hedged against by deliverable forward contracts, are as follows:

	2018 RMB'000	2017 RMB'000
USD	26,291,985	30,755,116
HKD	6,871,240	1,647,222
SGD	99,089	–
GBP	1,474,231	739,294

Trade and other payables denominated in foreign currencies are as follows:

	2018 RMB'000	2017 RMB'000
USD	215,602	295,675
HKD	81,058	61,506
SGD	1,298	3,667
GBP	903	7,793

## 30 Financial risk management and fair values (Continued)

### (d) Currency risk (Continued)

#### (i) Hedges of foreign exchange risk

The following table provides information on the CCS contracts and forward contracts which have been designated as cash flow hedges of the foreign exchange risk inherent in the Group's foreign currency borrowings and bonds at the end of the reporting period:

	2018 RMB'000	2017 RMB'000
Notional amount		
– Forward contracts	6,011,775	13,191,458
– CCS contracts	11,789,950	–
Carrying amount qualified for hedge accounting (note)		
– Forward contracts	340,060	1,019,940
– CCS contracts	291,498	–

Note: CCS and forward contracts liabilities are included in the "Trade and other payables" (note 24) line item in the consolidated statement of financial position.

The CCS and forward contracts will mature in the next 1 to 9 years. The Group adopts rollover strategy to match the maturity of hedging instruments with the maturity of the related USD borrowings and bonds (see note 31(b)) and have fixed exchange rates of USD against RMB ranging from 6.7700 to 7.4450 (2017: 6.889 to 7.500).

The Group seeks to hedge the foreign exchange spot rate only and applies a hedge ratio of 1:1. The existence of an economic relationship between the hedging instruments and hedged items is determined by matching their critical contract terms. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counter parties and the Group's own credit risk on the fair value of the forward contracts and CCS contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (d) Currency risk (Continued)

#### (i) Hedges of foreign exchange risk (Continued)

The following table provides a reconciliation of the cash flow hedge reserve and deferred costs of hedging reserve in respect of foreign exchange risk and shows the effectiveness of the hedging relationships:

	2018 RMB'000	2017 RMB'000
<b>Cash flow Hedge Reserve</b>		
Balance at 1 January	–	229,430
Effective portion of the cash flow hedge recognised in other comprehensive income	494,623	(844,675)
Amounts reclassified to profit or loss (note (i))	(494,623)	660,867
Balance at 31 December (note (ii))	–	45,622
Transfer to costs of hedging reserve	–	(45,622)
<b>Costs of Hedging Reserve</b>		
Transferred from cash flow hedge reserve	45,622	–
Balance at 1 January	45,622	–
Costs of hedging for the year	(562,664)	–
Amounts reclassified to profit or loss (note (i))	336,450	–
Balance at 31 December (note (ii))	(180,592)	–
Change in spot element of hedging instruments during the year	494,623	(844,675)
Change in value of hedged item used to determine hedge effectiveness during the year	(494,623)	844,675

Notes:

- (i) Amounts reclassified to profit or loss are recognised in the "Finance costs" line item in the consolidated statement of profit or loss (see note 5(a)).
- (ii) The entire balance in cash flow hedge reserve and costs of hedging reserve relates to continuing hedges.

## 30 Financial risk management and fair values (Continued)

### (d) Currency risk (Continued)

Based on the assumption that HKD continue to be pegged to USD, the Group considers the risk of movements in exchange rates between HKD and USD to be insignificant. Management estimated that a 1% (2017: 1%) appreciation of USD/HKD against RMB, the Group's net profit after tax and equity would be both decreased by approximately RMB308 million (2017: increased by RMB43 million respectively). Management estimated that a 1% (2017: 1%) appreciation of GBP against RMB, the Group's net profit after tax and equity would be both decreased by approximately RMB7 million (2017: decreased by RMB6 million respectively).

Management considered the fluctuation of SGD to RMB would not have significant impact to the Group's profit or equity.

The analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables remain constant. Financial assets and liabilities denominated in currencies other than RMB held by subsidiaries of the Group in Hong Kong or overseas which the functional currencies are not RMB were not accounted for in the analysis.

