



**China Vanke Co., Ltd.**

## 2013 First 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 Wei Bin were not able to attend the board meeting in person due to their business engagements and had authorised Director Chen Ying to represent them and vote on behalf of them. Director Yu Liang was not able to attend the board meeting in person due to personal reasons and had authorised Director Xiao Li 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 guidance

(Unit: RMB'000)

	As at 31 March 2013	As at 31 December 2012	Changes (%)
<b>Total assets</b>	418,181,891	379,094,858	10.31%
<b>Equity attributable to equity shareholders of the Company</b>	65,578,004	63,825,554	2.75%
<b>Share capital (share)</b>	11,006,758	10,995,553	0.10%
<b>Net assets per share attributable to equity shareholders of the Company</b>	5.96	5.80	2.64%
	January to March 2013	January to March 2012	Changes (%)
<b>Revenue</b>	13,195,692	9,752,549	35.31%

<b>Profit attributable to equity shareholders of the Company</b>	1,613,904	1,395,937	15.61%
<b>Net cash generated from operating activities</b>	(2,383,261)	1,280,121	-286.17%
<b>Net cash generated from operating activities per share</b>	(0.22)	0.12	-285.98%
<b>Basic earnings per share</b>	0.15	0.13	15.50%
<b>Diluted earnings per share</b>	0.15	0.13	15.50%
<b>Return on equity (weighted average)</b>	2.49%	2.60%	Decrease 0.11 percentage points

Note: 1. The net assets used to calculate the above net assets per share and return on equity refers to the equity attributable to equity shareholders of the Company, while the profit used to calculate the earnings per share refers to the profit attributable to equity shareholders of the Company.

2. The Company's share capital during the reporting period increased by 11,204,441 shares due to the exercise of certain stock options under the A-Share Stock Option Incentive Scheme.

## 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 31 March 2013, the total number of shareholders of the Company was 704,231 (including 687,129 holders of A shares and 17,102 holders of B shares).

Total number of shareholders as at the end of the reporting period		704,231
Shareholdings of the top 10 shareholders of non-restricted tradable shares		
Name of shareholders (in full)	Total number of non-restricted tradable shares held as at the end of the reporting period	Type
China Resources Co., Limited ("CRC")	1,619,094,766	A Share
China Life Insurance Company Limited–Dividend Distribution–Individual Dividend-005L - FH002 Shen	135,174,078	A Share
Liu Yuansheng	133,791,208	A Share
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	115,561,278	A Share
Bosera Value Growth Securities Investment Fund	102,837,764	A Share
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	100,764,267	B Share
ICBC - Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	93,647,784	A Share
China Minsheng Bank - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	90,339,964	A Share
UBS AG	78,721,210	A Share
Staff Committee of China Vanke Co., Ltd.	67,168,517	A Share

As at the end of 31 March 2013, the total number of shares of the Company was 11,006,757,559, including 9,691,802,091 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 the 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 Life Insurance Company Ltd.	3,085,862
5	China Ping An Property and Casualty Insurance Company Limited – Traditional – General Insurance Products	2,698,727
6	Taiping General Insurance Company Limited	1,003,216
7	China Life Property and Casualty Insurance Company Limited –Traditional – General Insurance Products	829,133
8	China Property & Casualty Reinsurance Company Ltd.	776,162
9	Haitong-BOC-Futong Bank	722,532
10	China Ping An Life Insurance Company Limited – Traditional – General Insurance Products	542,000

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

No.	Bondholder	No. of bonds held
1	Pacific Asset Management Co., Ltd. - Pacific Prudent Financial Plan One	2,410,130
2	Agricultural Bank of China Limited	1,080,717
3	Hongta Securities Co., Ltd.	928,000
4	CNPC Pension Scheme – ICBC	788,960
5	Bank of China – Manulife Teda Total Return Bond Fund	760,500
6	Xinghua Securities Investment Fund	650,000
7	Industrial Bank Co., Ltd. - Tianhong Yongli Bond Fund	606,730
8	CCB - Penghua Fengrun Bond Fund	599,993
9	ICBC – Rongtong Suisui Tianli Bond Fund	592,101
10	Postal Saving Bank of China – Penghua Fengze Classification Bond Fund	570,404

