



China Vanke Co., Ltd.

2013 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 Director 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 Yu Liang to represent them and vote on behalf of them. Director Chen Ying was not able to attend the board meeting in person due to his business engagements and had authorised Director Xiao Li to represent him and vote on behalf of him. Independent Director Zhang Liping was not able to attend the board meeting in person due to his business engagements and had authorised Independent Director Elizabeth Law 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 30 September 2013	As at 31 December 2012	Change (+/-)
Total assets	461,418,138	379,094,856	21.72%
Equity attributable to the equity shareholders of the Company	68,265,638	63,825,554	6.96%
Share capital (share)	11,014,872	10,995,553	0.18%
Net assets per share attributable to equity shareholders of the Company (RMB)	6.20	5.80	6.77%

	July to September 2013	YOY change (+/-)	January to September 2013	YOY change (+/-)
Revenue	20,708,147	44.84%	59,648,956	37.89%
Profit attributable to equity shareholders of the Company	1,603,914	18.39%	6,160,219	21.27%
Net cash inflow from operating activities	-	-	(12,060,759)	-245.53%
Net cash inflow from operating activities per share (RMB)	-	-	(1.09)	-244.92%
Basic earnings per share (RMB)	0.146	18.70%	0.560	21.21%
Diluted earnings per share (RMB)	0.146	18.70%	0.560	21.21%
Return on equity	2.38%	Decreased by 0.06 percentage point	9.31%	Increased by 0.03 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 is calculated using weighted average method.
3. As some of the beneficiaries exercised their stock options, the Company's share capital therefore increased by 19,319,001 shares from January to September 2013.

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 30 September 2013, the total number of shareholders of the Company was 730,943 (including 713,492 holders of A shares and 17,451 holders of B shares).

Total number of shareholders as at the end of the reporting period					730,943	
Shareholdings of the top 10 shareholders						
Name of shareholder	Classification of shareholder	Percentage of shareholdings	Total number of shares held	Number of restricted shares held	Number of pledged or lock-up shares	
China Resources Co., Limited ("CRC")	State-owned legal person	14.70%	1,619,094,766	0	0	
Liu Yuansheng	Others	1.21%	133,791,208	0	0	
China Life Insurance Company Limited – Dividend Distribution–Individual Dividend-005L-FH002 Shen	Others	1.17%	128,697,824	0	0	
Bosera Value Growth Securities Investment Fund	Others	1.01%	111,237,491	0	0	
China Minsheng Banking Corp. Ltd. – Yinhu Shenzen Stock Exchange 100 Index Classified Securities Investment Fund	Others	1.00%	109,766,105	0	0	
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign shareholder	0.93%	102,874,948	0	0	
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	Others	0.81%	88,797,727	0	0	
Industrial and Commercial Bank of China – Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	Others	0.80%	88,152,186	0	0	
New China Life Insurance Company–Dividend Distribution–Individual Dividend - 018L - FH002 Shen	Others	0.71%	77,728,549	0	0	
Gao Hua-HSBC-GOLDMAN, SACHS & CO	Others	0.62%	68,247,255	0	0	
Remarks on strategic investor or ordinary legal person becoming top 10 shareholders after placing of new shares	Nil					

