China Vanke Co., Ltd.
2013 Interim Report
(For the six months ended 30 June 2013)

Important Notice:

The Board of Directors, the Supervisory Committee and the Directors, members of the Supervisory Committee and senior management of the Company warrant that in respect of the information contained in this 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 report.

Chairman Wang Shi, Director Yu Liang, Director Sun Jianyi, Director Xiao Li, Director Wei Bin, Director Chen Yin, Independent Director Qi Daqing, Independent Director Zhang Liping, Independent Director Hua Sheng and Independent Director Elizabeth Law attended the board meeting in person. Director Qiao Shibo was not able to attend the board meeting in person due to his business engagemens and had authorised Director Wei Bin to represent him and vote on behalf of him at the board meeting.

The Company will not carry out profit appropriation or transfer of capital surplus reserve to share capital for the interim period of 2013.

The Company's interim financial report has not been audited.

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 the interim report is warranted to be true and complete.

I. Basic Corporate Information

1. Company Name (Chinese): 万科企业股份有限公司 ("万科")

   Company Name (English): CHINA VANKE CO., LTD. ("VANKE")

2. Registered address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People's Republic of China

   Postal code: 518083

   Office address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People's Republic of China

   Postal code: 518083

   Website: www.vanke.com

   E-mail address: IR@vanke.com

3. Legal representative: Wang Shi

4. Secretary of the Board: Tan Huajie

   E-mail address: IR@vanke.com

   Securities Affairs Representative: Liang Jie

   E-mail address: IR@vanke.com

   Contact Address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People's Republic of China

   Telephone number: 0755-25606666

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5. Media for disclosure of information: "China Securities Journal", "Securities Times", "Shanghai Securities News", "Securities Daily" and an English media in Hong Kong.

   Website for publication of the interim report: www.cninfo.com.cn

   Location where this interim report is available for inspection: The Office of the Company's Board of Directors

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

   Stock short names and stock codes:

   Vanke A, 000002

   Vanke B, 200002

   08 Vanke G1, 112005

   08 Vanke G2, 112006

II. Major Financial Data and Guidance

(1) Major Financial Guidance

Unit: RMB'000

Financial Indicators	Jan.-Jun. 2013	Jan.-Jun. 2012	Change (+/-)
Revenue	38,940,809	28,959,560	34.5%
Profit from operating activities	9,071,539	7,928,844	14.4%
Share of profits less losses of associates and jointly controlled entities	387,629	422,520	-8.3%
Profit before income taxation	8,780,564	7,562,983	16.1%
Income tax	(3,444,673)	(3,027,505)	13.8%
Profit for the period	5,335,891	4,535,478	17.6%
Profit attributed to minority	(779,586)	(810,393)	-3.8%
Profit attributable to equity shareholders of the Company	**4,556,305**	3,725,085	22.3%
Basic earnings per share	**0.41**	**0.34**	20.6%
Diluted earnings per share	0.41	0.34	20.6%

(2) Impact of IFRS Adjustments on Net Profit

Unit: RMB'000

Items	Net profit attributable to equity shareholders of the Company
As determined pursuant to PRC accounting standards	**4,556,305**
As restated in conformity with IFRS	**4,556,305**

III. Directors' Report
1. Management Discussion and Analysis

Changes in market environment and the Company's perspective

During the reporting period, commodity housing transactions across China showed significant rebound from that of the first quarter of last year, when the market was in a slump. However, monthly growth rate declined slightly since April. The sales area of commodity housing in China increased by 41.2% and 23.8% year-on-year in the first and second quarters respectively.

The area of commodity housing sold in the 14 cities (Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi and Suzhou) surged significantly by 65.5% year-on-year in the first quarter, but declined by 0.01% in the second quarter when compared to that of the same period last year. The sharp contrast in performance between the first and second quarters was due to: on the one hand, sales area in major cities started to increase tremendously since March last year, resulting in a relatively large comparative figure for the second quarter; on the other hand, market transactions in the second quarter of 2013 began to slow down, with feverish sales gradually came to an end.

The approved pre-sales area of commodity housing in the 14 cities in the first half of the year increased by 16.2% year-on-year. When compared with the first quarter, the approved pre-sales area leaped by approximately 69% in the second quarter. Accelerated launch of new housing units in the second quarter had ended the shortage in supply at the beginning of the year. The sales area of commodity housing in the 14 cities was 1.43 times of the approved pre-sales area of new housing in the first quarter and 0.90 times of the approved pre-sales area of new housing in the second quarter. On the whole, the ratio of sales area of commodity housing to approved pre-sales area of new housing in the 14 cities in the first half of the year was approximately 1.10, reflecting a relative balance in supply and demand. As at the end of June, the area of new housing inventory in the aforementioned cities (the area of commodity housing that had been granted sales permit but had not been sold) fell slightly from 116 million sq m at the end of 2012 to 112 million sq m. The duration for the market to absorb housing inventory (based on the moving average sales area in the last three months) was approximately 10.4 months, which was basically the same as that at the beginning of the year and continued to remain at a relatively reasonable level.

As sales improved over that of the same period last year, the amount of housing commencing construction works ceased to decline. The floor area of residential properties commenced construction across China in 2012 dropped by 11.2% year-on-year; the amount rose by 2.9% year-on-year in the first half of 2013. However, the growth in floor area commencing construction was relatively small. It remains to be seen whether the amount could return to the 2011 level in the second half of the year.

Increase in land supply and enterprises' need to replenish their land bank in the second half of 2012 led to a gradual recovery in land sales. Entering 2013, robust sales in the residential property market further boosted enterprises' confidence in investment. In the first half of 2013, site area supplied and sold in 16 cities including Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Beijing, Tianjin, Shenyang, Dalian, Wuhan, Chengdu, Chongqing increased by 30.4% and 29.5% year-on-year respectively. As enterprises intensified their investment in first- and second-tier cities, which saw relatively satisfactory residential property sales, competition for land in these cities became ferocious. Average price premium continued to rise, and the land markets in certain cities showed signs of overheat. Judging from the current supply-demand condition of the residential property market, and the relatively reasonable duration for the market to absorb housing inventory, the market is poised for steady development with no solid ground for over-optimistic expectations of land price. Moreover, basing on previous experience, the amount of land supply in the second half of the year will generally be more than that of the first half. With the increase in land supply in the second half of the year, in particular in the fourth quarter, the market is expected to become more rational.

With the resumption of new housing construction and increase in land supply, investment in residential property development in China completed between January and June increased by 20.8% year-on-year, representing an increase of 8.8 percentage points when compared with that of the same period last year.

Operation and management of the Company

During the reporting period, the Company actively boosted its sales by committing to target at end users and adhering to its product positioning with a focus on small and mid-sized ordinary commodity housing. In the first half of the year, the Company realised an accumulative sales area of 7,164,000 sq m and a sales amount of RMB83.67 billion, representing increases of 18.9% and 33.8% year-on-year respectively. Residential units with an area under 144 sq m accounted for 90% of all the residential properties sold.

By geographical segment, the Company realised a sales area of 2,121,000 sq m and a sales amount of RMB26.54 billion in the Guangshen Region surrounding the Pearl River Delta; a sales area of 1,629,000 sq m and a sales amount of RMB22.57 billion in the Shanghai Region surrounding the Yangtze River Delta; a sales area of 2,052,000 sq m and a sales amount of RMB22.77 billion in the Beijing Region surrounding the Bohai Rim; a sales area of 1,363,000 sq m and a sales amount of RMB11.80 billion in Chengdu Region, which comprises core cities of Central and Western Region.

From January to June, the Company realised a booked area of 3,884,000 sq m and booked revenue of RMB38.22 billion, representing increases of 47.2% and 34.2% year-on-year respectively; the Company realised revenue of RMB38.94 billion and a net profit of RMB4.56 billion, representing increases of 34.5% and 22.3% respectively as compared with those of the same period last year.

During the first half of the year, the average booked price of the Company's property business was RMB9,842 per sq m, representing a year-on-year decrease of 8.8%. The gross profit margin of the property business was 25.1%, down by 3.0 percentage points from that of the same period last year. The booked net profit margin dropped by 0.04 percentage points year-on-year to 15.00%. In the first half of the year, the Company's diluted return on equity rose by 0.08 percentage point year-on-year to 6.84%.

In recent years, the Company has been pursuing qualitative growth, and constantly improving its operating efficiency to mitigate the effect of declining profit margin and achieve year-on-year growth in return on equity. The Company's diluted return on equity in 2012 was a record high since 1993. Although there may be a year-on-year decrease in the booked profit margin in 2013, the Company expects the return on equity will be maintained at a high level.

As at the end of the reporting period, the Company had an area of 16,030,000 sq m sold but not yet booked, which was stated in the consolidated statements as construction had yet to be completed. These unbooked resources had a contract amount of approximately RMB176.6 billion. The area and contract amount were 18.3% and 22.9% higher than those at the end of 2012 respectively. This would provide a solid foundation for realizing future operating results.

The Company actively pushed ahead with its inventory clearance, maintaining a reasonable mix of product inventory. As at the end of the reporting period, the Company's inventories included RMB17.63 billion of completed properties (properties ready for sale), accounting for 5.7% of the total and representing a decrease of 0.6 percentage point from that at the end of 2012.

During the first half of the year, the actual floor area commenced construction was 9,190,000 sq m , representing an increase of 96.3% from those of same period last year, and the actual floor area commenced construction achieved in the first half of the year represented 55.6% of the full year plan set at the beginning of the year. The actual floor area completed area was 4,320,000 sq m, representing an increase of 76.9% from those of same period last year, and the actual completed area achieved in the first half of the year represented 33.5% of the full year plan set at the beginning of the year respectively. It is expected that the actual floor area to be completed for the full year will meet the respective targets set at the beginning of the year.

During the reporting period, the Company continued its emphasis on securing residential land lots meeting end-user demand in the cities where it had a presence. The Company capitalized on its flexibility in capturing market opportunities to rationally replenish its land bank. In the first half of the year, the Company acquired 42 development projects, with a site area attributable to Vanke's equity holding of approximately 3,420,000 sq m, corresponding to a planned GFA of approximately 9,250,000 sq m. The Company adhered to a prudent investment strategy, and maintained the cost of newly acquired projects in the first half of the year at reasonable levels with an average land premium of approximately RMB2,735 per sq m of floor area. As at the end of the reporting period, the aggregate GFA of the Company's projects under planning attributable to Vanke's equity holding amounted to 41,230,000 sq m, which could basically meet its development needs within the next two to three years. In addition, the Company was also involved in some other city redevelopment projects at the end of the reporting period. According to the current planning, the projects' GFA attributable to Vanke's equity holding was approximately 3,030,000 sq m.

Owing to increase in receipts in advance, the Company's gearing ratio rose by 1.3 percentage points to 79.6% at the end of the reporting period when compared to that at the end of 2012. However, as receipts in advance did not constitute any actual debt repayment pressure, the Company's other liabilities (excluding receipts in advance) as a percentage of total assets was 42.8%, which slightly declined from 43.8% as at the end of 2012. As a result of proper land bank replenishment and relatively significant increase in floor area commenced construction, the cash and cash equivalents held by the Company declined from that at the beginning of the year to RMB36.25 billion at the end of the reporting period.

During the reporting period, three international renowned rating agencies, namely Standard & Poor's, Moody's Investors Service and Fitch Ratings assigned the Company long-term corporate credit ratings of BBB+, Baa2 and BBB+ respectively. The Company's prudent operation practice and its corporate credibility established over the years have gained wide recognition among international investors, which earned the Company more opportunities and better terms for fund raising in the capital market. In March 2013, the Company's overseas subsidiary successfully issued US$800 million bonds, with a 5-year term, which became listed on The Stock Exchange of Hong Kong Limited. During the reporting period, the Company's overseas subsidiary also established a medium-term notes programme. The Company's international financing ability has, thus, been further enhanced.

During the reporting period, the Company landed on the Hong Kong, US and Singapore markets through collaboration with local renowned property developers. The international business ventures are conducive for widening the Company's global perspective, strengthening its understanding of overseas mature markets, learning from the experience of top-notch overseas counterparts, thereby enhancing the Company's expertise and scientific management, as well as consolidating its leading position in China.

During the reporting period, the proposal for the change of listing location of the Company's domestically listed foreign shares for listing and trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction was approved at the Company's 2013 first extraordinary general meeting. Application of the proposal is being processed by China Securities Regulatory Commission and The Stock Exchange of Hong Kong Limited respectively. The Company will continue to actively push forward the proposal.

2. Operation of the Company

(1) The scope and operations of the Company's core businesses

The Company specialises in property development with commodity housing as its major products. During the reporting period, the Company's sales area and sales amount were 7,164,000 sq m and RMB83.67 billion respectively, representing increases of 18.9% and 33.8% respectively when compared with those of the same period last year. The Company realized booked area and booked revenue of property projects of 3,884,000 sq m and RMB38.22 billion respectively, representing year-on-year increases of 47.2% and 34.2% respectively.

Due to variation in the completion schedule of different projects, the completed area from January to June was 4,320,000 sq m, representing 33.5% of the planned area of 12,900,000 sq m to be completed for 2013. It is expected that more projects will be completed and booked in the fourth quarter of 2013.