### §3 Management Discussion and Analysis

The sales area of commodity residential housing in 14 cities, including Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi and Suzhou, in January and February of the previous year was at its lowest since 2007. As the comparative figure was relatively small, the sales area in these cities in the first quarter of this year saw a significant year-on-year growth of 64.4%.

During the reporting period, the approved pre-sales area of the aforesaid 14 cities increased by 29.5% year-on-year, indicating supply growth starting to lag behind the growth in sales. In March, the sales

area of commodity housing to approved pre-sales area of new housing ratio rose to 1.44 from 1.10 at the beginning of the year; inventory of saleable new homes (those that have obtained sales permit but have not yet been sold) dropped from 116 million sq m at the beginning of the year to 108 million sq m, but was merely lower than its historical high by a slight degree.

Major cities had increased land supply since the second half of 2012. Compared to previous years, there was a relatively sufficient supply of land in the first quarter. The area of land supply and sold in the 16 major cities where statistics are accessible by the public (including Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Beijing, Tianjin, Shenyang, Dalian, Chengdu, Wuhan and Chongqing) increased by 46.6% and 39.0%, respectively, on a year-on-year basis. With robust sales, more land lots changed hands with a price premium, while the percentage of aborted auctions dropped to 8%, being the lowest rate since 2011.

During the reporting period, according to the six measures promulgated by the government to strengthen regulation, curbing speculation- and investment-driven housing purchase and supporting home purchase by end users will continue to be the focus of regulation. The Company will continue to persevere with the strategies of “building quality housing for ordinary people” and “building affordable and liveable homes”, actively adapt to the business environment and change in market conditions, increase research on customer needs and ensure a right product mix meeting market needs. In the first quarter, the Company achieved an accumulated sales area of 3,715,000 sq m, with a sales amount of RMB43.65 billion, representing increases of 23.5% and 40.5%. Among the residential units sold, homes smaller than 90 sq m accounted for 45%, while homes smaller than 144 sq m took up 90%. Small to medium sized ordinary commodity housing remained the major product of the Company.

In Guangshen region, the Company realized a sales area of 1,286,000 sq m and sales revenue of RMB16.04 billion; in Shanghai region, sales area and sales revenue amounted to 791,000 sq m and RMB11.22 billion respectively; in Beijing region, sales area and sales revenue amounted to 962,000 sq m and RMB10.57 billion respectively; and in Chengdu region, sales area and sales revenue amounted to 677,000 sq m and RMB5.81 billion respectively.

During the reporting period, the Company realized a booked area and booked revenue of 1,234,000 sq m and RMB12.55 billion respectively, representing year-on-year increases of 63.7% and 31.5% respectively. Meanwhile, the Company realized operating revenue and net profit of RMB13.20 billion and RMB1.61 billion respectively, representing year-on-year increases of 35.3% and 15.6% respectively. The booked gross profit margin of the Company’s property business declined by 2.4 percentage points from 30.8% in the corresponding period of last year to 28.4%, which was higher than 27.4% of the full year of 2012.

As at the end of the first quarter, the Company had an area of 15,767,000 sq m sold but not yet booked in the consolidated statements as construction had yet to be completed. This area and its corresponding contract amount of approximately RMB169.54 billion represented increases of 16.4% and 18.0% respectively when compared with those of the beginning of the year.

As at the end of the reporting period, the Company’s net gearing ratio was 29.6%, while cash held by the Company amounted to RMB52.26 billion, which was more than the sum of short-term borrowings and long-term borrowings due within one year of RMB44.07 billion. The Company had a sound and solid financial position.