### (e) Fair values

#### (i) 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

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (e) Fair values (Continued)

#### (i) Financial instruments measured at fair value (Continued)

##### *Fair value hierarchy (Continued)*

31 December 2018

Items	Fair value at 31 December 2018	Fair value measurements as at 31 December 2018 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Derivative financial instruments:				
– IRS contracts	10,783	–	10,783	–
Unlisted equity securities	465,342	–	–	465,342
Trading securities	586,989	586,989	–	–
Non-trading listed securities	1,636,584	1,636,584	–	–
Other current assets*	11,900,806	–	–	11,900,806
<b>Recurring fair value measurement assets</b>	<b>14,600,504</b>	<b>2,223,573</b>	<b>10,783</b>	<b>12,366,148</b>
Recurring fair value measurement liabilities				
Derivative financial instruments:				
– Forward contracts	340,060	–	340,060	–
– CCS contracts	291,167	–	291,167	–
	631,227	–	631,227	–
<b>Non-recurring fair value measurement assets</b>				
Assets held for sale	6,624,631	–	–	6,624,631

\* Other current assets measured at fair value as at 31 December 2018 represents the Group's investments in wealth management products, which were classified as FVPL under IFRS 9.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 30 Financial risk management and fair values (Continued)

### (e) Fair values (Continued)

#### (i) 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
<b>Derivative financial instruments:</b>				
– IRS contracts	11,457	–	11,457	–
– CCS contracts	1,037	–	1,037	–
<b>Available-for-sale equity securities:</b>				
– Listed	1,039,317	1,039,317	–	–
– Unlisted	34,810	–	–	34,810
<b>Recurring fair value measurement assets</b>				
	1,086,621	1,039,317	12,494	34,810
<b>Recurring fair value measurement liabilities</b>				
<b>Derivative financial instruments:</b>				
– Forward contracts	1,019,940	–	1,019,940	–
<b>Non-recurring fair value measurement assets</b>				
Assets held for sale	6,910,171	–	–	6,910,171

#### (ii) Fair value of financial assets and liabilities carried at other than fair value.

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 31 December 2017 and 2018.



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 31 Commitments

(a) Capital commitments outstanding at 31 December 2018 not provided for in the financial statements were as follows:

	2018 RMB'000	2017 RMB'000
Construction and development contracts	168,253,127	123,641,340
Land agreements	39,632,153	38,456,859
	207,885,280	162,098,199

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

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 RMB'000	2017 RMB'000
Within 1 year	2,510,120	587,589
After 1 year but within 2 years	2,394,472	535,006
After 2 years but within 3 years	2,329,711	501,803
After 3 years	20,847,776	4,562,934
	28,082,079	6,187,332

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of two to ten years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

## 32 Contingent liabilities

As at the end of the reporting period, the Group has issued guarantees to banks to secure the mortgage arrangement of property buyers. The outstanding guarantees to the banks amounted to RMB181,454 million (2017: RMB140,689 million), including guarantees of RMB181,454 million (2017: RMB140,355 million) which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties, and guarantees of RMB Nil million (2017: RMB334 million) which will be terminated upon full repayment of mortgage loans by buyers to the banks.

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

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 32 Contingent liabilities (Continued)

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.

Details of the financial guarantees issued by the Group for certain associates are set out in note 34(d).

## 33 Material related party transactions

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

### (a) Transactions with key management personnel

#### (i) Remuneration for key management personnel of the Group is as follows:

	2018 RMB'000	2017 RMB'000
Short-term employee benefits	76,993	64,100

- (ii) In 2010, the Group launched the Economic Profits Bonus Plan (the "Plan") as a supplement to the existing employee remuneration system. The bonus amount attributable to each year is determined by reference to 10% of the key performance indicator of Economic Profits in the corresponding year. The bonus for 2018 to which the directors and the supervisors of the Company are entitled under the period of their terms of office has not yet been determined. The distribution of the Plan for 2018 will be approved after the 2018 Annual General Meeting and the amounts to which the key management personnel that are entitled will be disclosed in next year's annual financial statements. The bonus distribution, net of individual income tax are entitled by the key management personnel of the Company for 2017 was RMB75,966,847. The final amounts may fluctuate due to the arrangement of "Contingent return".

Name	The bonus distribution net of individual income tax for 2017 RMB'000
Mr. YU Liang	14,993
Mr. ZHU Jiusheng	12,417
Mr. XIE Dong	9,661
Mr. WANG Wenjin	9,661
Mr. ZHANG Xu	11,039
Mr. SUN Jia	11,039
Ms. ZHU Xu	5,712
Mr. ZHOU Qingping	1,445
<b>Total</b>	<b>75,967</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 33 Material related party transactions (Continued)

### (b) Project management fee charged by the Group

During 2018, the Group charged associates and joint ventures project management fee amounted to RMB873 million (2017: RMB569 million).