Unit RMB '000

Sector	Revenue		Cost of sales		Operating profit margin	
	Amount	Change	Amount	Change	Value	Change
1. Core businesses	**38,776,957**	**34.58%**	**27,431,875**	**42.47%**	**24.98%**	**-2.87 percentage point**
Including: Property development	**38,222,663**	**34.19%**	**26,951,830**	**42.18%**	**25.15%**	**-2.91 percentage point**
Property management	**554,294**	**67.61%**	**480,045**	**61.12%**	**13.40%**	**3.49 percentage point**
2. Other businesses	**163,852**	**12.72%**	**69,589**	**59.93%**	**57.53%**	**-12.54 percentage point**
Total	**38,940,809**	**34.47%**	**27,501,464**	**42.51%**	**25.11%**	**-2.94 percentage point**

Note: Business tax and surcharges had been deducted from the operating profit margin

(2) Comparison of major assets & liabilities and key operational guidance

Unit RMB '000

Item	**30-Jun-13**	**31-Dec-12**	**Change** (+/-)	**Remarks**
Total assets	432,522,617	379,094,856	14.09%	Expansion of scale of operation
Cash and cash equivalents	36,247,513	51,120,224	-29.09%	Increase in prepaid deposits
Inventory	310,226,348	253,622,152	22.32%	Expansion of scale of operation, increase in acquired projects
Current loans and borrowings	44,854,390	35,557,359	26.15%	Change in debt structure
Non-current loans and borrowings	29,282,031	36,036,070	-18.74%	Change in debt structure
Trade and other payables	261,904,686	215,529,570	21.52%	Increase in inter-company cooperation accounts
Item	**Jan-Jun 2013**	**Jan-Jun 2012**	**Change** (+/-)	**Remarks**
Revenue	38,940,809	28,959,560	34.47%	Increase in booked area

Cost of sales	(27,501,464)	(19,297,385)	42.51%	Increase in booked area
Administrative expenses	(1,230,601)	(851,688)	44.49%	Increase in sales area
Profit attributable to equity shareholders of the Company	4,582,425	3,624,339	26.43%	Increase in operating profit

（3）The Company's core business by region

During the reporting period, the revenue and profit of the Company's core business – property business by region are as follows:

	Booked area (sq m)	**Percentage**	**Revenue from core business (RMB'000)**	**Percentage**	**Net profit (RMB'000)**	**Percentage**
Guangshen Region	**1,288,759**	**33.18%**	**13,792,645**	**36.08%**	**2,453,392**	**42.78%**
Shanghai Region	**610,502**	**15.72%**	**7,617,805**	**19.93%**	**843,576**	**14.71%**
Beijing Region	**678,909**	**17.48%**	**6,274,479**	**16.42%**	**762,572**	**13.30%**
Chengdu Region	**1,305,474**	**33.62%**	**10,537,734**	**27.57%**	**1,675,616**	**29.22%**
Total	**3,883,644**	**100.00%**	**38,222,663**	**100.00%**	**5,735,155**	**100.00%**

Note. During the reporting period, the cities in which the Company had booked projects included Shenzhen, Guangzhou, Dongguan, Foshan, Zhuhai, Zhongshan, Changsha, Xiamen, Fuzhou, Sanya, Huizhou, Qingyuan in Guangshen region; Shanghai, Nantong, Hangzhou, Fuyang, Suzhou, Wuxi, Yangzhou, Nanjing, Zhenjiang, Ningbo, Nanchang, Wuhu in Shanghai region; Beijing, Tangshan,Tianjin, Shenyang, Anshan, Fushun, Dalian, Changchun, Jilin, Qingdao, Yantai in Beijing region, and Chengdu, Chongqing, Wuhan, Xi'an, Guiyang, Kunming in Chengdu region.

3. Investment of the Company

(1) Use of proceeds from the capital market

Public issue of A Shares in 2007

Having obtained the approval from the relevant authorities, the Company issued a prospectus regarding the public issue of A shares on 22 August 2007. The Company issued 317,158,261 shares (par value: RMB1 per share) at an issue price of RMB31.53 per share, raising proceeds of RMB9,999,999,969.33. After deducting issuing expenses of RMB63,398,268.11, the net proceeds amounted to RMB9,936,601,701.22 and were received on 30 August 2007. Shenzhen Nanfang-Minhe CPA Firm Co., Ltd (深圳南方民和会计师事务所) had prepared and filed a verification report (Shen Nan Yan Zi (2007) No. 155).

The aforesaid proceeds were used to invest in 11 projects. Details on the investment amount, investment gain, development progress of the projects as of 30 June 2013 are as follows:

Unit: RMB'000

Amount of net proceeds	9,936,600			Total amount of funds used for investment during the year			1,430	
Amount of proceeds with changed usage	0			Accumulated funds used			9,832,930	
Percentage of proceeds with changed usage	0%							
Investment projects	Is there any change in project	Amount of funds planned for use	Funds used for investment during the year	Accumulated funds used	Progress of application of funds	Accumulated realized income	Does it achieve estimated income	Change in feasibility
Everest Town (former Science City H3 Project), Guangzhou	No	600,000		600,000	100%	142,710	Yes	No
The Paradiso (former Jinshazhou Project), Guangzhou	No	800,000		800,000	100%	669,430	Yes	No
The Dream Town (former Nanzhuang Project), Foshan	No	900,000		900,000	100%	497,930	Yes	No

Zhuhai Hotel Project, Xiangzhou District, Zhuhai	No	650,000		650,000	100%	976,980	Yes	No
West Spring Butterfly Garden (former Jiangcun Project), Hangzhou	No	700,000		700,000	100%	1,813,510	Yes	No
Liangzhu Project, Yuhang District, Hangzhou	No	1,700,000		1,700,000	100%	1,172,660	Yes	No
Golden Town Project, Yinzhou District, Ningbo	No	1,636,600		1,636,600	100%	890,070	Yes	No
Wujiefang Project, Pudong, Shanghai	No	1,200,000		1,200,000	100%	-	Yes	No
Jinse Yazhu (former Zhonglin Project), Shanghai	No	700,000		700,000	100%	273,010	Yes	No
Anpin Street Project, Baixia District, Nanjing	No	650,000	1430	546,330	84%	-	Yes	No
Stratford (former Huangjiayu Project), Nanjing	No	400,000		400,000	100%	50,160	No	No
Total	**No**	**9,936,600**	**1430**	**9,832,930**	**99%**	**6,486,460**		No
Remarks on delay and failure to achieve estimated income (by project)	(1). The preconstruction of Shanghai Wujiefang was affected by the government's redirection of roads due to its location within the Expo area. Construction commenced in the first half of 2011 and sales of the project started in May 2012. Nanjing Anpin Street Project was not able to commence construction according to schedule, as the government was making adjustment to its planning to preserve the city's heritage. The relevant planning has now been approved. The overall development plan of the project was adjusted according to progress. (2) Stratford Project in Nanjing was sold out and delivered in 2010. Accumulative net profit margin was 8.51%. The project had attained relatively good brand awareness, but the income generated from the project was yet to reach the estimated level stated in the prospectus, while the rate of return of other projects financed by the raised proceeds exceeded or is expected to exceed the estimated level. It is expected that the overall return from the projects financed by the raised proceeds will be higher than the estimated level stated in the prospectus.							
Remarks on reasons and procedures for changes (by project)	No changes							
Application of the balance of the proceeds not yet used	As of 30 June 2013, the Company had applied RMB9,832,930,000 of the proceeds in accordance with the prospectus. The amount represented 99.0% of the net proceeds of RMB9,936,600,000. The balance of the proceeds of RMB103,670,000 will be applied in accordance with the progress of project development.							

(2) Use of capital not from the capital market

1. Major equity investment

(1) During the reporting period, the Company promoted and established 13 new subsidiaries, each with registered capital of over RMB30 million, with actual investment completed. The details are as follows:

No.	Newly established companies	Currency	Registered capital (in original currency)	Actual investment made by Vanke (after converting to RMB)	Scope of business
1	Wenzhou Zhongliang Vanke Property Co., Ltd. (温州万科中梁置业有限公司)	RMB	500,000,000.00	60,000,000.00	Property development and operation
2	Hangzhou Wanzhou Property Co., Ltd. (杭州万洲置业有限公司)	RMB	450,000,000.00	450,000,000.00	Property development and operation
3	Qingdao Vanke Real Estate Development & Construction Co., Ltd. (青岛万科房地产开发建设有限公司)	RMB	430,000,000.00	219,300,000.00	Property development and operation

4	Qindao Vanke Yinshengtai Property Co., Ltd. (青岛万科银盛泰置业有限公司)	RMB	380,000,000.00	265,827,848.53	Property development and operation
5	Beijing Wuhe Vanke Real Estate Co., Ltd. (北京五和万科房地产开发有限公司)	RMB	250,000,000.00	34,500,000.00	Property development and operation
6	Nanjing Vanke Real Estate Co., Ltd. (南宁市万科城房地产有限公司)	RMB	200,000,000.00	200,000,000.00	Property development and operation
7	Nanjing Wanrong Real Estate Co., Ltd. (南宁市万荣房地产有限公司)	RMB	200,000,000.00	200,000,000.00	Property development and operation
8	Hangzhou Wanjue Property Co., Ltd. (杭州万爵置业有限公司)	RMB	200,000,000.00	200,000,000.00	Property development and operation
9	Ningbo Wanjiang Property Co., Ltd. (宁波万江置业有限公司)	USD	134,000,000.00	491,075,000.00	Property development and operation
10	Quanzhou Vanke Beifengfang Real Estate Co., Ltd. (泉州市万科北峰房地产有限公司)	RMB	120,000,000.00	72,000,000.00	Property development and operation
11	Zhengzhou Vanke Meijing Real Estate Development Co., Ltd. (郑州万科美景房地产开发有限责任公司)	RMB	100,000,000.00	51,000,000.00	Property development and operation
12	Suzhou Wanjiang Real Estate Co., Ltd. (苏州万江房地产有限公司)	RMB	50,000,000.00	50,000,000.00	Property development and operation
13	QingdaoVanke Yinshengtai Investment Co., Ltd. (青岛万科银盛泰投资有限公司)	RMB	50,000,000.00	35,000,000.00	Property development and operation
Total				**2, 328,702,848.53**	

In addition, the Company had also promoted and established another 49 new companies, with a total investment amount of RMB242 million.

(2) The major companies that the Company acquired during the reporting period are as follows:
A. On 29 March 2013, the Company acquired 100% equity interests in Beijing Kaide Xinming Real Estate Development Co., Ltd. (北京凯德新铭房地产开发有限公司) for a cash consideration of RMB502 million.

B. On 1 January 2013, the Company acquired 60% equity interests in Shenzhen Shangmo Development Co., Ltd. (深圳市尚模发展有限公司) for a cash consideration of RMB465 million.

C. On 25 January 2013, the Company acquired 80% equity interests in Changsha Vanke Global Village Property Co., Ltd. (长沙万科环球村置业有限公司) for a cash consideration of RMB346,930,000. Changsha Vanke Global Village Property Co., Ltd. holds 100% equity interests in Hunan Xiangchengyibai Property Co., Ltd. (湖南湘诚壹佰置地有限公司) and Changsha Metro Land Property Management Co., Ltd (长沙京投银泰物业管理有限公司).

D. On 1 April 2013, the Company acquired 51% equity interests in Hunan Baihui Investment Co., Ltd. (湖南百汇投资有限公司) for a cash consideration of RMB315,470,000.

E. On 8 January 2013, the Company acquired 51% equity interests in Beijing Jingtou Yangguang Real Estate Development Co., Ltd. (北京京投阳光房地产开发有限公司) for a cash consideration of RMB136,180,000.

F. On 21 February 2013, the Company acquired 100% equity interests in Henan Meijingzhizhou Property Development Co., Ltd. (河南省美景之州地产开发有限公司) for a cash consideration of RMB100 million.

During the reporting period, the Company acquired another 11 companies for a total consideration of RMB286 million.

(3) During the reporting period, in order to support majority-owned subsidaries' business development, the Company increased the capital of 12 subsidiaries by RMB1,717 million. Of the total amount, RMB281 million was for Hangzhou Wanhong Property Co., Ltd. (杭州万泓置业有限公司), RMB280 million for Vanke Property (Hong Kong) Co., Ltd. (万科置业地产(香港)有限公司), RMB249 million for Chengdu Vanke Longjin Property Co., Ltd. (成都万科龙锦置业有限公司), RMB230 million for Nanjing Wanrong Property Co., Ltd. (南京万融置业有限公司), RMB230 million for Nanjing East Station Property Co., Ltd. (南京站东置业有限公司), RMB174 million for Shanghai Wanrong Property Co., Ltd. (上海万茸置业有限公司) and RMB273 million for other subsidiaries

2. Other investments

During the reporting period, the Company acquired 42 new projects, with a site area attributable to Vanke's equity holding of approximately 3,420,000 sq m (planned GFA of approximately 9,250,000 sq m). Details of the projects are as follows:

City	Project	Location	Percentage of shareholding	Site Area (sq m)	Planned GFA (sq m)	GFA attributable to Vanke's equity holding (sq m)	Progress
Shenzhen	Bayifu Project	Longgang	100%	28,894	115,040	115,040	Preconstruction
Dongguan	Qifeng Road Project	Guancheng	100%	53,887	215,547	215,547	Preconstruction
Foshan	Hecheng Project, Chencun, Shunde	Shunde	100%	43,748	153,118	153,118	Preconstruction
Qingyuan	Dream Town	Qingyuan	100%	493,076	986,153	986,153	Preconstruction
Fuzhou	University City Project	Minhou	51%	213,602	679,836	346,716	Preconstruction
Quanzhou	Dream Town	Fengze	60%	46,434	162,516	97,510	Preconstruction
Changsha	Chengji Xinyuan Project	Yuhua	80%	335,796	1,007,952	806,361	Preconstruction
Changsha	Baihui Project	Yuelu	51%	159,393	505,845	257,981	Preconstruction
Shanghai	Dream Town	Minhang	100%	129,571	310,970	310,970	Under construction
Nanjing	Phase II South Railway Station Project	Yuhuatai	80%	45,022	133,261	106,609	Preconstruction
Xuzhou	Land Lot J, Huaixi Project	Quanshan	85%	11,733	22,143	18,822	Preconstruction
Nanchang	Haichuangyuan Project	Gaoxin	50%	163,213	350,094	175,047	Preconstruction
Nanchang	Xikezhan Project, Jiulonghu New District	Honggutan	50%	80,120	180,449	90,225	Preconstruction
Ningbo	Mingzhu Road Project	Gaoxin	100%	48,004	105,815	105,815	Preconstruction
Wenzhou	Jinyu Zhongyang (formerly known as Nanxian Huayuan)	Ouhai	60%	53,765	144,939	86,963	Preconstruction
Beijing	Shanglinwan Project	Fangshan	51%	27,528	55,056	28,079	Preconstruction
Beijing	Park Avenue	Tongzhou	50%	88,767	210,738	105,369	Preconstruction
Beijing	Land Lot 09, Changyang Town, Fangshan	Fangshan	69%	129,510	211,084	145,648	Preconstruction
Beijing	Yufu 77	Dongcheng	100%	4,103	15,130	15,130	Preconstruction
Beijing	Tianzhu Joying City Project	Shunyi	56%	17,985	31,051	17,389	Preconstruction