Shareholdings of the top 10 holders of non-restricted shares		
Name of shareholder	Number of non-restricted shares held	Class of shares
China Resources Co., Limited (“CRC”)	1,619,094,766	Ordinary RMB-denominated shares (A shares)
Liu Yuansheng	133,791,208	Ordinary RMB-denominated shares (A shares)
China Life Insurance Company Limited – Dividend Distribution–Individual Dividend-005L-FH002 Shen	128,697,824	Ordinary RMB-denominated shares (A shares)
Bosera Value Growth Securities Investment Fund	111,237,491	Ordinary RMB-denominated shares (A shares)
China Minsheng Banking Corp. Ltd. – Yinhua Shenzhen Stock Exchange 100 Index Classified Securities Investment Fund	109,766,105	Ordinary RMB-denominated shares (A shares)
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	102,874,948	Domestic listed foreign shares (B shares)
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	88,797,727	Ordinary RMB-denominated shares (A shares)
Industrial and Commercial Bank of China – Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	88,152,186	Ordinary RMB-denominated shares (A shares)
New China Life Insurance Company–Dividend Distribution–Individual Dividend - 018L - FH002 Shen	77,728,549	Ordinary RMB-denominated shares (A shares)
Gao Hua-HSBC-GOLDMAN, SACHS & CO	68,247,255	Ordinary RMB-denominated shares (A shares)
Remarks on the connected relationship or action in concert of the aforementioned shareholders	It is not known 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.	
Remarks on shareholders involved in securities margin trading	Nil	

As at 30 September 2013, the total number of shares of the Company was 11,014,872,119 shares, including 9,699,916,651 A shares and 1,314,955,468 B shares.

§3 Management Discussion and Analysis

During the reporting period, the sales area of commodity housing in China increased by 14.9% year-on-year, while sales of commodity housing in 14 cities including Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi and Suzhou remained modestly robust. However, owing to the relatively higher comparative figure of 2012 same period, the sales area of residential properties of the aforementioned 14 cities in the third quarter dropped by 5.7% year-on-year.

In the third quarter of 2013, the approved pre-sales area of new housing in the above-mentioned cities increased by 5.6% when compared with that in the second quarter. The supply of new housing in most of the cities was rather abundant except for Beijing, which saw a relatively tight supply of salable resources in the short term. The market’s demand and supply relationship was fairly reasonable. As at the end of September, the duration for the market to absorb housing inventory in the 14 cities increased slightly from 10.4 months at the end of June to 11.4 months. The relatively abundant amount of new housing supply did not support the continued rise of housing prices.

During the reporting period, the Company continued to adhere to its product positioning with a focus on end-users and implemented its active sales promotion strategy. In the third quarter, the Company realized a sales area and sales amount of 3,823,000 sq m and RMB44.82 billion respectively, representing year-on-year increases of 25.2% and 32.7% respectively. From January to September, the

Company's accumulated sales area and sales amount amounted to 10,987,000 sq m and RMB128.50 billion respectively, representing year-on-year increases of 21.0% and 33.4% respectively.

In the third quarter of 2013, the Company realized a booked area and booked revenue of 1,922,000 sq m and RMB20.28 billion respectively, representing year-on-year increases of 48.3% and 44.1% respectively. Meanwhile, the Company realized revenue and net profit of RMB20.71 billion and RMB1.60 billion respectively, representing year-on-year increases of 44.8% and 18.4% respectively. From January to September 2013, the Company achieved an accumulated booked area of 5,806,000 sq m and booked revenue of RMB58.50 billion, representing year-on-year increases of 47.6% and 37.9% respectively; as well as revenue and net profit of RMB59.65 billion and RMB6.16 billion respectively, representing year-on-year increases of 37.9% and 21.3% respectively.

As at the end of the reporting period, the Company had an area of 17,377,000 sq m sold but not yet booked, which was stated in the consolidated statements as construction had yet to be completed. This area had a contract amount of approximately RMB192.86 billion. The area and contract amount were 28.3% and 34.3% higher than those at the beginning of the year.

As at the end of September, among the Company's different types of inventories, completed properties (completed properties ready for sale) amounted to RMB17.83 billion, accounting for 5.3%. A reasonable mix of inventories had been maintained.

Between January and September, the Company had a floor area of 13,623,000 sq m commenced construction and a completed area of 6,516,000 sq m, representing year-on-year increases of 56.4% and 48.7% respectively, representing the completion of 82.4% and 50.5% of the respective plans set at the beginning of the year. As construction of a number of projects acquired this year gradually commenced, it is expected that the actual area commencing construction for the full year may exceed the area planned at the beginning of the year. Meanwhile, it is expected that the area to be completed for the full year will be basically the same as that had been planned at the start of the year.