### (c) Shopping malls management fee paid by the Group

During 2018, the Group paid associates shopping mall management fees amounted to RMB99 million (2017: RMB38 million).

### (d) Financial guarantees issued

As at 31 December 2018, the Group provided certain guarantees to secure the loans borrowed by certain associates and joint ventures. The outstanding guarantees amounted to RMB3,239 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.

### (e) Disposal of commercial project

During the year, the Group disposed of a commercial project, Guiyang Vanke City Plaza, to Zhuhai Guiwan Life Commercial development Co., Ltd., a joint venture of the Group for a consideration of RMB139 million.

### (f) Disposal of commercial companies

During the year, the Group disposed of 13 logistics project companies to Zhuhai Kunyuanxing Equity Investment Fund Partnership Co., Ltd., an associate of the Group, for a consideration of RMB1,430 million. The list of commercial companies are as follow:

Foshan Wanyuan Warehousing Service Co., Ltd.  
Chengdu Jinchenghang Logistics Co., Ltd.  
Wuhan Merchandise Logistics Management Co., Ltd.  
Yunnan Emeryulin Aircraft Manufacturing Investment Management Co., Ltd.  
Wuhan Wanwu Warehousing Management Co., Ltd.  
Guangzhou Wandun Storage Co., Ltd.  
Kunming Wankun Logistics Co., Ltd.  
Haining Wanpu Warehousing Co., Ltd.  
Ningbo Wanchen Warehousing Co., Ltd.  
Jingya (Nanjing) Supply Chain Management Co., Ltd.  
Foshan Gaomingweigui Warehousing Co., Ltd.  
Foshan Lewei Warehousing Co., Ltd.  
Shanghai Shangfang Modern Logistics Co., Ltd.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 33 Material related party transactions (Continued)

### (g) Joint operations project

In prior years, the Group cooperated with the Shenzhen Metro Group to jointly develop Mangrove Bay and Shenzhen North Station Project (the "Projects"). At 31 December 2018, the Group's investment in the Projects amounted to RMB5,993 million (2017: RMB5,993 million) and the outstanding payable balances were RMB8,088 million (2017: RMB6,158 million). The Group recognised revenue and cost of revenue of RMB1,013 million and RMB521 million respectively from the projects during the year.

## 34 Acquisitions of subsidiaries

During the year, the Group acquired certain subsidiaries which held property development projects. Acquisitions of these subsidiaries enable the Group to expand its land banks. Acquisitions of major subsidiaries by the Group during the year are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Total Consideration RMB'000
July 2018	Swire Pacific Cold Storage Limited	100.00%	1,922,446
	Chengdu Wanshen Cold Chain Logistics Co., Ltd.	100.00%	
	Langfang Wanwei Cold Chain Logistics Co., Ltd.	100.00%	
	Swire Cold Chain Logistics (Ningbo) Co., Ltd.	100.00%	
	Nanjing Wanwei Cold Chain Logistics Co., Ltd.	100.00%	
	Swire Cold Chain Logistics (Shanghai) Co., Ltd.	100.00%	
	Swire Haitou Cold Chain Logistics (Xiamen) Co., Ltd.	65.00%	
December 2018	Filinco Enterprises Limited	75.00%	1,485,000
	LLC Betskoy	75.00%	
October 2018	Ever Onward Corporation	100.00%	1,328,819
	Hong Kong Chung Loong Limited	100.00%	
	Shanghai Chung Loong Paper Industry Co., Ltd.	100.00%	
June 2018	Wuhan Vanke Jincheng Real Estate Co., Ltd.	95.45%	1,203,511
April 2018	Beijing Juzheng Real Estate Development Co., Ltd.	67.00%	866,215
October 2018	Gangzhonglv (Shenyang) Property Co., Ltd.	51.00%	840,000
July 2018	Guiyang Desheng Property Co., Ltd.	51.00%	816,620
December 2018	Zhuhai WoCheng Hanfeng Property Co., Ltd.	100.00%	774,900
October 2018	Guiyang Zhonghang Real Estate Development Co., Ltd.	51.00%	673,580
July 2018	Shanghai Meiyuan Photoelectric Materials Co., Ltd.	100.00%	594,042
January 2018	Xuzhou Runpeng Property Co., Ltd.	78.74%	563,530
June 2018	Foshan Nanhai Jingtailai Storage Co., Ltd.	100.00%	516,100
May 2018	Jibaowan Real Estate Development (Shenyang) Co., Ltd.	100.00%	502,617