Beijing	Land Lot No 005,Taihu	Tongzhou	50%	61,717	123,434	61,717	Preconstruction
Tianjin	Jiefang South Road Project	Hexi	80%	62,205	124,410	99,528	Preconstruction
Tianjin	Wonderland	Xiqing	51%	409,701	502,892	256,475	Preconstruction
Tangshan	Ershierye Project	Fenghuang New City	48%	88,848	262,552	126,025	Preconstruction
Dalian	Blue Mountain Project	Ganjingzi	100%	125,100	214,470	214,470	Preconstruction
Dalian	Chenghua East Project	Shahekou	100%	35,757	63,840	63,840	Preconstruction
Fushun	The Paradiso	Development District	100%	73,621	294,484	294,484	Preconstruction
Yantai	Liangjiacun Project	Zhifu	51%	341,943	447,139	228,041	Preconstruction
Jinan	Dream Town	Lixia	50%	191,418	478,545	239,273	Preconstruction
Jinan	Land Lot B, Jinyu International	Gaoxin	63%	89,596	291,890	183,891	Preconstruction
Taiyuan	Public Transport Company’s Land Lot	Wanbolin	100%	37,060	177,415	177,415	Preconstruction
Chengdu	Music Park	Chenghua	60%	152,852	759,036	455,422	Preconstruction
Chengdu	Golden Paradise	Xindu	100%	111,166	331,161	331,161	Preconstruction
Wuhan	Chenghua Jingyuan	East Lake Development Zone	50%	89,664	410,000	205,000	Preconstruction
Wuhan	Jiayuan	East Lake Development Zone	100%	67,273	324,100	324,100	Preconstruction
Kunming	Glamorous City	Guandu	55%	417,919	1,724,080	948,244	Preconstruction
Guiyang	No 5 Park	Yunyan	70%	10,927	100,906	70,634	Preconstruction
Chongqing	Panlong Project	Jiulongpo	100%	31,769	142,960	142,960	Preconstruction
Zhengzhou	Mei Jing Longmen Dragon Hall	Guancheng	51%	79,457	353,018	180,039	Preconstruction
Zhengzhou	Meiming Technology Industrial Park	Gaoxin	51%	130,817	457,863	233,510	Preconstruction
Urumqi	Phase II of King Metropolis	New District	82%	37,364	130,776	107,236	Preconstruction
Urumqi	Rancho Santa Fe	Sayibak	60%	203,529	203,529	122,117	Preconstruction
Total				**5,023,851**	**13,515,236**	**9,250,072**	—

From the end of the reporting period to the date of announcement of this report, the Company acquired 14 new projects, with site area attributable to Vanke’s equity holding of approximately 650,000 sq m, corresponding to a planned GFA attributable to Vanke’s equity holding of approximately 1,790,000 sq m. Details are as follows:

City	Project	Location	Percentage of shareholding	Site Area (sq m)	Planned GFA (sq m)	GFA attributable to Vanke’s equity holding (sq m)	Progress
Guangzhou	Zhujiang Tunnel, Liwan (荔湾珠江隧道口项目)	Liwan	100%	7,141	30,706	30,706	Preconstruction
Dongguan	Liaobufu Hill Project (寮步凫山项目)	Liaobu Town	100%	68,431	150,547	150,547	Preconstruction
Changsha	Expanded Land Lot 205, Jingtou Yintai (京投银泰 205 扩容地块)	Yuhua	80%	10,857	32,672	26,138	Preconstruction
Shanghai	Land Lot at the eastern end of Zhangjiang High Technological Park	Pudong New District	100%	79,548	218,978	197,080	Preconstruction

	(张江高科技园区东侧地块)						
Jiaxing	Chengnan Road Project (城南路项目)	Economic Development Zone	100%	31,945	67,083	67,083	Preconstruction
Changzhou	Phase I Minghuang Project (鸣凰一期项目)	Wujin	100%	93,847	234,618	234,618	Preconstruction
Xuzhou	Land Lot No. 2013-28, Huaihai West Road Project (淮海西路项目 2013-28 号地)	Quanshan	85%	20,744	76,779	65,262	Preconstruction
Hangzhou	Qianjiang New City Projet (钱江新城项目)	Jianggan	100%	21,915	76,703	76,703	Preconstruction
Ningbo	Dream Town East Project (万科城东项目)	Zhenhai	49%	70,795	127,431	62,441	Preconstruction
Beijing	Daxing Core New City Project (大兴核心新城项目)	Daxing	50%	64,323	126,996	63,498	Preconstruction
Qingdao	Taohuayuan Project (桃花源项目)	Chengyang	80%	129,032	230,194	184,155	Preconstruction
Wuhan	Jincheng (锦程)	East Lake Development Zone	100%	38,290	202,620	202,620	Preconstruction
Xian	35 Mu Project, Gaoxin	Gaoxin	100%	23,800	150,000	150,000	Preconstruction
Zhengzhou	Vanke Meijing Dream Town (万科美景万科城)	Gaoxin	51%	190,319	542,528	276,689	Preconstruction
Total				**850,987**	**2,267,855**	**1,787,540**	—

Among the abovementioned projects, certain projects may be developed jointly with external partners in future. As such, the respective equity interests held by Vanke in the relevant projects may alter. The percentage of shareholdings disclosed above is only for periodical reference for investors.

4. Comparison between the actual operating results during the reporting period and the planned targets at the beginning of the period

The Company's actual operating results during the reporting period did not deviate much from the planned targets at the beginning of the period.

IV. Significant events

1. Corporate governance

As one of the first batch of companies listed in the PRC, the Company has always abided by its corporate values: to pursue simplicity, to be transparent, to be regulated and to be responsible. It continues to explore ways to raise its corporate governance standard. With a foundation built on sound corporate governance, Vanke has established long-standing trust and win-win relationships with its investors.

During the reporting period, the Company continued to persist in maintaining complete independence from its single largest shareholder, China Resources Co., Limited ("CRC"), and its connected companies in respect of business operation, staff, assets, organisation and finance, to ensure independence in its business integrity and operation autonomy. The Company had not taken any actions that violated the code on corporate governance practices such as reporting to CRC on any undisclosed information.

The Company had strengthened the management of inside information. During the reporting period, no insider who had access to inside information had violated the laws to engage in insider trading. The Company's corporate governance did not deviate from the relevant requirements of China Securities Regulatory Commission.

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. It also continued to promote internal control of specialized units according to the monthly theme of internal control, and conducted internal control inspection and recommended the best internal control practices. Pursuant to the requirements for change of listing location of the Company's B shares to The Stock Exchange of Hong Kong Limited ("SEHK"), the Company will further revise and fine-tune its internal control system with reference to the requirements of the rules of SEHK.

2. Implementation of the Company's proposal on dividend distribution for the previous year and profit appropriation for the interim period of 2013

Proposal on dividend distribution for the year 2012 was approved at the 2012 annual general meeting held on 20 March 2013. The proposal on the dividend distribution was: based on the total share capital as at the close of the market on the record date of the Company, a cash dividend of RMB1.8 (including tax) would be distributed for every 10 existing shares held. At the time of distribution, a cash dividend of RMB1.71, after deducting a withholding income tax at a 5% rate, was paid for every 10 existing shares beneficially held by individual shareholders of A shares, investment funds of A shares and individual shareholders of B shares. When a shareholder transfers his/her shares, China Securities Depository and Clearing Corporation Limited will, according to the Notice from the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission Regarding Policies of Implementation of Differential Individual Income Tax on Bonus Shares and Dividends of Listed Companies (Cai Shui [2012] No. 85), withhold the outstanding amount of tax that has not been withheld and paid in accordance with the actual tax amount to be paid by the shareholder, which is calcaluated basing on the holding period of the shares, and such outstanding balance will be paid by the Company on behalf of the shareholder. A cash dividend of RMB1.62, after deducting a withholding income tax at a 10% rate, was paid for every 10 existing shares beneficially held by non-resident enterprise shareholders of A and B shares (including qualified foreign institutional investors of A shares).

The aforesaid proposal was implemented after the reporting period: the record date for A shares was 15 May 2013, and ex-dividend date was 16 May 2013, while the last trading day of B shares was 15 May 2013, ex-dividend date was 16 May 2013, and the record date was 20 May 2013. For details on the implementation of the proposal, please refer to the announcement published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, www.cninfo.com.cn and Hong Kong's website www.irasia.com on 8 May 2013.

The Company will not carry out profit appropriation or the transfer of capital surplus reserve to share capital for the interim period of 2013.

3. Implementation of the A-Share Stock Option Incentive Scheme

The A-Share Stock Option Incentive Scheme (Revised Draft) of China Vanke Co., Ltd. ("Stock Option Incentive Scheme") had been approved at the first extraordinary general meeting of the Company in 2011. On 25 April 2011, being the grant date of stock options under the A-Share Stock Option Incentive Scheme, the beneficiaries obtained their stock options.

During the reporting period, a total of 18.172 million stock options were exercised by the beneficiaries. Owing to the reasons such as resignation of certain beneficiaries, 1.658 million stock options became invalid during the reporting period. As at the end of the reporting period, there were 73.337 million stock options that had been granted but yet to be exercised.

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. Pursuant to the approval of the resolution regarding granting the Board the authority to handle matters relating to the Company's Stock Option Incentive Scheme at the first extraordinary general meeting in 2011, the Board resolved to make corresponding adjustment of the exercise price of the A-share stock options. The adjusted exercise price was RMB8.48.

According to the authority granted to the Board at a shareholders meeting, on 19 April 2013, the Board considered and passed the resolution regarding the fulfillment of the vesting conditions of the second exercise period for A-Share Stock Option Incentive Scheme. In May 2013, the remuneration and nomination committee of the Board voted, via correspondence, and confirmed 640 beneficaries of the Scheme had met the conditions for exercising the stock options in the second exercise period. Upon the completion of the relevant procedures for approval, the Stock Option Incentive Scheme entered the second exercise period on 29 May 2013, and the beneficiaries of the Scheme can, between 29 May 2013 and 24 April 2015, exercise 30% of the options they hold.

Accounting treatments for the A-Share Stock Option Incentive Scheme as equity-settled share-based payment are carried out in accordance with the “Accounting Standard for Business Enterprises No. 11 – Share-based payment”. On each balance sheet date within the vesting period, the Company shall include, based on the best estimate of the number of vested stock options, the services obtained from the beneficiaries during the period in the costs and expenses as well as in the capital surplus reserves at the fair value of the stock options on the grant date. During the exercise period of the stock options, the Company shall make no adjustment to the relevant costs, expenses or the capital surplus reserves which have been recognised. On each balance sheet date, based on the actual number of options exercised, the capital surplus reserves recognised shall be settled.

The Stock Option Incentive Scheme adopts Binomial tree option pricing model to estimate the fair value of the stock options on the grant date. According to the straight-line method, the cost of stock options of RMB32.577 million amortised by the Company for the first, second and third exercise periods was included in the costs and expenses during the reporting period, while the Company’s capital surplus reserves increased by RMB32.577 million. Please refer to the notes to the financial statements for details on the accounting treatments.

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.

For details, please refer to the announcements published on China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and www.cninfo.com.cn on 23 April 2013, 14 May 2013 and 29 May 2013.

4. Material Litigation, Arbitration and Issues of Media Interest

During the reporting period, the Company did not involve in any material litigation or arbitration, or any issues that attract negative media interest.

5. Major Acquisition and Disposal of Assets

During the reporting period, the Company did not have any major acquisition or disposal of assets.

6. Other investments

6.1 Investment of securities

☐Applicable √ Not applicable

6.2 Equity interests held in other listed companies

Unit: RMB

Stock code	Stock short name	Initial investment amount	Percentage of shareholdings	Booked value as at the end of the reporting period	Gains/(losses) during the reporting period	Changes in equity attributable to equity holders during the reporting period
600751	Tianjin Marine Shipping Co., Ltd.	143,600.00	0.02%	741,300.00	-	448,275.00
Total		**143,600.00**	**0.02%**	**741,300.00**	-	448,275.00

Note: Equity interests held in Tianjin Marine Shipping Co., Ltd are legal person shares held by the Company over the years. The company has recently undergone share reform.

6.3 Shareholding in non-listed financial corporations and companies planning for listing

Nil

7. Major Connected Transactions

On 11 May 2012, the Company's 2011 annual general meeting 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 one-year period.

During the reporting period, Shanghai Vanke Investment Management Co., Ltd. ("Shanghai Vanke Investment"), 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) (深圳市華威欣城一號投资合伙企业) ("Huawei Xincheng") to satisfy the development needs of Shanghai Hongqiao Project No. 11. Both parties will jointly develop Shanghai Hongqiao Project No. 11. Harvest Capital Partners Limited and China Resources SZITIC Trust Co., Ltd. respectively hold 51 per cent and 49 per cent equity interests in Shenzhen Huawei Yongsheng Management Co., Ltd. (深圳市華威永盛企業管理有限公司), which is a general partner of Huawei Xincheng.

On 20 March 2013, the Company's 2012 annual general meeting authorised the Board to decide on the continuous cooperation with CRH. The validty of the granted authority was adjusted to two years, while the aggregate authorised amount was adjusted to not more than RMB12.7 billion per year (i.e. not more than 20% of the Company's audited net assets value as at the end of 2012). During the reporting period, no new cooperation within the scope of granted authority had been implemented.

The cooperation with CRH will help fully leverage CRH's financial strengths and platform, which will help broaden the Company's financing channels, strengthen its ability to avert risk and enhance return on assets.

8. Major Contracts and Their Implementation

(1) During the reporting period, the Company was not subject to any material entrustment, sub-contracting or leasing arrangements involving assets of other companies, nor were any other companies entitled to any entrustment, sub-contracting or leasing arrangements involving assets of the Company.

(2) During the reporting period, the Company did not have any financial entrustment.

(3) Details on the new guarantees made by the Company during the reporting period are as follows:

No	Guarantor (% of equity interest held by Vanke)	Principal of the guarantee (% of equity interest held by Vanke)	Guarantee Amount	Details of the guarantee	Guarantee Period	Remarks
1	Shenzhen Vanke Real Estate Co., Ltd. (100%)	Dongguan Xinwan Real Estate Development Co., Ltd. (51%)	RMB25.5 million	Provided a guarantee for a bank loan of RMB50 million in proportion to the Company's equity holding	From 11 January 2013 to 11 January 2015	
2	Guangzhou Vanke Real Estate Co., Ltd. (100%)	Guangzhou Wanshang Real Estate Co., Ltd. (33%)	RMB11.22 million	Provided a guarantee for a bank loan of RMB34 million in proportion to the Company's equity holding	From 16 January 2013 to 5 December 2015	

3	Ningbo Vanke Real Estate Development Co., Ltd. (100%)	Ningbo Zhongwan Property Co., Ltd. (49% held by Vanke, 15% of which were held through Ningbo Vanke Real Estate Development Co., Ltd.)	RMB375,000	Provided a guarantee for a bank loan of RMB2.5 million in proportion to the Company's equity holding	From 25 January 2013 to 5 December 2014	
4	Beijing Vanke Company Limited (100%)	Beijing Zhuzong Vanke Real Estate Development Co., Ltd. (50%)	RMB500 million	Provided a guarantee for a loan of RMB1 billion in proportion to the Company's equity holding	From 17 May 2013 to 17 May 2016	
5	Beijing Vanke Company Limited (100%)	Beijing Kaide XinmingReal Estate Development Co., Ltd. (100%)	RMB207million	Provided a guarantee for a loan of RMB207 million in proportion to the Company's equity holding	From 30 September 2011 to 30 September 2013	Continue the guarantee obligations undertaken by the original shareholder of the principal
6	Vanke Real Estate (Hong Kong) Company Limited (100%)	Bestgain Real Estate (Hong Kong) Limited (100%)	US$905 million	Provided a guarantee for the principle and interest of US$800 million	From 13 March 2013 to 13 March 2018	
7	Vanke Property (Overseas) Limited (75%)	WK Property Financial Limited (75%)	HK$300 million	Provided a guarantee for a bank loan of HK$300 million	From 28 March 2013 to 28 December 2015	
8	Vanke Property (Hong Kong) Company Limited (100%)	Wkdeveloper Sig I Private Limited (100%)	SGD135.51 million	Provided a guarantee for a bank loan of SGD135.51 million	From 16 April 2013 to withdrawal from the project or settlement date of the project	

During the reporting period, the amount of new guarantees provided by the Company and its majority-owned subsidiaries was RMB7,232 million, and the amount of guarantees discharged was RMB5,666 million. There was a slight change in the outstanding amount of guarantees at the beginning of the reporting period due to changes in exchange rates. As at the end of the reporting period, the outstanding amount of guarantees provided by the Company was RMB12,681 million, accounting for 19.87% of the audited equity attributable to shareholders of the Company as at the end of 2012. The outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries for other majority-owned subsidiaries was RMB12,355 million; the outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries for associates and joint venture companies was RMB326 million. The Company and its majority-owned subsidiaries did not have any external guarantees.