Since this year, land markets across China had showed significant difference in performance. In third- and fourth-tier cities, which make up the majority of the country, there were not many changes in land sales when compared with those of the same period last year. On the other hand, the land markets in some popular cities continued to heat up, with intense auctions. The starting price, reserve price and average actual selling price continued to rise, and reached new highs in recent years.

In view of business expansion, the Company replenished its land bank with a moderate number of promising sites in major cities to meet its actual development needs during the reporting period. In the third quarter, the Company acquired an aggregate of 32 new projects, with a total site area attributable to China Vanke's equity holding of approximately 2,680,000 sq m, corresponding to a planned GFA attributable to the Company's equity holding of approximately 7,750,000 sq m. Although a majority of the projects acquired in the third quarter were located in the highly competitive first-tier cities, the Company had not relaxed its investment standards. Instead, the Company adhered to its prudent investment principles when making investment decisions, insisted on thorough consideration of the rationality of land prices, and avoided those sites which created overly optimistic expectations and

excessive competition. As at the end of the reporting period, the GFA of the Company's projects under planning attributable to China Vanke's equity holding amounted to 45,680,000 sq m, which was sufficient to meet the Company's development and operation needs in the coming two to three years. In future, the Company will continue to focus on reasonable investment opportunities, while ensuring operational soundness.

The Company's persistent strategy of proactive sales and prudent investment has been keeping the Company in a healthy financial and assets position. As at the end of the reporting period, the Company's cash and cash equivalents amounted to RMB37.06 billion, which was basically the same as that of 2013 interim period. Excluding receipts in advance, the Company's other liabilities accounted for 41.52% of the Company's total assets. The Company's net gearing ratio dropped by 1.58 percentage points as compared to that of the interim period to 39.90%, which remained at a relatively low level as compared to the industry average.

§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	30/9/2013 (RMB'000)	31/12/2012 (RMB'000)	Change (+/-)	Reasons for change
Inventories	337,823,979	253,622,152	33.20%	Expansion of scale of operation, increase in acquired projects
Investment properties	2,080,347	1,714,136	21.36%	Increase in investment properties
Interest in associates	4,708,238	2,915,844	61.47%	Increase in investment of associates

Items	Jan-Sep 2013 (RMB'000)	Jan-Sep 2012 (RMB'000)	Change (+/-)	Reasons for change
Revenue	59,648,956	43,257,310	37.89%	Increase in booked area
Cost of sales	(43,043,695)	(28,896,138)	48.96%	Increase in booked area
Administrative expenses	(1,990,281)	(1,623,066)	22.62%	Increase in sales area
Profit Attributable for Non-controlling interests	1,316,925	1,066,285	23.51%	Increase in booked profit of joint venture projects

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

√Applicable □Not applicable

On 8 April 2011, the first extraordinary general meeting of the Company in 2011 considered and passed the Company's A-Share Stock Option Incentive Scheme (Revised Draft). 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 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. Pursuant to the requirements, the exercise price of the stock options was adjusted to RMB8.66. The Company implemented the proposal on dividend distribution for 2012 on 16 May 2013, and distributed a cash dividend of RMB1.8 (including tax) to all shareholders for every 10 existing shares held. The Company made another adjustment of the exercise price of the stock options pursuant to the requirements and the adjusted exercise price was RMB8.48.

During July to September 2013, a total of 1,147,200 stock options were exercised. Owing to reasons including the departure of some of the beneficiaries, an aggregate of 1,029,000 stock options were lapsed. As at the end of the reporting period, the total number of stock options granted but not yet exercised amounted to 71,161,100.

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.

