



China Vanke Co., Ltd.

2011 Third Quarterly Report

§1 Important Notice

1.1 The Board, the Supervisory Committee, Directors, members of the Supervisory Committee and senior management of the Company warrant that in respect of the information contained in this Quarterly Report, there are no misrepresentations or misleading statements, or material omission, and individually and collectively accept full responsibility for the authenticity, accuracy and completeness of the information contained in this Quarterly Report.

1.2 None of the Directors, members of the Supervisory Committee and senior management fails to assure or disputes with the authenticity, accuracy and completeness of the contents of this Quarterly Report.

1.3 Deputy Chairman Qiao Shibo, and Director Jiang Wei were not able to attend the board meeting in person due to their business engagements and had authorised Director Yu Liang to represent them and vote on behalf of them. Director Wang Yin was not able to attend the board meeting in person due to his business engagements and had authorised Director Shirley L. Xiao to represent him and vote on behalf of him.

1.4 This quarterly financial report of the Company has not been audited.

1.5 The Company's Chairman Wang Shi, Director and President Yu Liang, and Executive Vice President and Supervisor of Finance Wang Wenjin declare that the financial report contained in this Quarterly Report is warranted to be true and complete.

§2 Basic Corporate Information

2.1 Major accounting data and financial indicators

(Unit: RMB)

	As at 30 September 2011	As at 31 December 2010	Change(+/-)
<i>Total assets</i>	283,542,338,427	215,984,662,720	31.28%
<i>Shareholders' equity(excluding non-controlling interests)</i>	46,895,708,485	44,232,676,791	6.02%
<i>Total Shares</i>	10,995,210,218	10,995,210,218	-
<i>Net assets per share</i>	4.27	4.02	6.22%

	From July to September 2011	Change(+/-)	From January to September 2011	Change(+/-)
Revenue	8,716,003,957	65.39%	27,602,969,484	30.91%
Profit attributable to equity shareholders of the Company	606,055,521	31.89%	3,583,910,174	9.53%
Net cash inflow from operating activities	-	-	(1,495,378,788)	-23.85%
Net cash inflow from operating activities per share	-	-	(0.14)	-23.85%
Basic earnings per share	0.055	30.95%	0.326	9.40%
Diluted earnings per share	0.055	30.95%	0.326	9.40%
Return on equity	1.30%	Increase 0.15 percentage points	7.85%	Decrease 0.54 percentage point

Note: 1. The net assets and net profit used to calculate the above-mentioned indicators refer to the equity attributable to equity shareholders of the Company and profit attributable to equity shareholders of the Company respectively.
2. The above-mentioned return on equity was calculated using weighted average method.

2.2 Total number of shareholders and shareholdings of the top 10 shareholders of non-restricted tradable shares as at the end of the reporting period

As at the end of 30 September 2011, the total number of shareholders of the Company was 988,210 (including 964,520 holders of A shares and 23,690 holders of B shares).

Total number of shareholders as at the end of the reporting period			988,210
Shareholdings of the top 10 shareholders of non-restricted tradable shares			
No.	Name of shareholders (in full)	Total number of non-restricted tradable shares held as at the end of the reporting period	Class
1	China Resources Co., Limited (“CRC”)	1,619,094,766	A Share
2	Liu Yuansheng	133,791,208	A Share
3	China Construction Bank–Bosera Thematic Sector Equity Securities Investment Fund	123,999,920	A Share
4	E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	123,494,211	A Share
5	Bosera Value Growth Securities Investment Fund	100,000,000	A Share
6	Industrial and Commercial Bank of China–Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	92,632,626	A Share
7	103 Portfolio of National Social Security Fund, PRC	84,499,885	A Share
8	China Life Insurance Company Limited–Dividend Distribution–Individual Dividend-005L-FH002 Shen	76,008,315	A Share
9	HTHK/CMG FSGUFP-CMG First State China Growth FD	71,304,758	B Share
10	UBS AG	69,555,899	A Share

As at the end of 30 September 2011, the total number of shares of the Company was 10,995,210,218 shares, including 9,680,254,750 A shares and 1,314,955,468 B shares.