In the first quarter, the Company achieved a floor area commenced construction of 4,020,000 sq m and completed area of 1,031,000 sq m, accounting for 24.3% and 8.0% of the annual plan.

As at the end of the reporting period, the completed properties (properties ready for sale) amounted to RMB14.29 billion, accounting for 4.95% of the Company's inventory, representing a decrease of 1.36 percentage points from that at the beginning of the year.

During the reporting period, the Company acquired 21 new development projects, with a site area attributable to Vanke's equity holding of approximately 1.80 million sq m (corresponding planned GFA of approximately 5.13 million sq m) and an average land premium per floor area of approximately RMB2,776/sq m. In future, the Company will continue to adhere to a prudent project development strategy, monitor the land market for any possible opportunities, and replenish its land bank for future development needs in a reasonable manner.

## §4 Significant Events

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

√Applicable Not applicable

Items	31 March 2013 (RMB'000)	31 December 2012 (RMB'000)	Change (+/-)	Reasons for change
Current liabilities - Loans and borrowings	44,066,542	35,557,359	23.93%	Change in debt structure
Current taxation	6,450,413	8,720,876	-26.03%	Paid tax at the beginning of this year
Items	January to March 2013 (RMB'000)	January to March 2012 (RMB'000)	Change (+/-)	Reasons for change
Turnover	13,195,692	9,752,549	35.31%	Increase in booked sales
Cost of sales	(8,807,186)	(6,046,667)	45.65%	Increase in land, construction and installation cost of booked projects
Finance costs	(444,480)	(278,663)	59.50%	Increased in the borrowings
Share of profits less losses of associates	(4,564)	(14,728)	69.01%	Increased in profit of associates
Share of profits less losses of jointly controlled entities	39,612	90,991	-56.47%	Decreased in profit of jointly controlled entities

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

√Applicable Not applicable

#### 1. A-Share Stock Option Incentive Scheme

On 8 April 2011, the first extraordinary general meeting of the Company considered and passed the Company's A-Share Stock Option Incentive Scheme (Revised Draft) and related matters. The Company's A-Share Stock Option Incentive Scheme ("Scheme") was thereby implemented. On 9 May 2011, the registration of the grant of stock options was completed. The Company granted 108,435,000 stock options to 810 beneficiaries. The abbreviation of the stock options is Vanke JLC1 while the stock option code is 037015.

The initial exercise price of the stock options was RMB8.89. The Company implemented the proposal on dividend distribution for the year 2010 on 27 May 2011, and distributed a cash dividend of RMB1.0 (including tax) to all shareholders for every 10 existing shares held. In accordance with the relevant regulations and the resolutions passed at the shareholders meeting, the Board made adjustment to the exercise price of the stock options to RMB8.79. The Company implemented the proposal on dividend distribution for the year 2011 on 5 July 2012, and distributed a cash dividend of RMB1.3 (including tax) to all shareholders for every 10 existing shares held. The

Company made a further adjustment to the exercise price according to the provisions. The adjusted exercise price was RMB8.66.

Upon the completion of the relevant procedures for approval, the Scheme entered the first exercise period on 12 July 2012. There were 342,900 stock options in 2012. During the reporting period, there were a total of 11,204,441 stock options exercised by 150 beneficiaries. Owing to the exercise of some of the stock options and the departure of some of the beneficiaries, the total number of vested stock options not yet exercised decreased to 81,182,159 at the end of the reporting period.

The introduction of the Scheme complements 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.