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 ("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 that require disclosure

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 Jan-Sep 2013	Changes in equity attributable to equity shareholders during Jan-Sep 2013
600751	Tianjin Marine Shipping Co., Ltd.	143,600.00	0.02%	974,400.00	-	623,100.00
Total		143,600.00	0.02%	974,400.00	-	623,100.00

Note: Equity interests of Tianjin Marine Shipping Co., Ltd are legal person shares held by the Company over the years. Tianjin Marine Shipping Co., Ltd completed the share reform during the first half of 2013

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
Merrill Lynch meeting	2013.7	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.
Interim results presentation	2013.8	Hong Kong, Shenzhen,(Shanghai , Beijing)	Face to face meeting	Investors including securities companies, funds, individual investors, etc.	
CICC meeting	2013.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Credit Suisse meeting	2013.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Citibank meeting	2013.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Standard Chartered meeting	2013.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Guotai Junan meeting	2013.8	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc.	
Guosen Securities meeting	2013.9	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc.	
UBS Securities meeting	2013.9	Beijing	Face to face meeting	Investors including securities companies, funds, etc.	
Macquarie meeting	2013.9	Beijing	Face to face meeting	Investors including securities companies, funds, etc.	
Ping An Securities meeting	2013.9	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc.	
CITIC Construction meeting	2013.9	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc.	
Dongxing Securities meeting	2013.9	Shanghai	Face to face meeting	Investors including securities companies, funds, etc.	
Daiwa Securities meeting	2013.9	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
CLSA meeting	2013.9	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc.	
Standard Chartered meeting	2013.9	Singapore	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, Guangzhou, Foshan, Zhuhai, Xiamen, Fuzhou, Sanya, Changsha, Shanghai, Hangzhou, Nanjing, Wuxi, Ningbo, Wenzhou, Hefei, Beijing, Tianjin, Shenyang, Dalian, Jinan, Wuhan, Chengdu, Chongqing, etc.	Small group or one-on-one	Shenyin Wanguo, Guotai Junan, Minsheng Securities, CITIC Construction, Macquarie, UBS Securities, Morgan Stanley, Goldman Sachs, CLSA Securities, Daiwa Securities, BOCI, CICC, Credit Suisse, Orient Securities, Barclays, CIMB Securities, Haitong International, DBS Vickers (HK) Ltd, Jefferies, BNP, Chelsea Securities Limited, China Galaxy International Financial, etc.	
Fund and other investment companies and individual investors	During the reporting period	Shenzhen, Dongguan, Guangzhou, Foshan, Zhuhai, Xiamen, Fuzhou, Sanya, Changsha, Shanghai, Hangzhou, Nanjing, Wuxi, Ningbo, Wenzhou, Hefei,	Small group or one-on-one	China Merchants Fund, Bosera Fund, ABC-CA Fund, CCB Fund, China AMC, Harvest Fund, Southern Fund, Dacheng Fund, China Life, Taikang Life, SWS MU Fund, Galaxy AMC, CIMB-Principal Asset	