2.3 Bond holdings of the Company’s top 10 bondholders as at the end of reporting period

(1) Name of the top 10 bondholders of 08 Vanke G1 bonds and their bondholdings

No.	Bondholder	No. of bonds held
1	New China Life Insurance Company–Dividend Distribution–Individual Dividend–018L–FH002 Shen	5,548,262
2	China Petroleum Finance Co., Ltd.	4,157,662
3	China Pacific Insurance (Group) Co. Ltd.	3,433,312

4	China Ping An Property and Casualty Insurance Company Limited – Traditional – General Insurance Products	2,698,727
5	China Life Insurance Company Ltd.	2,619,042
6	Taiping General Insurance Company Limited	1,003,216
7	China Life Pension Company Limited–Internal Resources	1,000,000
8	CNPC Pension Scheme–ICBC	949,288
9	China Life Property and Casualty Insurance Company Limited–Traditional–General Insurance Products	820,000
10	China Property & Casualty Reinsurance Company Ltd.	776,162

(2) Name of the top 10 bondholders of 08 Vanke G2 bonds and their bondholdings

No.	Bondholder	No. of bonds held
1	CCB–ICBC Credit Suisse Credit Tianli Bond Securities Investment Fund	2,096,420
2	ICBC–Harvest Stable Earning Bond Securities Investment Fund	1,641,028
3	China Ping An Trust & Investment Co. Ltd.–CMB Furui Life Individual	1,550,057
4	Bank of Communications–China AMC Bond Investment Fund	1,039,002
5	ICBC Credit Suisse Asset Management Co., Ltd.–ICBC–Assets of Specific Clients	876,141
6	801 Portfolio of National Social Security Fund, PRC	849,518
7	CCB–Fullgoal Tianfeng Surging Income Bond Securities Investment Fund	650,000
8	Agricultural Bank of China Retirement Benefit Liabilities–Agricultural Bank	645,187
9	China Merchants Bank–China AMC Classic Allocation Fund	550,000
10	CNPC Pension Scheme - ICBC	540,158

§3 Management Discussion and Analysis

During the reporting period, supply of commodity housing in major cities gradually increased, as sales slowed down. In the third quarter, the approved pre-sales area of commodity housing in 14 cities including Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Suzhou, Wuxi, Hangzhou, Nanjing, Beijing, Tianjin, Shenyang, Chengdu and Wuhan increased by 5.1% when compared with that of the same period last year, while the sales area in the above-mentioned cities dropped by 20.9% year-on-year. As a result, the average sales area to average approved pre-sales area ratio (sales area/approved pre-sales area) of the 14 cities mentioned above dropped to 0.6 in the third quarter. September was the peak season for the launch of residential units. The approved pre-sales area of commodity housing in the above-mentioned 14 cities in September increased by 45.6% when compared with that in August, while the sales area remained flat compared with the previous month.

The increased supply of new housing and slowdown in sales had raised the inventory level of commodity housing available for sale, with inventories of new house available for sale in certain cities reaching record high since 2010. Traditionally, the period before, during and after October is the peak season for the launch of new housing. Hence, it is expected that the supply of new housing will continue to increase over some time in future, increasing inventory pressure on the market.

The aforesaid changes in the market environment took place as we had predicted.

During the period under review, the property industry continued to face tight capital flow since the start of the year. From January to September, among the sources of funds for property development investment in the PRC, domestic loans only accounted for 16.2%, which was the lowest over the years. Owing to the dual effects of sales slowdown and tightened credit, companies' investment desire and capacity had weakened. As the market adjustment continues to deepen, the overall construction activities may further decline, which may have adverse effect on the supply of housing in the next two years.

During the reporting period, the relevant house purchase restrictions already imposed on some cities remained in place, and such house purchase restrictions were extended to certain second and third tier cities. The restrictions had bigger impact on investment-driven demand and demand for upmarket properties. For China Vanke, which focuses on ordinary housing for end-users, the impact was relatively small. The Company's sales performance in the third quarter was significantly better than the market's average. This advantage of the Company is expected to continue to manifest itself in future.

During the reporting period, land supply in major cities increased compared with the first and second quarters. However, affected by the adjustment in the commodity housing market, companies were getting more cautious in respect of land acquisition. The percentage of premium in the land market continued to drop, while the number of failed auctions further increased, and most of the land lots changed hands at reserve price. The above phenomena attested to the Company's earlier judgment, and provided to the Company an opportunity for acquiring land at relatively more favourable terms when compared with those in the first half of the year. Nonetheless, since the current reserve price of land in major cities has yet to decline significantly, the Company will remain prudent in acquiring new projects.