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 34 Acquisitions of subsidiaries (Continued)

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

	2018 RMB'000
Current assets	120,609,683
Non-current assets	12,676,031
Current liabilities	(85,418,117)
Non-current liabilities	(1,664,023)
Non-controlling interests	(6,812,142)
<b>Net assets acquired attributable to the Group</b>	<b>39,391,432</b>
Total consideration	39,391,432
Consideration paid in prior years for the acquisitions	(15,819,376)
Consideration to be paid subsequent to current year	(6,156,258)
Consideration paid during the year	17,415,798
Total cash and cash equivalents acquired	(8,309,163)
Consideration paid for prior years' acquisitions	2,420,564
<b>Net cash outflow</b>	<b>11,527,199</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 34 Acquisitions of subsidiaries (Continued)

The above subsidiaries contributed an aggregate revenue of RMB14,565 million and net profit attributable to the equity shareholders of the Company of RMB1,869 million to the Group for the year ended 31 December 2018. Should the acquisitions have occurred on 1 January 2018, the consolidated revenue and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2018 would have been RMB302,371 million and RMB33,780 million respectively.

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.

## 35 Disposal of subsidiaries

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

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

	2018 RMB'000
Current assets	46,135,105
Non-current assets	5,378,029
Current liabilities	44,634,108
Non current liabilities	951
Non-controlling interests	2,244,924
Remaining interest after disposal as interest in joint ventures and associates	1,989,733
<b>Net assets attributable to the Group disposed of</b>	<b>2,643,418</b>
Total consideration	2,992,527
Consideration to be received subsequent to current year	(502,052)
Consideration received, satisfied in cash	2,490,475
Cash and cash equivalents disposed of	(3,600,467)
<b>Net cash flow</b>	<b>(1,109,992)</b>

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 36 Company-level statement of financial position

	2018 RMB'000	2017 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	3,174,545	43,208
Investment properties	1,810	2,271
Investments in subsidiaries	23,025,950	17,210,511
Interest in associates and joint ventures	5,502,135	2,266,582
Other financial assets	257,839	211,560
Other non-current assets	482,842	–
Deferred tax assets	–	160,834
	32,445,121	19,894,966
<b>Current assets</b>		
Trade and other receivables	334,757,818	225,897,282
Other current assets	11,502,045	–
Cash and cash equivalents	77,677,228	84,438,256
	423,937,091	310,335,538
<b>Current liabilities</b>		
Bank loans and borrowings from financial institutions	52,672,023	45,142,950
Bonds payable	13,989,065	–
Trade and other payables	203,373,978	141,746,837
Contract liabilities	3,386,092	–
	273,421,158	186,889,787
<b>Net current assets</b>	150,515,933	123,445,751
<b>Total assets less current liabilities</b>	182,961,054	143,340,717
<b>Non-current liabilities</b>		
Bank loans and borrowings from financial institutions	79,460,146	61,365,200
Bonds payable	23,388,238	14,913,958
	102,848,384	76,279,158
<b>NET ASSETS</b>	80,112,670	67,061,559
<b>CAPITAL AND RESERVES</b>		
Share capital	11,039,152	11,039,152
Reserves	69,073,518	56,022,407
<b>TOTAL EQUITY</b>	80,112,670	67,061,559

## 37 Non-adjusting events after the reporting period

(a) After the end of the Reporting Period, the directors proposed a payment of the final dividend. Further details are disclosed in note 29(d).

### (b) Closing of GITIC Real Estate Asset Package

On January 9, 2019, the liquidation team of Guangdong International Trust Investment Corporation signed relevant agreements with Guangzhou Wanxi Real Estate Co., Ltd. ("Guangzhou Wanxi"), and transferred control of Guangdong Trust Real Estate Development Corporation (廣東省信托房產開發公司) and Guangzhou real estate branch of Guangdong International Trust Investment Corporation (廣東國際信托投資公司廣州房地產分公司) to Guangzhou Wanxi.

### (c) Issuance of bonds

From 31 December 2018 to the date of approved issuance of these financial statements, the Group made a public offering of Special Corporate Bond for Housing Rental (Tranche 1) to eligible investors, with final value of RMB2 billion and coupon rate of 3.65%; and in accordance with the issuance plan for medium-term notes, VREHK issued USD600 million of 5.25Y fixed-rate notes with coupon rate of 4.2%.