		Beijing, Tianjin, Shenyang, Dalian, Jinan, Wuhan, Chengdu, Chongqing, etc.		Management Berhad, Antipodean Advisors, Steadfast Capital, Viking Global, Lone Pine, Neptune Investment Management, CIFM, Norges Bank, Capital International, Blackrock Investment UK, Morgan Stanley Investment Management, PIMCO, Artha Capital, Tudor Investment, First State, Lion Global, Dodge & Cox Funds, Henderson Global Investors, Singapore, GSI Bermuda Ltd, Templeton Emerging Markets, SAC, Aeris Capital AG, Clearbridge Advisors LLC, Hermes Fund Mgrs Ltd, Old Mutual Asset Mgrs (South Africa)(Pty) Ltd, Pioneer Investment Mgmt Ltd, Tokio Marine Asset Mgmt Co Ltd, United Overseas Bank, APG, Invus Group Ltd, Goldman Sachs Asset Mgmt, Amiya Capital LLP, Louis Dreyfus Inv Group BV, Wellington Mgmt LLC, Fidelity, Zeal Asset, JF Asset Management, Invesco, 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
In 2008, the Company issued secured and unsecured bonds. Both of them bore a fixed interest rate with a 5-year maturity. The issue size of the secured bonds and unsecured bonds was RMB 3 billion and RMB2.9 billion respectively. Both corporate bonds were listed on the Shenzhen Stock Exchange with stock code 112005 and 112006 respectively, with stock short names of “08 Vanke G1” and “08 Vanke G2”.
- During the reporting period, the Company’s corporate bonds matured, and the Company paid the principal due and the fifth-year interest payment. “08 Vanke G1” and “08 Vanke G2” were delisted from Shenzhen Stock Exchange on 29 August 2013.
- (3) On 20 March 2013, the Company’s annual general meeting of 2012 authorised the Board to determine the continuous cooperation with China Resources (Holdings) Co., Ltd. and its connected companies (collectively “CRH”) within the following scope, 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 total sum of the loan, the amount of funds to be utilised and the joint investment amount shall not be more than RMB12.7 billion (i.e. not more than 20% of the Company’s audited net assets value as at the end of 2012). The granted authority is valid for a period of two years commencing from the date of passing of the relevant resolution in the annual general meeting.
During the reporting period, the details of cooperation were yet to work out.
- (4) Establishment of internal control
As a key pilot company to implement the Basic Internal Control Norms for Enterprises and its implementation guidelines, the Company continued to adopt a pragmatic internal control approach to establish the internal control process in a systematic manner.
- (5) Change of listing location of domestically listed foreign shares (“B shares”) of the Company and listing on the main board of The Stock Exchange of Hong Kong Limited (“SEHK”) by way of introduction
On 19 January 2013, the Company announced its 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, as well as enabling the Company to leverage overseas resources and markets to reinforce the Company's core competitiveness.

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 January to September amounted to RMB(387,926.35). The value of the IRS was determined based on the fair value assessed on 30 September 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)

Type of contracts	Contract amount as at the beginning of the year	Contract amount as at the end of the period	Profit/loss during Jan-Sep 2013	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
IRS	2,553,798,650.00	2,159,792,400.00	(387,926.35)	2.29%
Total	2,553,798,650.00	2,159,792,400.00	(387,926.35)	2.29%

Consolidated income statement
for the three months ended 30 September 2013

	<i>2013</i>	<i>2012</i>
	<i>Jul.–Sep.</i>	<i>Jul.–Sep.</i>
	RMB'000	RMB'000
Revenue	20,708,147	14,297,750
Cost of sales	(15,542,231)	(9,598,753)
Gross profit	5,165,916	4,698,997
Other revenue	101,736	202,279
Other net income	22,179	49,360
Distribution costs	(890,568)	(866,554)
Administrative expenses	(759,680)	(771,378)
Other operating expenses	8,679	(71,521)
Profit from operations	3,648,262	3,241,183
Finance costs	(476,979)	(474,305)
Share of profits less losses of associates	48,346	153,432
Share of profits less losses of jointly controlled entities	73,385	50,721
Profit before taxation	3,293,014	2,971,031
Income tax	(1,151,761)	(1,360,337)
Profit for the period	2,141,253	1,610,694
Attributable to:		
Equity shareholders of the Company	1,603,914	1,354,802
Non-controlling interests	537,339	255,892
Profit for the period	2,141,253	1,610,694
Basic earnings per share (RMB)	0.15	0.12
Diluted earnings per share (RMB)	0.15	0.12

Consolidated statement of comprehensive income
for the three months ended 30 September 2013