In the third quarter, the Company realised sales area of 2,822,000 sq m, with sales amount of RMB32.07 billion, representing an increase of 0.5% and a decrease of 7.4% respectively from those of the corresponding period of 2010. The tremendous change in market environment had somewhat affected the Company's sales performance. However, the Company's focus on small and medium sized, furnished units for end users has put it in an advantageous position, with sales performance significantly better than the overall market. From January to September 2011, the Company's accumulated sales area and sales amount reached 8,412,000 sq m and RMB97.08 billion respectively, representing increases of 39.9% and 35.9% respectively from those of the corresponding period of 2010.

In the third quarter, the Company realised booked area and booked revenue of 986,000 sq m and RMB8.42 billion respectively, representing increases of 50.5% and 55.9% year-on-year respectively. Since the majority of the residential units to be booked for the year 2011 will be recognised in the fourth quarter, the booked area for the first three quarters only accounted for a relatively small portion. From January to September 2011, the Company's booked area and booked revenue amounted to 2,369,000 sq m and RMB26.49 billion respectively, representing increases of 9.7% and 26.6% when compared with those of the same period last year respectively.

For the first nine months of 2011, the Company realized revenue of RMB27.60 billion, representing an increase of 30.9% from that of the same period last year. Of the total, the revenue realised in the third quarter was RMB8.72 billion, representing a year-on-year growth of 65.4%.

For the third quarter, the Company realized net profit of RMB606 million, representing an increase of 31.9% from that of the same period last year. Since the area booked for the first three quarters continued to be lower than the area sold, while the amount of expenses incurred during the reporting period mainly corresponded with the scale of operation and sales, the growth in net profit for the first three quarters was lower than that of booked revenue. From January to September 2011, the Company realized accumulated net profit of RMB3.58 billion, representing an increase of 9.5% when compared with that of the corresponding period of 2010. With more projects to be completed and

recognized in the fourth quarter, it is expected that the year-on-year growth rate of the booked area for the full year of 2011 will be significantly higher than that of the first nine months.

Also, since the total area booked was significantly less than the total area sold for the first three quarters, there was a further increase in the total area sold but not yet booked of the Company. As at the end of the reporting period, included in the consolidated statements was a total area of 12,080,000 sq m sold but not yet booked, with an aggregate contract amount of approximately RMB138 billion, representing increases of 18.2% and 16.3% respectively when compared with those in the interim period.

Due to effective product positioning and active sales promotion, the Company continued to maintain a healthy inventory structure. As at the end of September, among the Company's different types of inventories, completed properties (completed properties ready for sale) amounted to RMB5.53 billion, accounting for only 2.9%. Such results were attributable to the right prediction made by the Company at the start of the year about the market trends for the full year. While in the first half of 2011 the number of residential projects launched in the market as a whole was relatively small, the Company intended to accelerate its sales activities. Comparing to the market in general, the Company had a relatively balanced schedule for its project launch for the year. The sales pressure on the Company in the second half of the year will be lower compared to the pressure of the overall market.

Since sales pressure and inventory pressure on the Company were comparatively lower, the Company did not see the need to make any downward adjustment to its planned area commencing construction. From January to September 2011, the floor area commencing construction of the Company amounted to 11,390,000 sq m, representing 85.7% completion of the full year target. It is expected that the Company's actual area commencing construction for the full year may slightly exceed the area planned at the beginning of the year. Since the construction progress of a small number of projects was affected by occasional factors, it is expected that the completed area for the full year may be lower than what had been planned at the start of the year. However, the difference should be very small.

Under the backdrop of tightened capital flow, the Company maintained a strong financial and cash position. As at the end of the reporting period, the Company's cash and cash equivalents amounted to RMB33.9 billion, which far exceeded the aggregate amount of short-term interest-bearing borrowings of RMB23.78 billion. The Company's net gearing ratio continued to remain at a relatively low level of 30.29% compared with the industry average. Affected by the growth in advance receipts, the Company's gearing ratio rose to 79.00% from that of the interim period. Excluding advance receipts, the Company's other borrowings actually accounted for 35.68% of its total assets. Of the interest-bearing borrowings, long-term borrowings accounted for 54.23%. The Company had a solid financial structure.