## **2. Change of Listing Location of Domestically Listed Foreign Shares ("B shares") of the Company and Listing & Trading on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") by Way of Introduction**

On 19 January 2013, the Company announced Proposal for Change of Listing Location of Domestically Listed Foreign Shares of China Vanke Co., Ltd. and Listing & Trading on the Main Board of The Stock Exchange of Hong Kong Limited by Way of Introduction. On 4 February, the Proposal was passed at the first extraordinary general meeting in 2013. On 7 February, the Company received a confirmation letter regarding the processing of the application for administrative licence issued by China Securities Regulatory Commission. The Company also received a confirmation letter regarding the relevant matter from the SEHK on 15 February 2013. After the Company announced its 2012 annual results on 28 February, the Company submitted additional information including 2012 annual results for its application. The application is currently in progress.

The change of listing location of the Company's B shares to SEHK is conducive to enhancing the Company's visibility, expanding its international business, enabling the Company to leverage overseas resources and markets to reinforce the Company's core competitiveness.

### **4.2.1 Qualified opinion**

Applicable Not applicable

### **4.2.2 The signing and implementation of major contracts for daily operation**

Applicable Not applicable

### **4.2.3 Others**

Applicable Not applicable

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

Applicable Not applicable

Undertaking	Undertaker	Details	Implementation
Other undertakings	China Resources National Corporation ("CRNC")	CRNC – 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	143,600.00	0.04%	143,600.00	-	-
<b>Total</b>		<b>143,600.00</b>	-	<b>143,600.00</b>	-	-

Note: 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
BNP meeting	2013.1	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	(I) Major issues discussed: (1) The Company's daily operations; (2) The Company's development strategies; (3) The Company's opinion on the changes in the industry.  (II) Major information provided: Published information including the Company's regular reports.
Nomura Securities meeting	2013.1	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Credit Suisse meeting	2013.1	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Barclays meeting	2013.1	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Guotai Junan meeting	2013.3	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc.	
CLSA meeting	2013.1	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Annual Results Presentation	2013.2	Hong Kong, Shenzhen (Shanghai, Beijing)	Face to face meeting	Investors including securities companies, funds, individual investors, etc.	
CLSA meeting	2013.2	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Credit Suisse meeting	2013.3	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
JP Morgan meeting	2013.3	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
CLSA meeting	2013.3	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Barclays meeting	2013.3	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	

Credit Suisse Securities meeting	2013.3	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.
Shenyin Wanguo meeting	2013.3	Shenzhen	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, Sanya, Fuzhou, Xiamen, Changsha, Shanghai, Jiading, Suzhou, Nanjing, Hangzhou, Hefei, Ningbo, Wenzhou, Beijing, Shenyang, Anshan, Qingdao, Taiyuan, Wuhan, Chengdu, Chongqing, Xian, etc.	Small group or one-on-one	Citibank, Shenyin Wanguo, Guotai Junan, CITIC Securities, UBS, JP Morgan, Deutsche Bank, Morgan Stanley, Naito Securities, CITIC Construction Securities, Dongxing Securities, Nomura Securities, CICC, Barclays, Goldman Sachs Gao Hua, Guoxin Securities, CLSA, HSBC, Shanghai Securities, Galaxy Securities, Credit Suisse Securities, GF Securities, Goldman Sachs, Standard Chartered Bank, Macquarie, BOCI, China Everbright Securities, Changjiang Securities, BNP, Jefferies, DBS Vickers (HK) Ltd, etc.
Fund and other investment companies and individual investors	During the reporting period	Shenzhen, Dongguan, Sanya, Fuzhou, Xiamen, Changsha, Shanghai, Jiading, Suzhou, Nanjing, Hangzhou, Hefei, Ningbo, Wenzhou, Beijing, Shenyang, Anshan, Qingdao, Taiyuan, Wuhan, Chengdu, Chongqing, Xian, etc.	Small group or one-on-one	Ping An Asset, Orient Securities Asset Management, Bosera Fund, Southern Fund, Rongtong Fund, CIFM Asset Management, GF Fund, E Fund, China Universal Asset Management (HK) Limited, Wanjia Asset, Taikang Assets, China AMC, Harvest Fund, Dacheng Fund, ICBC Credit Suisse Fund, China Life, Invesco Great Wall Fund, Yinhua Fund, HFT Investment, Hua An Fund, China Universal Fund, Penghua Fund, Huatai-PineBridge Fund, SYWG BNP Paribas, UBS SDIC Fund, Argyle Street Management, Fidelity, Dodge & Cox, Matthews International Capital Management, BEA Union, Templeton, RCM Asia Pacific Limited. Myriad Asset Management, Capital Research, Franklin Templeton Investments (Asia) Limited, Goldman Sachs Asset Management International. Keywise Capital Management (HK) Limited, Lazard Asset