	<i>2013</i>	<i>2012</i>
	<i>Jul.–Sep.</i>	<i>Jul.–Sep.</i>
	RMB'000	RMB'000
Profit for the period	<u>2,141,253</u>	<u>1,610,694</u>
Other comprehensive income (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries	5,754	(54,547)
Available-for-sale securities: net movement in the fair value reserve	<u>174</u>	<u>-</u>
	<u>5,928</u>	<u>(54,547)</u>
Total comprehensive income for the period	<u>2,147,181</u>	<u>1,556,147</u>
Attributable to:		
Equity shareholders of the Company	1,609,842	1,300,255
Non-controlling interests	<u>537,339</u>	<u>255,892</u>
Total comprehensive income for the period	<u>2,147,181</u>	<u>1,556,147</u>

Consolidated income statement

for the nine months ended 30 September 2013

	<i>2013</i>	<i>2012</i>
	<i>Jan.–Sep.</i>	<i>Jan.–Sep.</i>
	RMB'000	RMB'000
Revenue	59,648,956	43,257,310
Cost of sales	(43,043,695)	(28,896,138)
Gross profit	<u>16,605,261</u>	<u>14,361,172</u>
Other revenue	461,378	597,377
Other net income	55,380	124,047
Distribution costs	(2,321,671)	(2,104,936)
Administrative expenses	(1,990,281)	(1,623,066)
Other operating expenses	(90,266)	(184,567)
Profit from operations	<u>12,719,801</u>	<u>11,170,027</u>
Finance costs	(1,155,583)	(1,262,686)
Share of profits less losses of associates	247,045	409,913
Share of profits less losses of jointly controlled entities	262,315	216,760
Profit before taxation	<u>12,073,578</u>	<u>10,534,014</u>
Income tax	(4,596,434)	(4,387,842)
Profit for the period	<u><u>7,477,144</u></u>	<u><u>6,146,172</u></u>
Attributable to:		
Equity shareholders of the Company	6,160,219	5,079,887
Non-controlling interests	1,316,925	1,066,285
Profit for the period	<u><u>7,477,144</u></u>	<u><u>6,146,172</u></u>
Basic earnings per share (RMB)	<u>0.56</u>	<u>0.46</u>
Diluted earnings per share (RMB)	<u>0.56</u>	<u>0.46</u>

Consolidated statement of comprehensive income
for the nine months ended 30 September 2013

	2013	2012
	<i>Jan.–Sep.</i>	<i>Jan.–Sep.</i>
	RMB'000	RMB'000
Profit for the period	7,477,144	6,146,172
Other comprehensive income (after tax and reclassification adjustments)		
Exchange differences on translation of financial statements of overseas subsidiaries	31,425	(127,920)
Available-for-sale securities: net movement in the fair value reserve	623	(27,373)
	32,048	(155,293)
Total comprehensive income for the period	7,509,192	5,990,879
Attributable to:		
Equity shareholders of the Company	6,192,267	4,924,594
Non-controlling interests	1,316,925	1,066,285
Total comprehensive income for the period	7,509,192	5,990,879

Consolidated statement of financial position

at 30 September 2013

	<i>30 Sep 2013</i>	<i>31 Dec 2012</i>
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	3,433,645	3,132,540
Investment properties	2,080,347	1,714,136
Interest in associates	4,708,238	2,915,844
Interest in jointly controlled entities	4,392,218	4,043,247
Other financial assets	336,262	85,979
Other non-current assets	654,835	879,582
Goodwill	201,690	201,690
Deferred tax assets	3,855,821	3,219,894
	19,663,056	16,192,912
Current assets		
Inventories	337,823,979	253,622,152
Trade and other receivables	66,867,545	56,988,250
Pledged deposits	1,119,445	1,171,318
Cash and cash equivalents	35,944,113	51,120,224
	441,755,082	362,901,944
Current liabilities		
Loans and borrowings	38,903,262	35,557,359
Financial derivatives	13,144	25,761
Trade and other payables	285,301,077	215,529,570
Current taxation	5,945,216	8,720,876
	330,162,699	259,833,566
Net current assets	111,592,383	103,068,378
Total assets less current liabilities	131,255,439	119,261,290