Having sufficient cash gives the Company an advantage. Nevertheless, the Company continued to adhere to its prudent land acquisition principle that "the Company would rather forgo the opportunity than making wrong acquisition". During the reporting period, the Company had a total of 18 new projects, with a site area attributable to China Vanke's equity holding of approximately 1,149,000 sq m and corresponding planned GFA of approximately 3,227,000 sq m. In addition, the Company was involved in an urban redevelopment project. According to the condition of the current planning, the site area of the project attributable to the Company's equity holding amounted to approximately

15,000 sq m (with a corresponding planned GFA of approximately 92,000 sq m). As at the end of September, the GFA of projects under planning attributable to China Vanke's equity holding amounted to 35,810,000 sq m, which at a reasonable level to meet the Company's development needs within the next two to three years. Due to the possibility of continued adjustment in the land market, the Company will persevere with its prudent investment approach. While ensuring that sound operations are maintained, the Company will keep an eye on any reasonable investment opportunities for achieving stable development.

§4 Significant Events

4.1 Significant changes and reasons for such changes in major items of the accounting statements and financial indicators of the Company

Applicable Not applicable

Items	30/9/2011 (RMB'000)	31/12/2010 (RMB'000)	Change (+/-)	Reasons for change
Investment properties	188,317.00	129,176.20	45.78%	Increase in investment properties
Interest in associates	1,917,281.50	1,035,875.90	85.09%	Increase in investment for associates entities
Properties under development	129,642,406.45	78,982,068.16	64.14%	Increase in newly added projects
Loans and borrowings(current)	23,744,160.65	16,783,690.79	41.47%	Change in debt structure
Trade and other payables	165,013,883.48	106,138,344.68	55.47%	Increase in investment for the development of projects with associates and jointly controlled entities

Items	Jan-Sep 2011 (RMB'000)	Jan-Sep 2010 (RMB'000)	Change (+/-)	Reasons for change
Revenue	27,602,969.48	21,086,234.89	30.91%	Increase in sales from property development
Distribution expenses	1,689,365.26	1,006,726.77	67.81%	Enlargement of sales scale and increase in marketing for the opening of new projects in the fourth quarter
Administrative expenses	1,286,862.41	887,754.44	44.96%	Expansion of the Company and amortization of Employee share-based compensation reserve
Income tax expense	3,320,042.36	2,107,008.26	57.57%	Increase in booked revenue

4.2 Progress of significant events and analysis of their impact and solutions

Applicable Not applicable

On 8 April 2011, matters in relation to the Company's A-Share Stock Option Incentive Scheme (Revised Draft) were approved at the Company's first extraordinary general meeting in 2011. The Company had started to implement the scheme in accordance with the stipulations. On 9 May 2011, the registration of the grant of stock options under the A-Share Stock Option Incentive Scheme was completed. The abbreviation and code of the stock options are VankeJLC1 and 037015 respectively. The granted stock options are within vesting period during the Reporting Period. The introduction of the Stock Option Incentive Scheme will complement the Company's incentive instruments with a long-term plan, while establishing a check-and-balance mechanism between shareholders and professional management team through linking up their interests. The Scheme will further improve the Company's corporate governance structure and strengthen the Company's competitiveness.

4.3 Implementation of the undertakings given by the Company, shareholders and beneficial controllers

Applicable Not applicable

Undertaking	Details	Implementation
Other undertakings	China Resources National Corporation – the parent company of CRC, being the Company’s original single largest shareholder and the present single largest shareholder, gave a significant undertaking to the Company in 2001: CRNC would provide as much support to the Company as it did in the past, as long as such support was beneficial to the Company’s development, and that it would remain impartial in the event of any competition between the investment projects of the Company and that of CRNC and its subsidiaries, and in the event of any disagreements or disputes arising from horizontal competition.	CRNC has fulfilled its undertakings.