The Company did not provide guarantee for shareholders, beneficial controller and its connected parties, nor did it have any overdue guarantees or guarantees involving litigation.

9. Specific elaboration and independent opinions of the independent directors on the use of capital and external guarantees by connected parties

There had been no non-operational use of capital by the controlling shareholder or other connected parties of the Company.

During the reporting period, the Company, in strict compliance with the related rules, regulated its external guarantee activities in order to control risks. There was no violation against the "Notice regarding the regulation of external guarantees by listed companies". The Company's guarantees had been made to meet its production and operational needs and the requirements for reasonable use of capital. The procedures for determining the provision of guarantees are legal and reasonable, without prejudice to the interests of the Company and its shareholders.

10. 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 horizontal 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 had fulfilled its undertaking.

11. Details on the Company's investor meetings

<table>
<tr><th>Type of meeting</th><th>Date</th><th>Location</th><th>Approach</th><th>Types of investors</th><th>Issues discussed and information provided</th></tr>
<tr><td>BNP meeting</td><td>2013.1</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td><td rowspan="18">(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.</td></tr>
<tr><td>Nomura Securities meeting</td><td>2013.1</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Credit Suisse meeting</td><td>2013.1</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Barclays meeting</td><td>2013.1</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Guotai Junan meeting</td><td>2013.1</td><td>Shenzhen</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>CLSA Securities meeting</td><td>2013.1</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Annual results presentation</td><td>2013.2</td><td>Hong Kong, Shenzhen (Shanghai, Beijing)</td><td>Face to face meeting</td><td>Investors including securities companies, funds, individual investors, etc</td></tr>
<tr><td>CLSA Securities meeting</td><td>2013.2</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Credit Suisse Securities meeting</td><td>2013.3</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>JP Morgan meeting</td><td>2013.3</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>CLSA Securities meeting</td><td>2013.3</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Barclays meeting</td><td>2013.3</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Credit Suisse Securities meeting</td><td>2013.3</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>Shenyin Wanguo meeting</td><td>2013.3</td><td>Shenzhen</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>CICC meeting</td><td>2013.4</td><td>Beijing</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>DBS Vickers meeting</td><td>2013.4</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>HSBC meeting</td><td>2013.4</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
<tr><td>UBS meeting</td><td>2013.4</td><td>Hong Kong</td><td>Face to face meeting</td><td>Investors including securities companies, funds, etc</td></tr>
</table>

Macquarie meeting	2013.5	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
CLSA Securities meeting	2013.5	Beijing	Face to face meeting	Investors including securities companies, funds, etc	
Morgan Stanley meeting	2013.5	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
China Securities meeting	2013.5	Zhengzhou	Face to face meeting	Investors including securities companies, funds, etc	
Korea Investment & Securities meeting	2013.5	Beijing	Face to face meeting	Investors including securities companies, funds, etc	
Orient Securities meeting	2013.5	Shanghai	Face to face meeting	Investors including securities companies, funds, etc	
Shenyin Wanguo meeting	2013.5	Xiamen	Face to face meeting	Investors including securities companies, funds, etc	
Barclays meeting	2013.5	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
Guotai Junan meeting	2013.5	Shanghai	Face to face meeting	Investors including securities companies, funds, etc	
JP Morgan meeting	2013.6	Beijing	Face to face meeting	Investors including securities companies, funds, etc	
Guosen meeting	2013.6	Beijing	Face to face meeting	Investors including securities companies, funds, etc	
CLSA Securities meeting	2013.6	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
China Merchants Securities meeting	2013.6	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	
CICC meeting	2013.6	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	
Shenyin Wenguo meeting	2013.6	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
Huatai Securities meeting	2013.6	Nanjing	Face to face meeting	Investors including securities companies, funds, etc	
Haitong Securities meeting	2013.6	Dalian	Face to face meeting	Investors including securities companies, funds, etc	
Citigroup meeting	2013.6	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, Guangzhou, Foshan, Sanya, Fuzhou, Xiamen, Changsha, Shanghai, Jiading, Suzhou, Nanjing, Hangzhou, Hefei, Ningbo, Wenzhou, Beijing, Tangshan, Tianjin, Shenyang, Changchun, Dalian, Anshan, Qingdao, Jinan, Taiyuan, Wuhan, Chengdu, Chongqing, Xi'an, Guiyang, Kunming, Zhengzhou, etc.	Small group or one-on-one	Citigroup, Shenyin Wanguo, Guotai Junan, CITIC Securities, Mizuho Securities, UBS Securities, JP Morgan, Deutsche Bank, Morgan Stanley, Naito Securities, CITIC Construction Securities, Dongxing Securities, Nomura Securities, CICC, Barclays, Goldman Sachs Gaohua , Guosen Securities, CLSA, HSBC, Shanghai Securities, Galaxy Securities, Credit Suisse Securities, GF Securities, Goldman Sachs, Standard Chartered Bank, Macquarie, BOCI, Everbright Securities, Changjiang Securities, BNP, Jefferies, DBS Vickers (HK) Ltd, Kim Eng etc.	

Funds and other investment companies and individual investors	During the reporting period	Shenzhen, Dongguan, Guangzhou, Foshan, Sanya, Fuzhou, Xiamen, Changsha, Shanghai, Jiading, Suzhou, Nanjing, Hangzhou, Hefei, Ningbo, Wenzhou, Beijing, Tangshan, Tianjin, Shenyang, Changchun, Dalian, Anshan, Qingdao, Jinan, Taiyuan, Wuhan, Chengdu, Chongqing, Xi'an, Guiyang, Kunming, Zhengzhou, etc.	Small group or one-on-one	Ping An Asset, Orient Securities Asset Management, Boshi Fund, Southern Fund, Rongtong Fund Management, China Int'l Fund, GF Fund Management, E Fund, China Universal Asset Management (HK) Co., Ltd, WanJia Asset, Taikang Asset, China AMC, Harvest Fund, Dacheng Fund, ICBC Credit Suisse Asset, China Life, Invesco Great Wall Fund, Yinhua Fund, Fortis Haitong Fund, Hua An Fund, China Universal Asset Management, Penghua Fund, Huatai-PineBridge Investments, Shenyin Wenguo Paris Fund, 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 Bersntein,ACQ,Wellington Asset mgt,Libra Capital Management (HK) Ltd,Zeal Asset,Standard Pacific,Primero Investment Limited,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,Financiere de l' Echiquier,Emerging Markets,Amundi (HK),Alphinity Investment,Brookside Capital,Comgest,Hillhouse Capital Mgmt Ltd,Sumitomo Mitsui Trust & Banking,Invesco,Lloyd George Investment Management,Harvest Global Investments Limited,SFM HK Management,Kynikos Associates,Temasek,Manulife Asset Management,Opportunity Asset Management,Newfoundland Capital Management,SPX Gestao de Recursos,Caisse De Depot Et Placement Du Quebec,JK Capital Management Ltd,Orion Asset Management,Crosby Advisors,Tradewinds Global Investors,Trilogy Global Advisors,AXA Investment Managers UK Ltd,Legal & General Investment Mgt Ltd,Credit Suisse Hedging-Griffo Servicos,Carnegie AM,Engineers Pension Fund,VKR A/S,BI Asset Management Fondsmaeglerselskab,Lundbeck Foundation,GE Asest Management,Hermes Investment Management,Schroders,Harris Associates,Och-Ziff,PSE INVESTMENT,JCP Investment Partners,Future Fund,Victoria 1522,American Century,Luminus Management,Lion Global Investors,Colonial First State Asset,APAC Resources Capital,Tiger Management,LBN Investmen etc.	

12. Corporate bonds and related matters

During the reporting period, the Company's issued bonds, including "08 Vanke G1" (Bond code: 112005) and "08 Vanke G2" (Bond code: 112006), was tracked and rated by China Chengxin Securities Rating Co., Ltd. (中诚信证券评估有限公司) ("China Chengxin"). The rating company continued to assign AAA credit ratings to the Company's secured corporate bonds "08 Vanke G1" and non-secured corporate bonds "08 Vanke G2" as well as the Company's overall corporate credit. China Chengxin gave a stable outlook rating to the Company. During the reporting period, the Company maintained a good credit standing.

During the reporting period, the Shenzhen branch of China Construction Bank Corporation, being the guarantor of the secured corporate bonds “08 Vanke G1” issued by the Company, had safe assets and stable operating results, with no material change in credit standing.

13. Progress of the change of listing location of the Company’s domestically listed foreign shares (“B shares”) for listing and 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 the proposal for the change of listing location of China Vanke Co., Ltd.’s domestically listed foreign shares for listing and trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction. The proposal was approved at the Company’s 2013 first extraordinary general meeting on 4 February. With regard to the application for the proposed change, the Company obtained a confirmation letter on 7 February regarding the processing of the application for administrative licence issued by China Securities Regulatory Commission. On 15 February, the Company received a confirmation letter from the SEHK. After the Company announced its 2012 annual results on 28 February, the Company submitted additional information including the 2012 annual report. The relevant application is currently in progress.

The change of listing location of the Company’s B shares to the main board of SEHK is conducive to enhancing the Company’s international reputation, and enable the Company to leverage overseas resources and markets to strengthen its core competitiveness.

14. Investment in derivatives

Remarks on risk analysis and management of derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)	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 term 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 analyse 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 RMB(29,400). The value of the IRS was determined based on the fair value assessed on 30 June 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 or 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 had been prudent and reasonable.

Derivative positions as at the end of the reporting period

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 a percentage of the Company’s equity attributable to shareholders as at the end of the reporting period
Interest rate swap (IRS) agreement	2,553,798.7	2,170,577.3	(29.4)	2.46
Total	**2,553,798.7**	**2,170,577.3**	**(29.4)**	**2.46**

V. Change in Share Capital and Shareholdings of Major Shareholders

1. Change in Share Capital (as at 30 June 2013)

Unit: Share

Class of Share	Before the Change		Increase / decrease (+, -)	After the Change	
	Quantity	Percentage of shareholding		Quantity	Percentage of shareholding
I. Restricted Shares					
1. State-owned and State-owned legal person shares					
2. Shares held by domestic non-State-owned legal persons					
3. Shares held by domestic natural persons	18,402,673	0.17%	+5,425,588	23,828,261	0.22%
4. Shares held by foreign investors					
Total number of restricted shares	**18,402,673**	**0.17%**	**+5,425,588**	**23,828,261**	**0.22%**
II. Non-restricted Shares					
1. RMB-denominated ordinary shares (A shares)	9,662,194,977	87.87%	+12,746,263	9,674,941,240	87.84%
2. Domestic listed foreign shares (B shares)	1,314,955,468	11.96%	0	1,314,955,468	11.94%
Total number of non-restricted shares	**10,977,150,445**	**99.83%**	**+12,746,263**	**10,989,896,708**	**99.78%**
III. Total Number of Shares	**10,995,553,118**	**100.00%**	**+18,171,851**	**11,013,724,969**	**100.00%**

Note: As there were changes in the Company's senior management staff during 2012, while some of the senior management staff exercised A-share stock options during the reporting period, the Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to regulations, lifted and imposed trading restrictions on shares held by the related senior management staff accordingly. As a result, the number of restricted shares and non-restricted shares of the Company changed accordingly.

2. The shareholdings of the Company's top 10 shareholders and the shareholdings of the top 10 holders of non-restricted shares (as at 30 June 2013)

Unit: Share

Total number of shareholders	683,703 (including 666,684 holders of A shares and 17,019 holders of B Shares)					
Shareholdings of the top 10 shareholders						
Name of shareholder	**Classification of shareholder**	**Percentage of shareholdings**	**Total number of shares held**	**Change (+/-) during the reporting period**	**Number of restricted shares held**	**Number of pledged or lock-up shares**
CRC	State-owned legal person	14.70%	1,619,094,766	0	0	0
China Life Insurance Company Limited-Dividend Distribution-Personal Dividend-005L-FH002 Shen	Others	1.37%	151,360,847	11,977,364	0	0
Liu Yuansheng	Others	1.21%	133,791,208	0	0	0
China Minsheng Banking Corp. Ltd - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	Others	1.06%	116,416,601	25,427,209	0	0
Bosera Value Growth Securities Investment Fund	Others	1.01%	111,237,491	19,499,439	0	0
Bank of China - E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	Others	0.97%	106,852,627	-27,157,666	0	0
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign shareholder	0.93%	102,472,924	6,251,536	0	0

ICBC -Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	Others	0.80%	88,364,818	-14,734,245	0	0
Staff Committee of China Vanke Co., Ltd.	Others	0.61%	67,168,517	0	0	0
Gao Hua-HSBC-GOLDMAN, SACHS & CO	Others	0.59%	64,779,520	11,971,047	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**
CRC	1,619,094,766		Ordinary RMB-denominated shares (A shares)
China Life Insurance Company Limited-Dividend Distribution-Personal Dividend-005L-FH002 Shen	151,360,847		Ordinary RMB-denominated shares (A shares)
Liu Yuansheng	133,791,208		Ordinary RMB-denominated shares (A shares)
China Minsheng Banking Corp. Ltd - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	116,416,601		Ordinary RMB-denominated shares (A shares)
Bosera Value Growth Securities Investment Fund	111,237,491		Ordinary RMB-denominated shares (A shares)
Bank of China - E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	106,852,627		Ordinary RMB-denominated shares (A shares)
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	102,472,924		Domestic listed foreign shares (B shares)
ICBC-Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	88,364,818		Ordinary RMB-denominated shares (A shares)
Staff Committee of China Vanke Co., Ltd.	67,168,517		Ordinary RMB-denominated shares (A shares)
Gao Hua-HSBC-GOLDMAN, SACHS & CO	64,779,520		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		

3. Bondholdings of the Company’s top 10 bondholders (as at 30 June 2013)

(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-Personal 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.	2,698,727
5	China Ping An Property and Casualty Insurance Company Limited – Traditional – General Insurance Products	3,085,862
6	Taiping General Insurance Co., Ltd.	1,003,216
7	China Property & Casualty Reinsurance Company Ltd.	776,162
8	Haitong-BOC-Futong Bank	722,532
9	China Life Property and Casualty Insurance Company Ltd. – Traditional – General Insurance Products	700,000
10	Postal Savings Bank of China - Penghua Fengze Classification Bond Fund	578,104

Note: It is not known as to whether there are other 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 bondholders.