Consolidated statement of financial position
at 30 September 2013 (continued)

	<i>30 Sep 2013</i>	<i>31 Dec 2012</i>
	RMB'000	RMB'000
<i>Non-current liabilities</i>		
Loans and borrowings	35,812,363	36,036,070
Deferred tax liabilities	977,240	1,027,055
Provisions	61,276	44,292
Other non-current liabilities	38,021	15,678
	<u>36,888,900</u>	<u>37,123,095</u>
NET ASSETS	<u>94,366,539</u>	<u>82,138,195</u>
CAPITAL AND RESERVES		
Share capital	11,014,872	10,995,553
Reserves	<u>57,250,766</u>	<u>52,830,001</u>
Total equity attributable to equity shareholders of the Company	68,265,638	63,825,554
Non-controlling interests	<u>26,100,901</u>	<u>18,312,641</u>
TOTAL EQUITY	<u>94,366,539</u>	<u>82,138,195</u>

Consolidated cash flow statement

for the nine months ended 30 September 2013

(Expressed in Renminbi Yuan)

	2013	2012
	<i>Jan.–Sep.</i>	<i>Jan.–Sep.</i>
	RMB'000	RMB'000
Operating activities		
Cash received from customers	105,225,240	77,182,825
Cash generated from other operating activities	11,980,358	12,501,968
Cash paid to suppliers	(96,576,964)	(53,534,270)
Cash paid to and for employees	(2,873,138)	(2,445,782)
Cash paid for other taxes	(7,690,660)	(8,880,220)
Cash used in other operating activities	(13,091,837)	(22,763,230)
Cash used in/(generated from) operations	<u>(3,027,001)</u>	<u>2,061,291</u>
PRC Corporate Income Tax (“CIT”) and Hong Kong Profits Tax paid	(5,204,358)	(3,045,888)
Land Appreciation Tax (“LAT”) paid	(3,829,400)	(2,505,954)
Net cash used in operating activities	<u>(12,060,759)</u>	<u>(3,490,551)</u>
Investing activities		
Acquisitions of subsidiaries, net of cash acquired	(956,101)	(2,065,369)
Investment in associates and jointly controlled entities	(1,773,464)	(338,450)
Acquisitions of additional interest in subsidiaries	(201,915)	(12,000)
Acquisitions of other investments	(284,070)	(121,043)
Acquisitions of property, plant and equipment	(83,850)	(112,266)
Net cash flow from disposals of subsidiaries	180,699	-
Proceeds from disposals of property, plant and equipment	1,074	872
Proceeds from disposals of investments	242,441	4,000
Interest received	333,307	457,101
Dividends received	720,722	164,872
Net cash used in investing activities	<u>(1,821,157)</u>	<u>(2,022,283)</u>

Consolidated cash flow statement

for the nine months ended 30 September 2013

(Expressed in Renminbi Yuan)

	2013	2012
	<i>Jan.–Sep.</i>	<i>Jan.–Sep.</i>
	RMB'000	RMB'000
Financing activities		
Contributions from non-controlling interests	4,354,994	891,650
Proceeds from bank loans and borrowings from financial institutions	32,196,991	30,520,606
Proceeds from issuing of corporate bonds	4,850,919	-
Repayment of bank loans and borrowings from financial institutions	(35,526,887)	(21,328,939)
Dividends and interest paid	(7,127,790)	(6,030,771)
Net cash used in/(generated from) financing activities	<u>(1,251,773)</u>	<u>4,052,546</u>
Effect of foreign exchange rate changes	<u>(42,422)</u>	<u>(14,016)</u>
Net decrease in cash and cash equivalents	(15,176,111)	(1,474,304)
Cash and cash equivalents at 1 January	<u>51,120,224</u>	<u>33,614,112</u>
Cash and cash equivalents at 30 September	<u>35,944,113</u>	<u>32,139,808</u>