## 38 Comparative figures

The Group has initially applied IFRS 9 and IFRS 15 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 1(c).



# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 16, <i>Leases</i>	1 January 2019
IFRIC 23, <i>Uncertainty over income tax treatments</i>	1 January 2019
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019
Amendments to IAS 28, <i>Long-term interest in associates and joint ventures</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

## 39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018 (Continued)

### IFRS 16, *Leases*

As disclosed in note 1(n), 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. The Group enters into some leases as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

IFRS 16 will primarily affect the Group's accounting treatment as a lessee of leases for properties, plant and equipment which are currently classified as operating lessee. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 31(b), at 31 December 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB28,082 million, the majority of which is payable in more than 1 year after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. 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 the effects of discounting.

# Notes to the financial statements

(Expressed in thousands in Renminbi unless otherwise indicated)

## 39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018 (Continued)

### IFRS 16, *Leases* (Continued)

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by IFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in IFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group plans to elect to use the modified retrospective approach for the adoption of IFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of IFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a continuing impact on the Group's financial statements from 2019 onwards.

# Financial summary

	2018 RMB'000	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000
<b>Consolidated Results</b>					
Revenue	297,083,058	237,344,688	228,916,100	184,317,543	137,994,043
Profit before taxation	87,064,968	64,681,739	49,468,746	40,516,708	29,986,822
Income tax	(37,792,673)	(27,473,352)	(21,118,491)	(14,567,270)	(10,699,298)
Profit for the year	49,272,295	37,208,387	28,350,255	25,949,438	19,287,524
Attributable to:					
Equity shareholders of the Company	33,772,652	28,051,815	21,022,606	18,119,406	15,745,454
Non-controlling interests	15,499,643	9,156,572	7,327,649	7,830,032	3,542,070
<b>Consolidated Assets</b>					
Non-current assets	233,507,500	147,794,085	109,378,786	64,271,194	43,603,057
Inventories and other contract costs	754,310,077	597,487,304	466,225,274	367,507,209	314,930,234
Cash and cash equivalents	175,668,164	164,326,007	79,490,015	51,747,621	61,653,320
Other current assets	365,177,674	255,831,977	175,755,346	127,965,963	88,453,311
Bank loans and borrowings from financial institutions	190,065,978	152,138,365	97,287,766	59,476,955	57,369,070
Bonds payable	71,141,619	38,486,048	31,576,557	20,013,934	11,612,232
Receipts in advance/contract liabilities	504,711,414	407,705,940	274,645,554	212,625,706	181,749,337
Other liabilities	527,123,674	380,435,081	265,662,973	183,065,775	142,015,666
Capital and Reserves	235,620,730	186,673,939	161,676,571	136,309,617	115,893,617
Total equity attributable to equity shareholders of the Company	155,764,132	132,675,315	113,444,766	100,183,518	88,164,570
Non-controlling interests	79,856,598	53,998,624	48,231,805	36,126,099	27,729,047
Basic earnings per share (RMB)	3.06	2.54	1.90	1.64	1.43
Dividends per share(taxes included) (RMB)	1.07	0.90	0.79	0.72	0.50

- As a result of the adoption of IFRS 15, Revenue from contracts with customers, with effect from 1 January 2018, the Group has changed its accounting policies in respect of revenue recognition. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to equity as at 1 January 2018. Figures in years earlier than 2018 are stated in accordance with the policies applicable in those years.
- The Group adopted IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation, from 1 January 2018. As a result, the Group has changed its accounting policies in relation to financial instruments. As allowed by IFRS 9, the Group has not restated information relating to prior years. Differences in the carrying amounts of the financial assets resulting from the adoption of IFRS 9 were recognised in retained earnings and reserves at 1 January 2018. There was no difference in the carrying amounts of the financial liabilities. Prior to 1 January 2018, figures were stated in accordance with the policies applicable in those years.

## Section 12

# Contents of Documents Available for Inspection

1. Financial Statements containing the signature and seal of the Company's legal representative and Supervisor of Finance.
2. Original copy of the audit report containing the seal of the account firm and the signature of the certified public accountants.
3. Original copy of the company documents and announcements disclosed in the newspaper designated by CSRC during the reporting period.
4. English version of the Annual Report.
5. Other documents.

The Company should keep the original copy or the legally effective copy of the above documents at the Company's office of the Board.