(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	3,514,198
2	Agricultural Bank of China Limited	1,427,662
3	Hongta Securities Co., Ltd.	928,000
4	CNPC Pension Scheme – ICBC	888,960
5	ICBC Credit Suisse Asset Management Co., Ltd.–ICBC–China Industrial and Commercial Bank of China Limited	777,688
6	Industrial Bank Co., Ltd. - Tianhong Yongli Bond Fund	606,730
7	Bank of Communications Schroders Fund Management Co., Ltd. –Bank of Communications–Bank of Communications International Trust Co., Ltd.	605,228
8	CCB-Penghua Fengrun Bond Fund	599,993
9	CCB-Penghua Harvest Bond Fund	563,644
10	CCB-Huaxia Xinghua Mixed Securities Investment Fund	503,670

Note: "CCB-Penghua Fengrun Bond Fund" and "CCB-Penghua Harvest Bond Fund" are managed by Penghua Fund Management Co., Ltd. Apart from the above-mentioned relationships, it is not known as to whether there are other 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 bondholders.

4. Change of controlling shareholders and beneficial controllers

There were neither controlling shareholders nor beneficial controllers in the Company, and this situation remained the same during the reporting period.

VI. Directors, Members of Supervisory Committee and Senior Management

1. Changes in the shareholdings of directors, members of Supervisory Committee and senior management during the reporting period

Unit: Share

Name	Capacity	Number of shares held at the beginning of the period	Number of shares held as at the end of the period	Number of share options granted	Number of share options exerciseable as at the date of announcement of the report	Number of share options exercised as at the date of announcement of the report
Wang Shi	Chairman	6,817,201	7,617,201	6,600,000	3,820,000	800,000
Yu Liang	Director, President	4,106,245	6,306,245	5,500,000	1,650,000	2,200,000
Ding Fuyuan	Chairman of Supervisory Committee	2,018,408	2,018,408	-	-	-
Sun Jianyi	Director	692,236	692,236	-	-	-
Ding Changfeng	Executive Vice President	1,487,660	2,337,660	2,200,000	690,000	850,000
Xie Dong	Executive Vice President	1,487,660	1,987,660	2,200,000	1,040,000	500,000
Zhang Jiwen	Executive Vice President	1,548,950	1,548,950	2,200,000	1,540,000	0
Mo Jun	Executive Vice President	1,548,950	2,048,950	2,200,000	1,040,000	500,000
Xiao Li	Director, Executive Vice President	1,446,849	1,946,849	2,200,000	1,040,000	500,000
Wang Wenjin	Executive Vice President	1,343,591	2,223,591	2,200,000	660,000	880,000
Zhou Weijun	Executive Vice President	1,038,065	1,583,265	2,000,000	858,000	542,000
Mao Daqing	Executive Vice President	0	800,000	2,000,000	600,000	800,000

Tan Huajie	Secretary to the Board	0	640,000	1,600,000	480,000	640,000
Zhou Qingping	Member of Supervisory Committee	20,000	20,000	-	-	-

Note: Save for the above-mentioned persons, other Directors, members of the Supervisory Committee and senior management of the Company did not hold any of the Company’s shares.

2. Change of Directors, members of the Supervisory Committee and senior management of the Company during the reporting period

During the reporting period, Mr Wang Yin and Mr Jiang Wei submitted to the Board their resignation as directors. At the Company's 2012 annual general meeting, Mr Wei Bin and Mr Chen Ying were elected as directors of the sixteenth Board.

VII. Financial Report (Unaudited)

China Vanke Co., Ltd.
万科企业股份有限公司

30 June 2013

Consolidated statement of profit or loss for the six months ended 30 June 2013

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	Note	*2013*	*2012*
		RMB'000	RMB'000
Revenue	4(a)	38,940,809	28,959,560
Cost of sales		(27,501,464)	(19,297,385)
Gross profit		11,439,345	9,662,175
Other revenue	5	359,642	395,098
Other net income	6	33,201	74,687
Distribution costs		(1,431,103)	(1,238,382)
Administrative expenses		(1,230,601)	(851,688)
Other operating expenses	7	(98,945)	(113,046)
Profit from operations		9,071,539	7,928,844
Finance costs	8(a)	(678,604)	(788,381)
Share of profits less losses of associates	15	198,699	256,481
Share of profits less losses of joint ventures	16	188,930	166,039
Profit before taxation		8,780,564	7,562,983
Income tax	9(a)	(3,444,673)	(3,027,505)
Profit for the period		5,335,891	4,535,478
Attributable to:			
Equity shareholders of the Company		4,556,305	3,725,085
Non-controlling interests		779,586	810,393
Profit for the period		5,335,891	4,535,478
Basic earnings per share (RMB)	11	0.41	0.34

The accompanying notes form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 30(c).

Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2013

(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	Note	*2013*	*2012*
		RMB'000	RMB'000
Profit for the period		5,335,891	4,535,478
Other comprehensive income for the period (after tax and reclassification adjustments)	10		
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		25,671	(73,372)
Available-for-sale securities:			
- net movement in the fair value reserve		449	(27,374)
		26,120	(100,746)
Total comprehensive income for the period		5,362,011	4,434,732
Attributable to:			
Equity shareholders of the Company		4,582,425	3,624,339
Non-controlling interests		779,586	810,393
Total comprehensive income for the period		5,362,011	4,434,732

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2013

(Expressed in Renminbi Yuan)

	Note	*30 June 2013* RMB'000	*31 December 2012* RMB'000
Non-current assets			
Property, plant and equipment	12	3,354,795	3,132,540
Investment properties	13	1,831,992	1,714,136
Goodwill	14	201,690	201,690
Interest in associates	15	4,705,397	2,915,844
Interest in joint ventures	16	4,252,463	4,043,247
Other financial assets	17	95,249	85,979
Other non-current assets	18	1,139,527	879,582
Deferred tax assets	26(b)	3,656,856	3,219,894
		19,237,969	16,192,912
Current assets			
Inventories	19	310,226,348	253,622,152
Trade and other receivables	20	65,454,674	56,988,250
Pledged deposits	21	1,356,113	1,171,318
Cash and cash equivalents	22	36,247,513	51,120,224
		413,284,648	362,901,944
Current liabilities			
Bank loans and borrowings from financial institutions	23	44,854,390	35,557,359
Financial derivatives	24	13,818	25,761
Trade and other payables	25	261,904,686	215,529,570
Current taxation	26(a)	7,328,407	8,720,876
		314,101,301	259,833,566
Net current assets		99,183,347	103,068,378
Total assets less current liabilities		118,421,316	119,261,290

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2013 (continued)

(Expressed in Renminbi Yuan)

	Note	*30 June 2013* RMB'000	*31 December 2012* RMB'000
Non-current liabilities			
Bank loans and borrowings from financial institutions	23	29,282,031	36,036,070
Deferred tax liabilities	26(c)	981,434	1,027,055
Provisions	27	58,551	44,292
Other non-current liabilities	28	33,818	15,678
		30,355,834	37,123,095
NET ASSETS		88,065,482	82,138,195
CAPITAL AND RESERVES	30		
Share capital		11,013,725	10,995,553
Reserves		55,630,902	52,830,001
Total equity attributable to equity shareholders of the Company		66,644,627	63,825,554
Non-controlling interests		21,420,855	18,312,641
TOTAL EQUITY		88,065,482	82,138,195

Approved and authorised for issue by the board of directors on 5 August 2013.

Wang Shi)
Yu Liang)
) Directors
)
)

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity (continued)
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company									
	Note	*Share capital* RMB'000	*Share premium* RMB'000	*Share-based compensation reserve* RMB'000	*Statutory reserves* RMB'000	*Exchange reserve* RMB'000	*Other reserves* RMB'000	*Retained profits* RMB'000	*Total* RMB'000	*Non-controlling interests* RMB'000	*Total equity* RMB'000
Balance at 1 January 2013		10,995,553	8,792,995	193,775	17,017,051	440,990	(302,909)	26,688,099	63,825,554	18,312,641	82,138,195
Changes in equity for for the six months ended 30 June 2013:											
Profit for the period		-	-	-	-	-	-	4,556,305	4,556,305	779,586	5,335,891
Other comprehensive income	10	-	-	-	-	25,671	449	-	26,120	-	26,120
Total comprehensive income		-	-	-	-	25,671	449	4,556,305	4,582,425	779,586	5,362,011
Dividends approved in respect of the previous period	30(c)	-	-	-	-	-	-	(1,981,401)	(1,981,401)	-	(1,981,401)
Appropriation to statutory reserves	30(b)	-	-	-	-	-	-	-	-	-	-
Exercise of Share Options	30(a)	18,172	293,326	-	-	-	-	-	311,498	-	311,498
Equity settled share-based transactions	29	-	-	(122,621)	-	-	-	-	(122,621)	-	(122,621)
Share issued upon exercise of share option		-	-	-	-	-	-	-	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	2,430,969	2,430,969
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	550,287	550,287
Acquisitions of additional interest in subsidiaries		-	-	-	-	-	29,172	-	29,172	(22,583)	6,589
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(2,445)	(2,445)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(627,600)	(627,600)
Balance at 30 June 2013		11,013,725	9,086,321	71,154	17,017,051	466,661	(273,288)	29,263,003	66,644,627	21,420,855	88,065,482

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2012
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company									
	Note	*Share capital* RMB'000	*Share premium* RMB'000	*Share-based compensation reserve* RMB'000	*Statutory reserves* RMB'000	*Exchange reserve* RMB'000	*Other reserves* RMB'000	*Retained profits* RMB'000	*Total* RMB'000	*Non-controlling interests* RMB'000	*Total equity* RMB'000
Balance at 1 January 2012		10,995,210	8,789,676	106,236	13,648,727	545,776	(52,448)	18,934,618	52,967,795	14,864,744	67,832,539
Changes in equity for 2012:											
Profit for the year		-	-	-	-	-	-	12,551,182	12,551,182	3,111,406	15,662,588
Other comprehensive income		-	-	-	-	(104,786)	(27,373)	-	(132,159)	-	(132,159)
Total comprehensive income		-	-	-	-	(104,786)	(27,373)	12,551,182	12,419,023	3,111,406	15,530,429
Dividends approved in respect of the previous year	30(c)	-	-	-	-	-	-	(1,429,377)	(1,429,377)	-	(1,429,377)
Appropriation to statutory reserves	30(b)	-	-	-	3,368,324	-	-	(3,368,324)	-	-	-
Equity settled share-based transactions		-	-	88,231	-	-	-	-	88,231		88,231
Share issued upon exercise of share options		343	3,319	(692)	-	-	-	-	2,970	-	2,970
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	2,747,932	2,747,932
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	517,617	517,617
Acquisitions of additional interest in subsidiaries		-	-	-	-	-	(223,088)	-	(223,088)	(1,160,135)	(1,383,223)
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(40,000)	(40,000)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(1,728,923)	(1,728,923)
Balance at 31 December 2012		**10,995,553**	**8,792,995**	**193,775**	**17,017,051**	**440,990**	**(302,909)**	**26,688,099**	**63,825,554**	**18,312,641**	**82,138,195**

The accompanying notes form part of these financial statements.

Consolidated cash flow statement for the six months ended 30 June 2013

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June *2013* RMB'000	*2012* RMB'000
Operating activities			
Cash received from customers		67,220,443	48,164,285
Cash generated from other operating activities		4,900,606	3,406,592
Cash paid to suppliers		(56,258,619)	(31,537,772)
Cash paid to and for employees		(2,279,046)	(1,821,229)
Cash paid for other taxes		(5,749,221)	(4,266,938)
Cash used in other operating activities		(10,557,731)	(5,573,901)
Cash generated from operations		(2,723,568)	8,371,037
PRC Corporate Income Tax ("CIT") and Hong Kong Profits Tax paid		(4,415,336)	(3,045,888)
Land Appreciation Tax ("LAT") paid		(2,653,496)	(2,505,954)
Net cash (used in)/generated from operating activities		(9,792,400)	2,819,195
Investing activities			
Acquisitions of subsidiaries, net of cash acquired	35	(889,290)	(835,148)
Investment in associates and joint ventures		(1,821,023)	(125,450)
Acquisitions of additional interest in subsidiaries		(24,260)	(6,000)
Acquisitions of other investments		(44,780)	(60,000)
Acquisitions of property, plant and equipment		(48,493)	(79,462)
Net cash inflow from disposals of subsidiaries	36	63,181	-
Proceeds from disposal of property, plant and equipment		1,013	679
Proceeds from disposals of investments		248,363	4,000
Interest received		224,753	189,256
Dividends received		552,922	47,684
Net cash used in investing activities		(1,737,614)	(864,441)

The accompanying notes form part of these financial statements.

Consolidated cash flow statement for the six months ended 30 June 2013 (continued)

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Financing activities		
Contributions from non-controlling interests	1,027,459	132,213
Proceeds from bank loans and borrowings from financial institutions	19,457,690	26,317,972
Proceeds from issuing of corporate bonds	4,873,555	-
Repayment of bank loans and borrowings from financial institutions	(23,421,883)	(13,798,424)
Dividends and interest paid	(5,248,549)	(2,481,267)
Net cash (used in)/generated from financing activities	(3,311,728)	10,170,494
Effect of foreign exchange rate changes	(30,969)	(19,632)
Net (decrease) / increase in cash and cash equivalents	(14,872,711)	12,105,616
Cash and cash equivalents at 1 January	51,120,224	33,614,112
Cash and cash equivalents at 30 June	36,247,513	45,719,728

The accompanying notes form part of these consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

1 Reporting entity

China Vanke Co., Ltd (the "Company") is a company domiciled in the People's Republic of China(the "PRC"). The consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and joint ventures. The Group's principal activities are development and sale of properties in the PRC.

2 Significant accounting policies

(a) Statement of compliance

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). A summary of the significant accounting policies adopted by the Group is set out below.

IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these interim financial statements.

(b) Basis of preparation

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

- financial instruments classified as available-for-sale (see note 2(g));
- derivative financial instruments are measured at fair value (see note 2(h)).