4.4 Warning of and explanation for the accumulated net profit from the beginning of the year to the end of the next reporting period forecast to be a probable loss or to be significantly differed from that of the corresponding period of the previous year

Applicable Not applicable

4.5 Other major events and their explanations

4.5.1 Securities investments

Applicable Not applicable

4.5.2 Equity interests held in other listed companies

Applicable Not applicable

(Unit: RMB)

Stock code	Stock abbreviation	Initial investment amount	Percentage of shareholdings	Book value as at the end of the period	Gains/(losses) during the reporting period	Changes in equity attributable to equity shareholders during the reporting period
600751	SST Tianjin Marine Shipping Co., Ltd.	143,600.00	0.04%	143,600.00	-	-
Total		143,600.00	-	143,600.00	-	-

Note: 1. Equity interests of SST Tianjin Marine Shipping Co., Ltd held by the Company are legal person shares held over the years. Up till now, the SST Tianjin Marine Shipping Co., Ltd has not undergone share reform.

4.5.3 Investor relations activities such as meetings, communications and visits during the reporting period

Type of activities	Time	Location	Approach	Classification of visitors	Issues discussed and information provided
CITIC Securities meeting	2011.7	Chengdu	Face to face meeting	Investors including securities companies, funds, etc	(I) Major issues discussed: (1) The Company’s daily operations; (2) The Company’s
Hongyuan Securities meeting	2011.7	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	
Qilu Securities meeting	2011.7	Qingdao	Face to face meeting	Investors including securities companies, funds, etc	
Huatai United meeting	2011.7	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	

CITIC Securities meeting	2011.7	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc
Interim results presentation	2011.8	Hong Kong, Shenzhen (Shanghai, Beijing)	Face to face meeting	Investors including securities companies, funds, individual investors, etc
Credit Suisse meeting	2011.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc
BNP meeting	2011.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc
Guotai Junan meeting	2011.8	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc
CLSA meeting	2011.9	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc
UBS meeting	2011.9	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc
Note: The above-mentioned meetings included one-on-one meetings, small group meetings and large group presentation. The Company received or met with investors from over 50 companies.				
Securities companies	During the reporting period	Shenzhen, Dongguan, Huizhou, Guangzhou, Foshan, Zhongshan, Zhuhai, Xiamen, Sanya, Changsha, Shanghai, Hangzhou, Nanchang, Ningbo, Hefei, Beijing, Tianjin, Shenyang, Anshan, Qingdao, Yantai, Taiyuan, Wuhan, Chengdu, Chongqing, Guiyang, Xi'an	Small group or one-on-one	KGI Securities, Goldman Sachs, CICC, Orient Securities, Guotai Junan, Gaohua, Citi, Morgan Stanley, UBS, RBS, Merrill Lynch, CLSA, Ping An Securities, Guangfa Securities, HuaChuang Securities, Macquarie Securities, Shenjin Wanguo Securities, Haitong Securities, Credit Suisse, CCB International, JP Morgan, Minsheng Securities, China Jianyin Investment Securities, CITIC Securities, Guosen Securities, BOC International Securities, Mitsubishi UFJ, SMBC Nikko Inc., Research-Works, Religare Capital Markets, Jefferies, Samsung Securities, Keefe, Bruyette & Woods, and DBS Vickers (HK) Ltd., etc.
Fund and other investment companies and individual investors	During the reporting period	Shenzhen, Dongguan, Huizhou, Guangzhou, Foshan, Zhongshan, Zhuhai, Xiamen, Sanya, Changsha, Shanghai, Hangzhou, Nanchang, Ningbo, Hefei, Beijing, Tianjin, Shenyang, Anshan, Qingdao, Yantai, Taiyuan, Wuhan, Chengdu, Chongqing,	Small group or one-on-one	Bosera Fund, Harvest Fund, Asset Management Department of CICC, China Universal Asset Management, Yinhua Fund, Power Pacific Corporation, Ltd (鲍尔太平洋), Bank of Communications Schroders, Penghua Fund, Dacheng Fund, China Life, E Fund, China AMC, Hillhouse Capital, Chongyang Investment, Fortis Haitong Fund, Fullgoal Fund, Shanghai Goldlux Investment Ltd. (上海金历投资有限公司), Guangfa Fund, Southern Fund, Guotai AMC, Sinolink General Asset Management (国金通用基金), Hua An Fund, China Merchants Fund, Taikang Life, Rongtong Fund, TIAA-CREF Asset Management, Autonomy Capital, Fortress Investment, Fidelity, BOCOM International, Broad Peak Investment Advisers Pte Ltd, Chow Tai Fook, GLG, Korea Investment Management, Resolution Capital, Rioni Capital, RCM, Deka Investment, Value Partners Ltd., JF Asset Management Limited, TT International, BMP Paribas Investment, Kingdon Capital Management, TPG AXON, Gartmore, Mount Kellet, Mount Kellet, Manulife, NEUBERGER BERMAN INVESTMENT MANAGEMENT, Lion Global