				Management LLC、Morgan Stanley Investment Management Inc, Pictet Asset Management SA, PLATINUM, Columbia Management、STICHTING, T Rowe Price, Lion Global Investors, Baring Asset Management, Mirae Asset Global, SAC Capital, Geosphere, Capital Land, Invesco, Aberdeen, Alliance Bernstein, ACQ, Wellington Asset Mgt, Libra Capital Management (HK) Ltd, Zeal Asset, Standard Pacific, Primero Investment Limited, Trivest Advisors, UG Funds, ChinaRock Capital Management, Neuberger Berman, EFMI, Prime Capital, Goldman Sachs Asset Management, Value Partners, Seatown, Henderson Global Investors, JP Morgan Asset, Asuka Corporate Advisory, BT Investment, CIMB-Principal Asset Management Berhad, Ashmore Group, 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 has good credit standing. There was no change in the corporate bonds namely “08 Vanke G1” and “08 Vanke G2” issued by the Company.
- (3) On 11 May 2012, the Company’s annual general meeting of 2011 authorised the Board to determine, within RMB10.59 billion, the continuous cooperation with China Resources (Holdings) Co., Ltd. and its connected companies (collectively “CRH”), including entering into a loan agreement with China Resources Bank of Zhuhai 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 granted authority is valid for a period of one year. During the reporting period, Shanghai Vanke Investment Management Co., Ltd., a wholly owned subsidiary of the Company, transferred its 39% equity interests of Shanghai Hongqiao Project No. 11 to Shenzhen Huawei Xincheng No. 1 Partnership Enterprise (limited partnership) (深圳市华威欣城一号投资合伙企业) (“Huawei Xincheng”) to jointly develop the Shanghai Hongqiao Project No. 11. Harvest Capital Partners Limited and China Resources SZITIC Trust Co., Ltd. respectively hold 51% and 49% equity interests in Shenzhen Huawei Yongsheng Management Co., Ltd. (深圳市华威永盛企业管理有限公司), which is a general partner of Huawei Xincheng. Apart from this, there were no other connected transactions that the Company conducted with its relevant connected parties.  
The resolutions approved at 2012 annual general meeting on 20 March 2013 authorized the Board to decide on the continuous cooperation with CRH. The validity of the granted authority was adjusted to two years, while the

aggregate authorized amount was adjusted to not more than RMB12.7 billion per year (i.e. not more than 20% of the audited net assets value of the Company as at the end of 2012). During the reporting period, new cooperation was yet to implement.

(4) Establishment of internal control

In 2013, the Company continued to adopt a pragmatic internal control approach to establish the internal control process. It also continued to promote internal control in respect of a specialized field based on a specific theme of internal control for each month, and conduct internal control inspection in order to recommend the best internal control practices. According to the requirement for change of listing location of B share of the Company to the SEHK, the Company will, taking to account the requirements of the rules of SEHK, further revise and fine-tune its internal control system.