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

2 Significant accounting policies (continued)

(b) Basis of preparation (continued)

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

Judgments made by management in the application of IFRSs that have significant effect on the interim financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- IFRS 10 Consolidated Financial Statements (2011) (see (i))
- IFRS 11 Joint Arrangements (see (ii))
- IFRS 12 Disclosure of interests in other entities (see (iii))
- IFRS 13 Fair Value Measurement (see (iv))
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (see (v))

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The nature and the effect of the changes are further explained below.

(i) Consolidated financial statements

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances.

(ii) Joint arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

(iii) Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to the Group's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards.

(iv) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see note 2(g) and note 2(h)).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(v) Presentation of items of other comprehensive income

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

(d) Subsidiaries and non-controlling interests

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

2 Significant accounting policies (continued)

(d) Subsidiaries and non-controlling interest (continued)

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between the non-controlling interests and the equity shareholders of the company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(p) or (q) depending on the nature of the liabilities.

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset(see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

2 Significant accounting policies (continued)

(e) Associates and joint ventures

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

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

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

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

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

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

2 Significant accounting policies (continued)

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)).

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint venture, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(l)).

Investments in equity securities which are not held for trading are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(v)(v). When these investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss is reclassified from equity to profit or loss.

2 Significant accounting policies (continued)

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Investment property

Investment properties are buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. Rental income from investment properties is accounted for as described in note 2(v)(iv).

Depreciation is calculate to write off the costs of investment properties, less its residual value of 0% to 4%, if any, using the straight-line method over their estimated useful lives of 12.5 to 40 years. Both the useful life and residual value, if any, are reviewed annually.

(j) Property, plant and equipment

The following items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss (see note 2(l)):

- buildings held for own use which are situated on leasehold land classified as held under operating lease (see note 2(k)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

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

2 Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

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

	Residual value	*Useful life*
Leasehold land	0%	unexpired term of lease
Hotel and other buildings	4%	the shorter of the unexpired term of lease and 12.5 - 40 years
Improvements to premises	0%	5 - 10 years
Machinery and motor vehicles	4%	5 - 10 years
Other equipment	4%	5 years

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

(k) Leased assets

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

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

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is held for development for sale (see note 2(m)(ii)).

2 Significant accounting policies (continued)

(l) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint venture (including those recognised using the equity method (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 Significant accounting policies (continued)

(l) Impairment of assets (continued)

(i) Impairment of investments in equity securities and other receivables (continued)

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

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

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

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

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 Significant accounting policies (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets

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

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease; and
- goodwill.

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

2 Significant accounting policies (continued)

(m) Inventories

(i) Construction materials

Construction materials are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the construction materials to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Property development

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

- Property held for development and property under development

  The cost of properties held for development and properties under development comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(x)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

- Completed property for sale

  In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

  The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(n) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(v)(iii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

2 Significant accounting policies (continued)

(n) Construction contracts (continued)

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 Significant accounting policies (continued)

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share-based compensation reserve within equity. The fair value is measured at grant date using the Binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve). The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(t) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2 Significant accounting policies (continued)

(t) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are no discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 Significant accounting policies (continued)

(t) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 Significant accounting policies (continued)

(u) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow into the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised upon the signing of the sale and purchase agreement, the receipt of the deposits and confirmation of arrangement of settlement of remaining sales proceeds or the achievement of status ready for hand-over to customers as stipulated in the sale and purchase agreement, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are presented as “Receipts in advance” under “Trade and other payables”.

(ii) Provision of services

Revenue from services is recognised when services are rendered.

(iii) Contract revenue

When the outcome of a construction contract can be estimated reliably:

- revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and
- revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

2 Significant accounting policies (continued)

(v) Revenue recognition (continued)

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Dividend income

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(w) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

2 Significant accounting policies (continued)

(w) Translation of foreign currencies (continued)

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

2 Significant accounting policies (continued)

(y) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segments reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgement and estimates

(a) Critical accounting judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3 Accounting judgement and estimates (continued)

(a) Critical accounting judgments in applying the Group's accounting policies (continued)

(ii) Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after their completion, whereas, the properties are accounted for as investment properties under construction if the properties are intended to be held to earn rentals and/or for capital appreciation.

(b) Sources of estimation uncertainty

Notes 14 and 31 contain information about the assumptions and their risk factors relating to goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Properties for sale

As explained in note 2(m), the Group's properties for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in cases for properties held for development and properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(ii) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer creditworthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

3 Accounting judgement and estimates (continued)

(b) Sources of estimation uncertainty (continued)

(iii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and other deductible temporary differences carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(iv) LAT

As explained in note 9(a), LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing cost and relevant property development expenditures.Given the uncertainties of the calculation basis of land appreciation tax to be interpreted by the local tax bureau, the actual outcomes may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in estimates would affect profit or loss in future years.

4 Revenue and segment reporting

(a) Revenue

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

Revenue mainly represents income from sale of properties, construction contract and property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Sale of properties	37,870,769	27,847,524
Construction contracts	351,894	635,963
Property management and related services	554,294	330,713
Others	163,852	145,360
	38,940,809	28,959,560

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

4 Revenue and segment reporting (continued)

(b) Segment reporting

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

- Property development (Beijing region/Guangshen region/Shanghai region/Chengdu region): given the importance of the property development division to the Group, the Group's property development business is segregated further into four reportable segments on a geographical basis, as the divisional managers for each of these regions report directly to the senior executive team. All the four segments mainly derive their revenue from development and sale of residential properties. The properties are mainly sold to individual customers; therefore, the Group does not have major customers. Currently the Group's activities in this regard are carried out in the PRC. Details about the specific cities covered by each region are set out in note 4(b)(i).
- Property management: this segment provides property management and related services to purchasers and tenants of the Group's own developed residential properties and shopping arcades, as well as those developed by the external property developers. Currently the Group's activities in this regard are also carried out in the PRC.

Although the operating segment of property management services does not meet any of the quantitative thresholds specified in IFRS 8, Operating Segments, management believes that information about the segment would be useful to users of the consolidated financial statements.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets, other investments and current assets in Mainland China with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade creditors, accruals, bank loans and borrowings from financial institutions, and the provision for the estimated losses to be borne by the Group in relation to the property management projects in Mainland China, but excluding deferred tax liabilities.

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

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

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

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

	Real estate development (note (1))					
	Beijing region RMB'000	*Guangshen region* RMB'000	*Shanghai region* RMB'000	*Chengdu region* RMB'000	*Property management* RMB'000	*Total* RMB'000
For the six months ended 30 June 2013						
Revenue from external customers, before sales taxes	6,686,301	14,654,280	8,162,741	11,230,582	620,892	41,354,796
Inter-segment revenue	-	-	-	-	315,087	315,087
Reportable segment revenue, before sales taxes	6,686,301	14,654,280	8,162,741	11,230,582	935,979	41,669,883
Reportable segment profit	766,779	3,010,550	791,191	2,172,434	1,711	6,742,665
Interest income	137,714	83,320	60,495	70,227	2,413	354,169
Interest expenses	190,169	148,113	195,612	92,624	24	626,542
Share of profits less losses of associates and joint ventures (note (2))	133,573	68,624	173,702	15,109	-	391,008
Reportable segment assets	122,727,314	131,203,750	124,347,998	80,208,458	2,751,338	461,238,858
Reportable segment liabilities	103,143,399	115,494,386	111,662,729	71,245,251	2,377,495	403,923,260

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

	Real estate development (note (1))					
	Beijing region RMB'000	*Guangshen region* RMB'000	*Shanghai region* RMB'000	*Chengdu region* RMB'000	*Property management* RMB'000	*Total* RMB'000
For the six months ended 30 June 2012						
Revenue from external customers, before sales taxes	7,169,322	8,608,262	8,271,885	6,274,232	389,598	30,713,299
Inter-segment revenue	55,744	192,493	-	-	290,926	539,163
Reportable segment revenue, before sales taxes	7,225,066	8,800,755	8,271,885	6,274,232	680,524	31,252,462
Reportable segment profit	1,348,769	2,146,954	1,305,043	1,119,931	(19,459)	5,901,238
Interest income	267,987	78,197	91,223	38,160	2,110	477,677
Interest expenses	211,277	288,386	250,863	26,182	38	776,746
Share of profits less losses of associates and joint ventures (note (2))	303,681	82,346	(47,564)	31,459	-	369,922
Reportable segment assets	94,626,710	108,695,974	85,640,978	54,718,202	1,842,118	345,523,982
Reportable segment liabilities	79,713,170	94,455,810	74,739,427	49,540,815	1,628,694	300,077,916

Note (1): Beijing region represents Beijing, Tianjin, Shenyang, Anshan, Dalian, Qingdao, Changchun, Yantai, Jilin, Taiyuan, Tangshan, Langfang, Fushun, Qinhuangdao and Jinzhong.

Guangshen region represents Shenzhen, Guangzhou, Qingyuan, Dongguan, Foshan, Zhuhai, Zhongshan, Changsha, Xiamen, Fuzhou, Huizhou, Hainan, Putian, Quanzhou and Nanning.

Shanghai region represents Shanghai, Hangzhou, Su'nan, Ningbo, Nanjing, Zhenjiang, Nanchang, Hefei, Yangzhou, Jiaxing, Wuhu and Wenzhou.

Chengdu region represents Chengdu, Wuhan, Xi'an, Chongqing, Kunming, Guiyang, Urumqi and Zhengzhou.

Note (2): Share of losses less profits of associates and joint ventures that is attributable to head office and not allocated to the respective segments is RMB3 million.(share of profit less losses for the period ended 30 June 2012: RMB53 million)

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	41,669,883	31,252,462
Elimination of inter-segment revenue	(315,087)	(539,163)
Unallocated revenue	35,550	9,693
Sales taxes	(2,449,537)	(1,763,432)
Consolidated revenue	38,940,809	28,959,560
Profit		
Reportable segment profit	6,742,665	5,901,238
Elimination of inter-segment profit	543,258	(19,060)
Share of profits less losses of associates and joint ventures	387,629	422,520
Dividend income	1,418	27,324
Other net income, excluding net exchange gain	49,207	69,907
Other operating expenses, excluding provision for doubtful debts	(21,046)	(12,729)
Unallocated expenses	(569,719)	(340,526)
LAT	1,647,152	1,514,309
Consolidated profit before taxation	8,780,564	7,562,983

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Assets		
Reportable segment assets	461,238,858	407,352,376
Elimination of inter-segment receivables	(206,887,664)	(192,577,435)
Unallocated assets	178,171,423	164,319,915
Consolidated total assets	432,522,617	379,094,856
Liabilities		
Reportable segment liabilities	403,923,260	349,522,384
Elimination of inter-segment payables	(189,539,931)	(176,161,335)
Unallocated liabilities	130,073,806	123,595,612
Consolidated total liabilities	344,457,135	296,956,661

5 Other revenue

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Interest income	358,224	367,774
Dividend income	1,418	27,324
	359,642	395,098

6 Other net income

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Penalty receipts, forfeited deposits and compensation from customers	26,818	23,640
Loss/(gain) on disposals of subsidiaries	(11)	36,928
Net loss on disposals of other investments	(1,493)	(14,256)
Net (loss)/gain on disposals of property, plant and equipment	(5,016)	33
Net realised and unrealised gain/(loss) on financial derivatives	1,464	(2,271)
Net exchange (loss)/gain	(16,006)	4,780
Other sundry income	27,445	25,833
	33,201	74,687

7 Other operating expenses

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Provision for doubtful debts	77,899	100,317
Donations	2,420	904
Penalties and compensation to customers	12,513	10,155
Other sundry expenses	6,113	1,670
	98,945	113,046

8 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Interest on interest-bearing borrowings	2,992,052	2,606,843
Less: Interest expense capitalised into inventories (note)	(2,313,448)	(1,818,462)
	678,604	788,381

Note: The borrowing costs have been capitalised at a rate of 8.2% per annum (six months ended 30 June 2012: 9.2%).

(b) Staff costs

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Salaries, wages and other benefits	1,469,805	1,013,852
Contributions to defined contribution retirement plan	164,207	128,862
Equity-settled share-based payment expenses	32,578	57,814
	1,666,590	1,200,528

(c) Other items

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Depreciation and amortisation	91,128	76,439
Impairment loss on trade and other receivables	77,899	100,317
Cost of inventories	26,580,291	18,383,496
Operating lease charges in respect of properties	43,840	34,381
Rental income from investment properties	(37,792)	(125,192)

9 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Current tax		
Provision for CIT and Hong Kong Profits Tax	2,235,716	1,910,218
Provision for LAT	1,659,736	1,537,251
Withholding tax	21,138	25,945
	3,916,590	3,473,414
Deferred tax		
Fair value adjustments arising from business combinations		
- CIT and Hong Kong Profits Tax	(15,553)	(8,927)
- LAT	(12,585)	(22,940)
Accrual for LAT	(110,886)	(53,672)
Tax losses	(312,965)	(294,789)
Accruals for construction costs	(81,304)	(6,919)
Withholding tax	(17,632)	27,112
Unrealised profits	(37,706)	(51,947)
Other temporary differences	116,714	(33,827)
	(471,917)	(445,909)
	3,444,673	3,027,505

(i) CIT and Hong Kong Profits Tax

The provision for CIT is calculated based on the estimated taxable income at the rates applicable to each company in the Group. The income tax rates applicable to the principal subsidiaries in the PRC are 25% (2012: 25%).

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period.

9 Income tax in the c consolidated statement of profit or loss (continued)

(a) Taxation in the consolidated income statement represents: (continued)

(ii) LAT

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

(iii) Withholding tax

Withholding tax is levied on the overseas subsidiaries in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 ranging from 5% to 10%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Profit before taxation	8,780,564	7,562,983
Less: LAT	(1,647,151)	(1,514,311)
Profit before CIT and Hong Kong Profits Tax	7,133,413	6,048,672
Notional tax on profit before CIT and Hong Kong Profits Tax calculated at effective income tax rate of the relevant group entities concerned	1,726,532	1,495,776
Non-taxable income	(97,262)	(105,630)
Non-deductible expenses	126,485	88,950
Effect of temporary difference not recognised	41,767	55,989
Recognition of previously unrecognised tax losses	-	(21,891)
CIT and Hong Kong Profits Tax	1,797,522	1,513,194
LAT	1,647,151	1,514,311
Income tax expense	3,444,673	3,027,505

10 Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	six months ended 30 June 2013			*six months ended 30 June 2012*		
	Before-tax amount RMB'000	*Tax expense* RMB'000 (note 26(d))	*Net-of-tax amount* RMB'000	*Before-tax amount* RMB'000	*Tax benefit* RMB'000 (note 26(d))	*Net-of-tax amount* RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	25,671	-	25,671	(73,372)	-	(73,372)
Available-for-sale securities - net movement in fair value reserve	598	(149)	449	(36,498)	9,124	(27,374)
Other comprehensive income	26,269	(149)	26,120	(109,870)	9,124	(100,746)

(b) Components of other comprehensive income, including reclassification adjustments

	Six months ended 30 June	
	2013 RMB'000	*2012* RMB'000
Net movement in the fair value reserve during the period recognised in other comprehensive income	449	(27,374)

11 Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB4,556,304,906.89 (2012: RMB3,725,085,079.33) and the weighted average of 11,004,639,043.50 (2012: 10,995,210,218.00) shares in issue during the period.