		Guiyang, Xi'an		Investors, Christensen, Duquesne Family Office, Telligent Capital Management, Sylebra Capital Management, Wellington, GIC, SAC Capital, UBS Global Asset Management, Amundi HK, Baring Asset Mgmt, Deutsche Asset Mgmt, HSBC Global, Harvest Global, PineBridge Inv, George Weiss, Och-Ziff Capital Management, Schroder Investment Management, Tenax Capital, MRV, Bluebay Asset Management, Soros, Taurus, Keywise, Prudential, Blackrock International Ltd, Capital Group Intl Inc (Guardian), China Asset Mgmt Co Ltd, China Intl Fund Mgmt Co Ltd, China Universal Asset Mgmt Co, CITIC-Prudential Fund Mgmt Co Ltd, Coatue Mgmt, Fortune SGAM Fund Mgmt Co Ltd, INVESCO Asia Ltd, Ashmore EMM, RREEF Real Estate Securities, RREEF Real Estate Securities, Waddell Capital, Moore Capital, Colonial First State A M, Thai Focus Equity Fund, Thames River Capital LLP, and Franklin, etc.
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4.5.4 Other major events and their explanations

Applicable Not applicable

(1) The Company did not provide any funds for use by its controlling shareholder and its related parties, nor did the Company provide any guarantee to third parties in violation of regulations and procedures;

(2) Corporate bonds of the Company

During the reporting period, the Company paid the third-year interest of its bonds, namely "08 Vanke G1" and "08 Vanke G2".

(3) On 8 April 2011, at the Company's first extraordinary general meeting in 2011, the Board was granted the authority to forge cooperation with China Resources (Holdings) Co., Limited and its connected companies (collectively "China Resources"), including entering into a loan agreement with Zhuhai City Commercial Bank Co., Ltd., using the funds under China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited, and joint investment with China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited. The total sum of the loan, the amount of funds to be utilised and the joint investment amount shall not be more than RMB4.42 billion (i.e. not more than 10% of the Company's audited net assets value as at the end of 2010). The granted authority is valid for one year from the date of passing of the relevant resolution at the shareholders meeting.

During the reporting period, the details of cooperation were yet to work out.

(4) Progress of establishment of internal control

As a key pilot company to implement the Notes on Basic Criteria of Enterprise Internal Control and its implementation guidelines, the Company had proactively enhanced its internal control. During the reporting period, the Company implemented the implementation proposal according to the Basic Criteria of Enterprise Internal Control, rectified the risks of internal control activities, evaluated the defects of the internal control system, and formulated a plan to rectify the defects of the internal control system. In future, the Company will push ahead with the implementation of the Basic Criteria of Enterprise Internal Control according to the implementation proposal. Such will enhance internal control and assessment ability, thereby further improving the Company's corporate governance.

4.6 Investment in derivatives

Applicable Not applicable

Remarks on risk analysis and management of derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)	In order to limit the risk associated with the fluctuations of interest rate, the Company entered into an interest rate swap ("IRS") agreement to hedge floating rate foreign currency loan. The Company would charge the counterparty an interest according to a floating rate, in order to pay the floating-rate interest to the original lender, while paying a fixed rate to the counterparty. In terms of the time limit and amount of the foreign currency loan, IRS limited the risk of fluctuations of interest rate through fixed forward rate.
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	The effect of the change in the IRS value on the Company's profit or loss during the reporting period amounted to RMB(10,446,016.47). The value of the IRS was determined based on the fair value assessed on 30 September 2011.

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 advice on derivative investment and risk control by independent directors, sponsors and financial advisors	The Company's independent directors are of the view that financial instruments such as IRS could ward off the possible loss associated with foreign currency loan in the event of fluctuations in interest rate. The relevant arrangement of the Company has been prudent and reasonable.