#### 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 limits 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 analyze the fair value of derivatives should be disclosed	The effect of the change in the IRS value on the Company’s profit and loss during the reporting period amounted to RMB1,461,267. The value of the IRS was determined based on the fair value assessed on 31 March 2013.
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 prevent the possible loss associated with foreign currency loan in the event of significant 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: RMB '000)

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
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				<b>Company's net assets as at the end of the reporting period</b>
Interest rate swap (IRS) agreement	2,553,798.65	2,547,054.07	1,461.27	3.01%
<b>Total</b>	2,553,798.65	2,547,054.07	1,461.27	3.01%

# Consolidated income statement

## for the period ended 31 March 2013

(Expressed in Renminbi Yuan)

	<b>2013</b>	<b>2012</b>
	<b>Jan.–Mar.</b>	<b>Jan.–Mar.</b>
	RMB'000	RMB'000
Revenue	13,195,692	9,752,549
Cost of sales	(8,807,186)	(6,046,667)
<b>Gross profit</b>	<u>4,388,506</u>	<u>3,705,882</u>
Other revenue	157,093	159,335
Other net income	18,804	70,752
Distribution costs	(623,399)	(582,236)
Administrative expenses	(589,614)	(520,165)
Other operating expenses	(29,625)	(44,348)
<b>Profit from operations</b>	<u>3,321,765</u>	<u>2,789,220</u>
Finance costs	(444,480)	(278,663)
Share of profits less losses of associates	(4,564)	(14,728)
Share of profits less losses of jointly controlled entities	39,612	90,991
<b>Profit before taxation</b>	<u>2,912,333</u>	<u>2,586,820</u>
Income tax	(1,122,964)	(1,056,273)
<b>Profit for the period</b>	<u><u>1,789,369</u></u>	<u><u>1,530,547</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	1,613,904	1,395,937
Non-controlling interests	175,465	134,610
<b>Profit for the period</b>	<u><u>1,789,369</u></u>	<u><u>1,530,547</u></u>
<b>Basic earnings per share (RMB)</b>	<u>0.15</u>	<u>0.13</u>

# Consolidated statement of comprehensive income

## for the period ended 31 March 2013

*(Expressed in Renminbi Yuan)*

	2013	2012
	<i>Jan.–Mar.</i>	<i>Jan.–Mar</i>
	RMB'000	RMB'000
<b>Profit for the period</b>	1,789,369	1,530,547
<b>Other comprehensive income (after tax and reclassification adjustments)</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	(4,709)	(39,652)
Available-for-sale securities: net movement in the fair value reserve	-	-
	(4,709)	(39,652)
<b>Total comprehensive income for the period</b>	1,784,660	1,490,895
<b>Attributable to:</b>		
Equity shareholders of the Company	1,609,195	1,356,285
Non-controlling interests	175,465	134,610
<b>Total comprehensive income for the period</b>	1,784,660	1,490,895

# Consolidated statement of financial position

at 31 March 2013

(Expressed in Renminbi Yuan)

	31 Mar 2013	31 Dec 2012
	RMB'000	RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	3,165,819	3,132,540
Goodwill	201,690	201,690
Investment properties	1,814,362	1,714,136
Interest in associates	2,896,998	2,915,844
Interest in jointly controlled entities	4,207,819	4,043,247
Other financial assets	108,479	85,979
Other non-current asset	1,077,232	879,582
Deferred tax assets	3,487,574	3,219,894
	<u>16,959,973</u>	<u>16,192,912</u>
<b>Current assets</b>		
Inventories	288,776,670	253,622,152
Trade and other receivables	60,186,560	56,988,250
Pledged deposits	1,297,816	1,171,318
Cash and cash equivalents	50,960,872	51,120,224
	<u>401,221,918</u>	<u>362,901,944</u>
<b>Current liabilities</b>		
Loans and borrowings	44,066,542	35,557,359
Financial derivative	24,300	25,761
Trade and other payables	248,695,867	215,529,570
Current taxation	6,450,413	8,720,876
	<u>299,237,122</u>	<u>259,833,566</u>
<b>Net current assets</b>	<u>101,984,796</u>	<u>103,068,378</u>
<b>Total assets less current liabilities</b>	<u>118,944,769</u>	<u>119,261,290</u>