The Group has a share option scheme which was adopted on 25 April 2011 (see note 29). During the period, 18,171,851 share options have been exercised.

12 Property, plant and equipment

	Hotel and other buildings held for own use RMB'000	*Improvements to premises* RMB'000	*Leasehold land prepayment* RMB'000	*Machinery and motor vehicles* RMB'000	*Electronic and other equipment* RMB'000	*Construction in progress* RMB'000	*Total* RMB'000
Cost:							
At 1 January 2012	1,654,119	119,245	455,070	177,397	237,079	705,552	3,348,462
Additions	82,109	21,045	1,473	18,604	40,864	378,030	542,125
Transfers	32,464	-	-	-	-	(32,464)	-
Disposals	(51,375)	(2,876)	-	(10,999)	(14,713)	-	(79,963)
At 31 December 2012	1,717,317	137,414	456,543	185,002	263,230	1,051,118	3,810,624
At 1 January 2013	1,717,317	137,414	456,543	185,002	263,230	1,051,118	3,810,624
Additions	68,908	46,159	35	21,254	23,392	173,724	333,472
Transfers	1,320	839	-	-	-	(2,159)	-
Disposals	(31,967)	(15)	-	(10,573)	(2,910)	-	(45,465)
At 30 June 2013	1,755,578	184,397	456,578	195,683	283,712	1,222,683	4,098,631

12 Property, plant and equipment (continued)

	Hotel and other buildings held for own use RMB'000	*Improvements to premises* RMB'000	*Leasehold land prepayment* RMB'000	*Machinery and motor vehicles* RMB'000	*Electronic and other equipment* RMB'000	*Construction in progress* RMB'000	*Total* RMB'000
Accumulated depreciation:							
At 1 January 2012	257,374	62,937	19,596	84,596	146,070	-	570,573
Charge for the year	71,084	24,671	10,100	20,057	31,901	-	157,813
Written back on disposals	(26,589)	(2,620)	-	(8,245)	(12,848)	-	(50,302)
At 31 December 2012	301,869	84,988	29,696	96,408	165,123	-	678,084
At 1 January 2013	301,869	84,988	29,696	96,408	165,123	-	678,084
Charge for the period	24,976	19,156	5,054	13,009	17,242	-	79,437
Written back on disposals	(3,187)	(3)	-	(8,432)	(2,063)	-	(13,685)
At 30 June 2013	323,658	104,141	34,750	100,985	180,302	-	743,836
Net book value:							
At 30 June 2013	1,431,920	80,256	421,828	94,698	103,410	1,222,683	3,354,795
At 31 December 2012	1,415,448	52,426	426,847	88,594	98,107	1,051,118	3,132,540

13 Investment properties

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Cost:		
At 1 January	1,754,029	1,155,944
Additions	122,443	1,286,081
Transfers	-	(675,300)
Disposals	-	(12,696)
At balance sheet date	1,876,472	1,754,029
Accumulated depreciation:		
At 1 January	39,893	29,840
Charge for the period	4,587	10,599
Written back on disposals	-	(546)
At balance sheet date	44,480	39,893
Net book value:		
At balance sheet date	1,831,992	1,714,136

Investment properties include those under development at the end of the reporting period with carrying amount of RMB803 million (31 December 2012: RMB684 million).

Investment properties comprise certain commercial properties that are leased to third parties. The directors, having regard to recent market transactions of similar properties in the same location as the Group's investment properties, consider the estimated fair value of the investment properties, together with leasehold land on which the investment properties located as set out in note 18, to be RMB4,050 million (31 December 2012: RMB4,080 million).

(a) The analysis of net book value of investment properties is set out as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
In the PRC, held on leases of		
- Between 10 and 50 years	615,152	686,918
- Over 50 years	213,451	124,905
	828,603	811,823
In Hong Kong, held on leases of		
- Over 50 years	1,003,389	902,313
	1,831,992	1,714,136

13 Investment properties (continued)

(b) The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to twenty years. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Within 1 year	93,326	57,496
After 1 year but within 5 years	322,839	314,671
After 5 years	451,564	454,588
	867,729	826,755

14 Goodwill

Goodwill arose from acquisition of Vanke Property (Overseas) Limited by the Group in 2012. As at period end, an impairment test was performed by comparing the goodwill with its recoverable amount and no impairment was recorded.

15 Interest in associates

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Share of net assets	4,705,397	2,915,844

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group.

15 Interest in associates (continued)

Name of company	*Place of incorporation and operation*	*Proportion of ownership interest* Group's effective interest	*Principal activity*
Beijing Jinyu Vanke Property Development Company Limited	PRC	49%	Property development
Wuhan Golf City Garden Real Estate Company Limited (note 1)	PRC	49%	Property development
Shanghai Nandu Baima Real Estate Company Limited	PRC	49%	Property development
Chengdu Yihang Vanke Binjiang Real Estate Company Limited (note 1)	PRC	49%	Property development
Hefei Yihang Vanke Real Estate Company Limited (note1, 2)	PRC	50%	Property development
Suzhou Zhonghang Vanke Changfeng Real Estate Company Limited (note 1)	PRC	49%	Property development
Changsha Oriental City Real Estate Company Limited	PRC	20%	Property development
Shanghai Zunyi Property Co., Ltd	PRC	30%	Property development
Foshan Shunde District Zhonghang Vanke Property Company Limited	PRC	49%	Property development
Xiamen Wantefu Property Development Company Limited	PRC	30%	Property development
Guangzhou Yinyejunrui Property Development Company Limited (note 1)	PRC	49%	Property development
Shanghai Jingyuan Property Development Company Limited	PRC	45%	Property development
Langfang Kuangshijiye Property Development Company Limited (note 2)	PRC	50%	Property development
Shanghai Vanke Changning Property Development Company Limited (note 1)	PRC	49%	Property development
Ningbo Zhongwan Property Development Company Limited	PRC	49%	Property development
Shanghai Chongwan Property Development Company Limited (note 1)	PRC	49%	Property development
Shenyang Zhongtie Vanke Langyu Property Development Company Limited (note 2)	PRC	49%	Property development
Chongqing Wanbin Property Development Company Limited (note 1)	PRC	45%	Property development
Suzhou Kejian Property Development Company Limited (note 1)	PRC	49%	Property development
Beijing Wuyuankesheng Property Development Company Limited	PRC	49%	Property development
Beijing Jingtouyintai Property Development Company Limited (note 2)	PRC	50%	Property development
Guangzhou Wanshang Property Development Company Limited	PRC	33%	Property development

15 Interest in associates (continued)

Name of company	*Place of incorporation and operation*	*Proportion of ownership interest* — *Group's effective interest*	*Principal activity*
Chongqing Zhonghang Vanke Yunling Property Development Company Limited (note 1)	PRC	45%	Property development
Chongqing Zhonghang Vanke Junjing Property Development Company Limited (note 1)	PRC	45%	Property development
Changchun Vanke Xizhigu Property Development Company Limited (note 2)	PRC	50%	Property development
Shenzhen Vanke Binhai Property Company Limited(note 2)	PRC	50%	Property development
Foshan Changsheng Construction Technology Company Limited	PRC	20%	Construction technology research and development
Beijing Wanhu Real Estate Development Company Limited	PRC	49%	Property development
Hangzhou Dongyue Investment Management Company Limited	PRC	20%	Investment management
Vankic Investment (Cayman Islands) Limited	Cayman Islands	40%	Investment Management
Zhonghang Vanke Company Limited	PRC	40%	Property development

Notes:

(1) Except for the equity interest held directly, the Group also hold equity interest in these associates through Zhonghang Vanke Company Limited.

(2) Pursuant to the voting rights in the board of directors, the Group has significant influence in these entities.

Summary financial information on associates:

	30 June 2013			**six months ended 30 June 2013**	
	Assets	*Liabilities*	*Equity*	*Revenue*	*Profit*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
100 per cent	55,568,798	43,959,156	11,609,642	2,956,157	355,918
Group's effective interest	24,501,197	19,795,800	4,705,397	1,456,012	198,699

	31 December 2012			**six months ended 30 June 2012**	
	Assets	*Liabilities*	*Equity*	*Revenue*	*Profit*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
100 per cent	46,329,081	38,100,386	8,228,695	3,301,176	499,680
Group's effective interest	20,996,384	18,080,540	2,915,844	1,622,622	256,481

16 Interest in joint ventures

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Share of net assets	4,252,463	4,043,247

The following list contains only the particulars of joint ventures, all of which are unlisted corporate entities, which principally affected the results or assets of the Group.

Name of company	*Place of incorporation and operation*	*Proportion of ownership interest* — *Group's effective interest*	*Principal activity*
Shanghai Jialai Real Estate Development Company Limited (note)	PRC	49%	Property development
Dongguan Vanke Property Company Limited	PRC	50%	Property development
Wuhan Vanke Qinganju Property Company Limited (note)	PRC	30%	Property development
Yunnan Vanke Chengtou Property Company Limited (note)	PRC	51%	Property development
Changsha Lingyu Real Estate Development Company Limited (note)	PRC	60%	Property development
Changsha Lingyu Investment Company Limited (note)	PRC	60%	Property development
Beijing Zhongliang Vanke Real Estate Development Company Limited	PRC	50%	Property development
Tianjin Diwan Investment Company Limited (note)	PRC	40%	Property development
Hangzhou Xiangge Investment Management Company Limited	PRC	50%	Management and consulting
Hangzhou Dongshang Property Development Company Limited	PRC	50%	Property development
Zhuhai Haiyu Property Development Company Limited	PRC	50%	Property development
Tianjin Songke Real Estate Company Limited (note)	PRC	49%	Property development
Beijing Jingtou Vanke Property Development Company Limited (note)	PRC	20%	Property development
Fuyang Yongtong Property Development Company Limited (note)	PRC	20%	Property development
Pingdu Vanke Property Company Limited (note)	PRC	51%	Property
Fuyang Donghe Property Company Limited (note)	PRC	20%	Property development
Shanghai Wanzhicheng Property Development Company Limited	PRC	50%	Property development

16 Interest in joint ventures (continued)

Name of company	*Place of incorporation and operation*	*Proportion of ownership interest* *Group's effective interest*	*Principal activity*
Shanghai Ledu Property Development Company Limited (note)	PRC	33.3%	Property development
Shanghai Wanshuang Construction Technology Company Limited (note)	PRC	60%	Construction management consulting
Shanghai Vanke Yida Investment Management Company Limited	PRC	50%	Investment management
Chongqing Liangjiang Vanke Investment Company Limited	PRC	50%	Property developmet
Wuhan Liantou Vanke Property Development Company Limited	PRC	50%	Property development
Tangshan Wanrun Real Estate Company Limited (note)	PRC	40%	Property development
Wuhan Yayuan Vanke Property Company Limited	PRC	50%	Property development
Beijing Oriental Vanke Investment Management Company Limited	PRC	50%	Property development
Shandong Xiaozhushan Construction Development Company Limited (note)	PRC	34%	Tourism property development
Yunnan Zhelian Property Development Company Limited (note)	PRC	23%	Property development
Zhejiang Nuoya Capital Management Company Limited (note)	PRC	49%	Property development
Guangzhou Wanxuan Real Estate Company Limited (note)	PRC	51%	Property development
Jinan Wanzhu Real Estate Development Company Limited	PRC	50%	Property development
Foshan Nanhai Wanhong Real Estate Company Limited	PRC	50%	Property development
Beijing Shoukai Vanke Real Estate Development Company Limited	PRC	50%	Property development
Chengdu Vanke Nancheng Real Estate Development Company Limited	PRC	50%	Property development
Fuyang Dongrun Property Company Limited	PRC	50%	Property development
Suzhou Wankang Property Company Limited	PRC	50%	Property development
Wuhan Vanke Huajingyuan Property Company Limited	PRC	50%	Property development
201 Folsom Acquisition JV,L.P (note)	USA	71.5%	Property development
Sherwood Development Pte Ltd (note)	Singapore	30%	Property development

16 Interest in joint ventures (continued)

Notes: A contractual arrangement between the Group and the counterparties of these entities establishes joint control over the financial and operating policies of these entities.

A Summary of the financial information on joint ventures – Group's effective interest

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Non-current assets	1,989,191	1,033,392
Current assets	54,822,952	16,422,935
Non-current liabilities	(2,603,588)	(754,982)
Current liabilities	(49,956,092)	(12,658,098)
Net assets	4,252,463	4,043,247

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Income	1,891,300	1,040,475
Expenses	(1,702,370)	(874,436)
Profit for the period	188,930	166,039

17 Other financial assets

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Available-for-sale securities in the PRC		
Equity securities		
- Unlisted	94,508	81,215
- Listed in the PRC	741	4,764
	95,249	85,979

18 Other non-current assets

The other non-current assets mainly represent prepayments for acquisitions of investees and prepayment for leasehold land on which the Group's investment properties located.

Movement of prepayment for leasehold land is analysed as follows:

	30 Jun. 2013 RMB'000	*31 Dec. 2012* RMB'000
Cost:		
At 1 January	675,300	-
Transfer	-	675,300
At balance sheet date	675,300	675,300
Accumulated amortisation:		
At 1 January	14,208	-
Charge for the period	7,104	14,208
At balance sheet date	21,312	14,208
Net book value:		
At balance sheet date	653,988	661,092

19 Inventories

	30 June 2013 RMB'000	*31 December 2012* RMB'000
Properties held for development	94,099,623	76,733,826
Properties under development	198,241,047	160,676,827
Completed properties for sale	17,625,424	15,993,829
Others	260,254	217,670
	310,226,348	253,622,152

19 Inventories (continued)

(a) The analysis of carrying value of leasehold land held for property development for sale is as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
In the PRC, held on lease of		
- Between 10 and 50 years	24,699,048	14,452,874
- Over 50 years	134,373,833	131,311,363
	159,072,881	145,764,237

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Carrying amount of inventories sold	26,580,291	18,383,496

(c) The amount of properties held for development and properties under development expected to be recovered after more than one year is RMB158,200 million (2012: RMB115,592 million).

20 Trade and other receivables

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Trade debtors (note (a))	1,781,677	1,915,305
Less: allowance for doubtful debts	(33,373)	(28,756)
	1,748,304	1,886,549
Other debtors	20,722,845	10,784,562
Amounts due from associates (note (b))	4,222,342	5,642,821
Amounts due from joint ventures (note (b))	7,961,419	3,465,502
Prepayments (note (c))	29,601,947	33,373,612
Gross amount due from customers for contract work (note (d))	1,197,817	1,835,204
	65,454,674	56,988,250

20 Trade and other receivables (continued)

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

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Within 1 year	1,482,839	1,653,991
1 to 2 years	152,370	154,308
2 to 3 years	98,284	55,874
Over 3 years	14,811	22,376
	1,748,304	1,886,549

The Group's credit policy is set out in note 31(a).