4.6.1 Derivative positions as at the end of the reporting period

Applicable Not applicable

Unit: RMB000'

Type of contracts	Contract amount as at the beginning of the period	Contract amount as at the end of the period	Profit/loss during the reporting period	Contract amount as at the end of the period as a percentage of the Company's net assets as at the end of the reporting period
Interest rate swap (IRS) agreement	1,249,109.39	3,106,275.12	(10,446.02)	5.22%
Total	1,249,109.39	3,106,275.12	(10,446.02)	5.22%

Consolidated income statement for the three months ended 30 September 2011*(Expressed in Renminbi Yuan)*

	Jul-Sep 2011	Jul-Sep 2010
Revenue	8,716,003,957	5,269,980,667
Cost of sales	(6,056,107,666)	(3,462,667,296)
Gross profit	2,659,896,291	1,807,313,371
Other income	58,956,044	46,946,815
Distribution expenses	(732,617,079)	(400,325,189)
Administrative expenses	(382,193,240)	(312,306,496)
Other expenses	(46,616,599)	(27,242,972)
Results from operating activities	1,557,425,417	1,114,385,529
Finance income	32,631,686	74,176,302
Finance costs	(51,620,925)	(87,634,546)
Net finance costs	(18,989,239)	(13,458,244)
Share of profits less losses of associates	(7,358,012)	(2,819,019)
Share of profits less losses of jointly controlled entities	28,489,380	(6,339,067)
Profit before taxation	1,559,567,546	1,091,769,199
Income tax expenses	(705,736,077)	(426,944,430)
Profit for the period	853,831,469	664,824,769
Attributable to:		
Owners of the Company	606,055,521	459,505,335
Non-controlling interests	247,775,948	205,319,434
Profit for the period	853,831,469	664,824,769
Earnings per share		
Basic	0.055	0.042
Diluted	0.055	0.042
Other comprehensive income for the period	45,833,229	22,762,535
Total comprehensive income for the period	899,664,698	687,587,304
Attributable to:		
Owners of the Company	651,888,750	482,267,870
Non-controlling interests	247,775,948	205,319,434

Consolidated income statement for the nine months ended 30 September 2011*(Expressed in Renminbi Yuan)*

	Jan-Sep 2011	Jan-Sep 2010
Revenue	27,602,969,484	21,086,234,891
Cost of sales	(17,055,039,889)	(13,509,556,744)
Gross profit	10,547,929,595	7,576,678,147
Other income	106,617,226	253,601,462
Distribution expenses	(1,689,365,264)	(1,006,726,766)
Administrative expenses	(1,286,862,409)	(887,754,439)
Other expenses	(119,861,061)	(62,397,259)
Results from operating activities	7,558,458,087	5,873,401,145
Finance income	408,241,069	447,777,180
Finance costs	(569,212,569)	(473,806,265)
Net finance costs	(160,971,500)	(26,029,085)
Share of profits less losses of associates	22,703,439	14,848,848
Share of profits less losses of jointly controlled entities	6,201,338	70,433,006
Profit before taxation	7,426,391,364	5,932,653,914
Income tax expenses	(3,320,042,361)	(2,107,008,256)
Profit for the period	4,106,349,003	3,825,645,658
Attributable to:		
Owners of the Company	3,583,910,174	3,272,003,908
Non-controlling interests	522,438,829	553,641,750
Profit for the period	4,106,349,003	3,825,645,658
Earnings per share		
Basic	0.326	0.298
Diluted	0.326	0.298
Other comprehensive income for the period	134,279,390	(23,439,217)
Total comprehensive income for the period	4,240,628,393	3,802,206,441
Attributable to:		
Owners of the Company	3,718,189,564	3,248,564,691
Non-controlling interests	522,438,829	553,641,750

Consolidated balance sheet as at 30 September 2011*(Expressed in Renminbi Yuan)*

	30 Sep 2011	31 Dec 2010
Non-current assets		
Property, plant and equipment	1,617,795,475	1,625,695,230
Investment properties	188,316,999	129,176,195
Construction in progress	927,879,068	764,282,141
Interest in associates	1,917,281,496	1,035,875,902
Interest in jointly controlled entities	3,089,275,359	3,374,074,020
Other financial assets	489,207,300	488,565,309
Deferred tax assets	2,093,922,477	1,643,158,028
Other non-current assets	1,055,992,715	1,055,992,715
Total non-current assets	11,379,670,889	10,116,819,540
Current assets		
Inventories	59,306,613	93,090,534
Properties held for development	58,041,386,113	49,314,694,209
Properties under development	129,642,406,453	78,982,068,164
Completed properties for sale	5,529,863,819	5,290,716,117
Trade and other receivables	44,990,257,654	34,370,341,244
Cash and cash equivalents	33,899,446,886	37,816,932,912
Total current assets	272,162,667,538	205,867,843,180
TOTAL ASSETS	283,542,338,427	215,984,662,720
CAPITAL AND RESERVES		
Share capital	10,995,210,218	10,995,210,218
Reserves	35,900,498,267	33,237,466,573
Total equity attributable to equity shareholders of the Company	46,895,708,485	44,232,676,791
Non-controlling interests	12,658,043,687	10,353,522,851
TOTAL EQUITY	59,553,752,172	54,586,199,642