# Consolidated statement of financial position

at 31 March 2013(continued)

(Expressed in Renminbi Yuan)

	31 Mar 2013	31 Dec 2012
	RMB'000	RMB'000
<b><i>Non-current liabilities</i></b>		
Loans and borrowings	33,235,360	36,036,070
Deferred tax liabilities	1,007,481	1,027,055
Provisions	51,079	44,292
Other non-current liabilities	24,421	15,678
	<u>34,318,341</u>	<u>37,123,095</u>
<b>NET ASSETS</b>	<u>84,626,428</u>	<u>82,138,195</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	11,006,758	10,995,553
Reserves	<u>54,571,246</u>	<u>52,830,001</u>
<b>Total equity attributable to equity shareholders of the Company</b>	65,578,004	63,825,554
<b>Non-controlling interests</b>	<u>19,048,424</u>	<u>18,312,641</u>
<b>TOTAL EQUITY</b>	<u>84,626,428</u>	<u>82,138,195</u>

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## Consolidated cash flow statement

### for the three months ended 31 March 2013

*(Expressed in Renminbi Yuan)*

	<i>2013</i>	<i>2012</i>
	<i>Jan.–Mar.</i>	<i>Jan.–Mar</i>
	RMB'000	RMB'000
Cash received from sales of products	32,818,691	21,280,298
Other cash received from business operating activities	7,224,739	2,683,234
<b>Cash generated from operating activities</b>	40,043,430	23,963,532
Cash paid for purchasing of merchandise and services	32,088,269	13,456,878
Cash paid to employees or paid for employees	1,628,003	1,166,860
Cash paid for tax	6,140,089	5,013,645
Other cash paid for business operating activities	2,570,330	3,046,028
<b>Cash used in operating activities</b>	42,426,691	22,683,411
<b>Net cash used in operating activities</b>	(2,383,261)	1,280,121
Proceeds from sales of investments	31,983	4,000
Dividends received	78,400	8,550
Proceeds from disposal of property, plant and equipment	656	29
Proceeds from other investment activities	157,507	78,004
<b>Cash generated from investing activities</b>	268,546	90,583
Acquisitions of property, plant and equipment and construction in progress	24,459	39,048
Acquisitions of interest in associates, jointly controlled entities and other investments	121,260	71,450
Acquisitions of subsidiaries, net of cash acquired	825,065	149,580
<b>Cash used in investing activities</b>	970,784	260,078
<b>Net cash used in investing activities</b>	(702,238)	(169,495)



## Consolidated cash flow statement

### for the three months ended 31 March 2013

*(Expressed in Renminbi Yuan)*

	2013	2012
	<i>Jan.–Mar.</i>	<i>Jan.–Mar</i>
	RMB'000	RMB'000
Capital injections from non-controlling interests of subsidiaries	347,700	-
Net proceeds from issue of shares upon placing	-	66,613
Proceeds from loans and borrowings	11,116,574	12,577,474
Proceeds from issue of corporate bonds	4,944,738	-
Proceeds from issue of corporate bonds	85,052	-
<b>Cash generated from financing activities</b>	<b>16,494,064</b>	<b>12,644,087</b>
Repayment of loans and borrowings	11,872,320	7,957,741
Dividend paid to equity shareholders of the Company and Interest paid	1,687,259	1,064,324
<b>Cash used in financing activities</b>	<b>13,559,579</b>	<b>9,022,065</b>
<b>Net cash generated from financing activities</b>	<b>2,934,486</b>	<b>3,622,022</b>
<b>Effect of foreign exchange rates</b>	<b>(8,339)</b>	<b>(4,081)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(159,352)</b>	<b>4,728,567</b>
<b>Cash and cash equivalents at 1 January</b>	<b>51,120,224</b>	<b>33,614,112</b>
<b>Cash and cash equivalents at 31 March</b>	<b>50,960,872</b>	<b>38,342,679</b>