Consolidated balance sheet as at 30 September 2011 (continued)

(Expressed in Renminbi Yuan)

	30 Sep 2011	31 Dec 2010
Non-current liabilities		
Loans and borrowings	28,165,708,514	30,611,643,798
Deferred tax liabilities	1,083,278,606	1,086,104,338
Other non-current liabilities	44,832,729	8,816,121
Provisions	40,608,213	41,107,323
Total non-current liabilities	29,334,428,062	31,747,671,580
Current liabilities		
Loans and borrowings	23,744,160,653	16,783,690,787
Guaranteed notes payable	31,250,000	-
Financial derivatives	24,619,235	15,054,493
Trade and other payables	164,982,633,475	106,138,344,681
Current taxation	5,871,494,830	6,713,701,537
Total current liabilities	194,654,158,193	129,650,791,498
TOTAL LIABILITIES	223,988,586,255	161,398,463,078
TOTAL EQUITY AND LIABILITIES	283,542,338,427	215,984,662,720

Consolidated cash flow statement for the nine months ended 30 September 2011

(Expressed in Renminbi Yuan)

	Jan-Sep 2011	Jan-Sep2010
Cash flows from operating activities		
Cash receipts from customers	75,167,847,931	54,283,454,889
Cash paid to suppliers	(60,877,669,097)	(42,941,813,416)
Cash paid to and for employees	(2,102,813,719)	(1,131,132,831)
Cash paid for other taxes	(12,378,906,582)	(6,603,238,943)
Cash generated from other operating activities	8,787,555,246	5,511,421,036
Cash used in other operating activities	(10,091,392,567)	(10,326,054,325)
Net cash used in operating activities	(1,495,378,788)	(1,207,363,590)
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	(2,216,619,142)	(450,226,495)
Acquisitions of interest in associates, jointly controlled entities and other investments	(786,935,149)	(1,155,471,630)
Acquisitions of non-controlling interests	(19,477,855)	(368,305,267)
Acquisitions of property, plant and equipment and construction in progress	(166,354,600)	(56,160,940)
Payment for acquisitions of subsidiaries in previous year	(564,892,500)	(26,164,230)
Cash used in other investment activities	-	(993,726,314)
Proceeds from disposals of subsidiaries	(42,569,163)	6,519,582
Proceeds from disposal of property, plant and equipment	636,007	458,787
Proceeds from disposal of interest in other long term investments	104,150,000	158,403,841
Proceeds from other investment activities	334,048,225	826,706,405
Proceeds from investment income	18,351,601	439,300,965
Net cash used in investing activities	(3,339,662,576)	(1,618,665,296)

Consolidated cash flow statement for the nine months ended 30 September 2011

(Expressed in Renminbi Yuan)

	Jan-Sep 2011	Jan-Sep2010
Cash flows from financing activities		
Capital injections from non-controlling interests of subsidiaries	2,802,867,963	1,594,241,499
Proceeds from loans and borrowings	18,851,185,694	21,874,453,038
Repayment of loans and borrowings	(14,217,946,400)	(8,882,790,882)
Dividends paid to equity shareholder	(1,018,124,006)	(771,376,582)
Dividends paid to non-controlling shareholder	(291,536,325)	(332,449,919)
Interests paid	(3,226,463,958)	(1,949,316,947)
Net cash generated from financing activities	2,899,982,968	11,532,760,207
Net increase in cash and cash equivalents	(1,935,058,396)	8,706,731,321
Cash and cash equivalents at 1 January	35,096,935,416	22,002,774,937
Effect of foreign exchange rate changes	(12,165,936)	4,181,269
Cash and cash equivalents at balance sheet date	33,149,711,084	30,713,687,527