Trade debtors that were past due but not impaired relate to a number of independent debtors that have a good track record with the Group. Based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) The amounts due from associates and joint ventures as at 30 June 2013 include an amount of RMB5,664 million (2012: RMB5,713 million) which are interest bearing at market rate, unsecured and repayable on demand. The interest income from these associates and joint ventures amounts to RMB285 million (2012 January to June: RMB95 million) in 2013. The remaining amounts due from associates and joint ventures are unsecured, interest free and repayable on demand.

(c) The balance includes prepayments for leasehold land of RMB12,919 million (2012: RMB22,326 million).

(d) The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 30 June 2013, is RMB2,587 million (2012: RMB2,213 million).

21 Pledged deposits

The balance mainly represents the guarantee deposits in respect of mortgage loans related to property sale.

22 Cash and cash equivalents

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Cash at bank and on hand	36,247,513	51,120,224

23 Bank loans and borrowings from financial institutions

This note provides information about the contractual terms of the Group's bank loans and borrowings from financial institutions. For more information about the Group's exposure to interest rate risk, please refer to note 31(c).

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Current		
Secured		
- Bank loans (note (a))	1,354,016	3,358,380
- Borrowings from financial institutions (note (b))	1,400,000	2,690,400
- Corporate bonds (note (c))	2,998,337	2,985,306
	5,752,353	9,034,086
Guaranteed		
- Borrowings from financial institutions (note (b))	320,000	-
	320,000	-
Unsecured		
- Bank loans	6,057,030	10,247,981
- Borrowings from financial institutions (note (b))	29,825,337	13,378,980
- Corporate bonds (note (c))	2,899,670	2,896,312
	38,782,037	26,523,273
	44,854,390	35,557,359
Non-current		
Secured		
- Bank loans (note (a))	3,250,020	5,055,824
- Corporate bonds (note (c))	4,831,780	-
	8,081,800	5,055,824
Guaranteed		
- Bank loans (note (a))	300,000	190,000
- Borrowings from financial institutions (note (b))	-	320,000
	300,000	510,000

23 Bank loans and borrowings from financial institutions (continued)

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Unsecured		
- Bank loans	10,619,470	10,190,210
- Borrowings from financial institutions (note (b))	10,280,760	20,280,036
	20,900,230	30,470,246
	29,282,030	36,036,070

At 30 June, non-current interest-bearing loans and borrowings and corporate bonds were repayable as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
After 1 year but within 2 years	14,968,950	27,286,992
After 2 years but within 5 years	14,313,080	8,749,078
	29,282,030	36,036,070

Notes:

(a) Bank loans

The secured bank loans are secured over certain properties held for development and investment properties with aggregate carrying value of RMB20,783 million (2012: RMB11,079 million) or pledged by the shares of interest in certain subsidiaries of the Group.

(b) Borrowings from financial institutions

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Current		
Proceeds	31,748,815	16,326,322
Transaction costs	(203,478)	(256,942)
	31,545,337	16,069,380
Non-current		
Proceeds	10,304,198	20,760,429
Transaction costs	(23,438)	(160,393)
	10,280,760	20,600,036

23 Bank loans and borrowings from financial institutions (continued)

(b) Borrowings from financial institutions(continued)

The secured borrowings from financial institutions are pledged by the shares of interest in certain subsidiaries of the Group.

The guaranteed borrowings from financial institutions are guaranteed by third party with nil consideration.

(c) Corporate bonds

Current	*30 June 2013*	
	No.101688 Bonds	*No.101699 Bonds*
	RMB'000	RMB'000
At 1 January	2,896,312	2,985,306
Transaction costs amortised	3,358	13,031
At 30 June	2,899,670	2,998,337

	31 December 2012	
	No.101688 Bonds	*No.101699 Bonds*
	RMB'000	RMB'000
At 1 January	2,889,947	2,960,450
Transaction costs amortised	6,365	24,856
At 31 December	2,896,312	2,985,306

In September 2008, the Company issued two series of corporate bonds, namely the "No. 101688 Bonds" and the "No. 101699 Bonds", amounting to RMB 5,900 million. Both Bonds are listed on the Shenzhen Stock Exchange.

The No. 101688 Bonds are with no guarantee and interest bearing at 7% per annum payable in arrears on 6 September 2009, 2010 and 2011. In accordance with the terms of the No. 101688 Bonds, on 6 September 2011 the Company has the option to adjust upward the interest rate of the Bonds for the next two years by maximum of 100 basis points and each of the Bond is, at the option of the bondholder, redeemable at its par value of RMB 100 each on the same date. If not being redeemed on 6 September 2011, the Bonds are repayable on 6 September 2013 and the interest for the next two years is payable in arrears on 6 September 2012 and 2013. None of the No. 101688 Bonds were early redeemed by the bondholders on 6 September 2011.

The No. 101699 Bonds are guaranteed by the China Construction Bank Shenzhen branch and are repayable on 6 September 2013. The Bonds are interest bearing at 5.5% per annum payable in arrears on 6 September 2009, 2010, 2011, 2012 and 2013.

23 Bank loans and borrowings from financial institutions (continued)

(c) Corporate bonds(continued)

Non-current	*30 June 2013*
	RMB'000
At 1 January	-
Principle	4,825,162
Transaction costs amortised	6,618
At 30 June	4,831,780

On 13 March 2013, the Company issued to institutional investors US$800,000,000 corporate bonds, with a 5-year term and a fixed coupon rate of 2.625% per annum. The interest payable semi-annually is calculated on a simple interest basis (as opposed to compound interest). Vanke Real Estate (Hong Kong) Company Limited, a subsidiary of the Company, provided an irrevocable joint liability guarantee for the corporate bonds.

24 Financial derivatives

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Interest rate swaps	13,818	25,761

25 Trade and other payables

	30 June 2013 RMB'000	*31 December 2012* RMB'000
Trade creditors and bills payable	59,261,263	49,838,127
Other payables and accruals	38,776,681	31,839,905
Amounts due to associates	1,178,597	907,773
Amounts due to joint ventures	3,286,357	1,919,788
Receipts in advance	159,401,788	130,989,093
Gross amount due to customers for contract work	-	34,884
	261,904,686	215,529,570

Included in trade and other payables is retention payable of RMB385 million (2012: RMB451 million) which are expected to be settled after one year.

The amounts due to associates and joint ventures include an amount of RMB2,538 million (2012: RMB959 million) which are interest bearing at market rate, unsecured and repayable on demand. The interest expenses to these associates and joint ventures amounted to RMB27 million (2012 January to June: RMB31 million) for the period ended 30 June 2013. The remaining amounts due to associates and joint ventures are unsecured, interest free and repayable on demand.

26 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	30 June 2013 RMB'000	*31 December 2012* RMB'000
CIT and Hong Kong Profits Tax	1,426,697	2,873,002
LAT	5,901,710	5,847,874
	7,328,407	8,720,876

LAT provisions have been made pursuant to Guo Shui Fa (2006) No. 187 Circular of State Administration of Taxation on Relevant Issues of Settlement and Management of Land Appreciation Tax for Real Estate Developers. The Group considers the timing of settlement is dependent on the practice of local tax bureaus. As a result of the uncertainty of timing of payment of LAT, the provisions have been recorded as current liabilities as at 30 June 2013 and 31 December 2012.

26 Income tax in the statement of financial position (continued)

(b) Deferred tax assets

Deferred tax assets are attributable to the items set out below:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Tax losses	1,342,491	1,029,526
Bad debt provision and write-down of inventories	54,378	37,553
Accruals for construction costs	342,987	261,683
Accrual for LAT	1,383,681	1,272,795
Unrealised profits	419,327	381,621
Other temporary differences	113,992	236,716
	3,656,856	3,219,894

Deferred tax assets have not been recognised in respect of the following items:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Tax losses	1,074,601	966,124
Deductible temporary differences	92,503	89,863
	1,167,104	1,055,987

The tax losses will expire between 2013 and 2018. The deductible temporary differences will not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(c) Deferred tax liabilities

Deferred tax liabilities are attributable to the items set out below:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Fair value adjustments on available-for-sale securities	149	-
Fair value adjustments arising from business combinations	929,895	958,033
Withholding tax	51,390	69,022
	981,434	1,027,055

26 Income tax in the statement of financial position (continued)

(d) Movements in deferred taxation, net:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
At 1 January	2,192,839	1,221,480
Net credit to profit or loss (note 9(a))	482,732	962,235
Net credit / (charge) to other comprehensive income (note 10(a))	(149)	9,124
At the balance sheet date	2,675,422	2,192,839

27 Provisions

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Balance at 1 January	44,292	38,678
Provisions made during the period	15,320	12,346
Provisions used during the period	(1,061)	(6,732)
Balance at the balance sheet date	58,551	44,292

The balance represents the estimated losses to be borne by the Group in relation to the property management projects.

28 Other non-current liabilities

The balance mainly represents the amounts that hold on behalf of the owners committees in the property management sector.

29 Equity settled share-based transactions

The Group has a share option scheme which was adopted on 25 April 2011 whereby the senior management and key staff of the Group are granted certain options at nil consideration to subscribe for an aggregate of 110,000,000 A shares of the Company. The key management personnel were granted with 33,000,000 share options. 40% of the options vest after one year (30% after two years and the remaining 30% after three years) from the date of grant and are then exercisable within a period of two years. Each option gives the holder the right to subscribe for one A share of the Company.

29 Equity settled share-based transactions (continued)

(a) The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June *Number* '000
Outstanding at the beginning of the period	93,167
Exercised during the period	(18,172)
Forfeited during the period	(1,658)
Outstanding at the end of the period	73,337
Exercisable at the end of the period	46,726

The weighted average share price at the date of exercise for shares options exercised during the period was RMB8.60.

(b) Terms of unexpired and unexercised share options at the end of the reporting period:

	*Exercise price ** RMB	*30 June 2013* *Number* '000
25 April 2012 to 24 April 2014	8.48	21,751
25 April 2013 to 24 April 2015	8.48	24,975
25 April 2014 to 22 April 2016	8.48	26,611
		73,337

* The original exercise price is RMB8.89. The exercise price was adjusted to RMB8.79 after declaration of dividend of RMB0.10 per share during 2011 in accordance with the terms and conditions of the share option scheme.

The exercise price was adjusted to RMB8.66 after declaration of dividend of RMB0.13 per share during 2012 in accordance with the terms and conditions of the share option scheme.

The exercise price was further adjusted to RMB8.48 after declaration of dividend of RMB0.18 per share during the period in accordance with the terms and conditions of the share option scheme.

30 Capital, reserves and dividends

(a) Share capital:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Authorised, issued and fully paid:		
A shares of RMB1 each	9,698,770	9,680,598
B shares of RMB1 each	1,314,955	1,314,955
	11,013,725	10,995,553

Included in the A shares are 23,828,261 shares (2012: 18,402,673 shares) with restriction to transfer.

The holders of A and B shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Both A and B shares rank equally with regard to the Company's residual assets.

Upon the completion of the relevant procedures for approval, the share option scheme (see note 29) entered the second exercise period on 29 May 2013. During the reporting period, there were a total of 18,171,851 share options exercised. The Company's total number of shares thus increased by18,171,851 shares accordingly.

(b) Nature and purpose of reserves

(i) Share-based compensation reserve

The share-based compensation reserve comprises the portion of the grant date fair value of unexercised share options that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii).

(ii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law, the Company is required to transfer 10% of its profit after taxation, as determined under PRC Accounting Regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to equity shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

For the six months ended 30 June 2013, the Company transferred RMB nil (2012: 561,387,000), being nil (2012:10%) of the Company's current year's net profit as determined in accordance with the PRC accounting rules and regulations, to this reserve.

30 Capital, reserves and dividends (continued)

(b) Nature and purpose of reserves (continued)

(ii) Statutory reserves (continued)

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

For the six months ended 30 June 2013, the directors proposed to transfer RMB nil (2012: RMB2,806,937,000), being nil (2012: 50%) of the Company's current year's net profit as determined in accordance with the PRC accounting rules and regulations, to this reserve.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(w).

(iv) Other reserves

Other reserves are mainly resulted from transactions with owners in their capacity as owners, fair value movement of available-for-sale securities and a share award scheme in prior years. The movement for the six months ended 30 June 2013 mainly represents the difference between the fair value and book value of the acquirees' net assets at the dates of acquisitions of non-controlling interests and fair value movement of available-for-sale securities.

(c) Dividends

(i) There is no interim dividend declared during the reporting period.

(ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period

	Six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB0.18 per share (2012: RMB0.13 per share)	1,981,401	1,429,377

30 Capital, reserves and dividends (continued)

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity of the Group. Net debt is calculated as total bank loans and borrowings from financial institutions less cash and cash equivalents and pledged deposits. The gearing ratio at the balance sheet date is calculated as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
Bank loans and borrowings from financial institutions	74,136,421	71,593,429
Less: Cash and cash equivalents	(36,247,513)	(51,120,224)
Pledged deposits	(1,356,113)	(1,171,318)
Net debt	36,532,795	19,301,887
Total equity	88,065,482	82,138,195

31 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, pledged deposits, trade and other receivables and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an on-going basis.

Cash and cash equivalents and pledged deposits held by the Group are mainly deposited in financial institutions such as commercial banks which maintain sound reputation and financial situation. The credit risk is considered low. The Group sets deposit limits against the financial institutions' credit risks.

31 Financial risk management and fair values (continued)

(a) *Credit risk (continued)*

In respect of trade receivables, credit risk is minimised as the Group normally receives full payment from buyers before the transfer of property ownership.

In respect of amounts due from associates and joint ventures, the Group facilitates their capital demand by assessing and closely monitoring their financial conditions and profitability.

In respect of other receivables due from third parties, the Group reviews the exposures and manages them based on the need of operation.

At the end of the reporting period, 23.96% (2012: 27.87%) of the total trade receivables was due from the Group's five largest trade debtors.

Except for the financial guarantees given by the Group as set out in note 33, the Group does not provide any other guarantees which would expose the Group to credit risk.

(b) *Liquidity risk*

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	30 June 2013				
	Carrying amount RMB'000	*Total contractual undiscounted cash flow* RMB'000	*Within 1 year or on demand* RMB'000	*More than 1 year but less than 2 years* RMB'000	*More than 2 years but less than 5 years* RMB'000
Bank loans and borrowings from financial institutions	63,406,633	69,127,692	42,385,874	16,382,063	10,359,755
Corporate bonds	10,729,788	10,947,308	6,004,348	-	4,942,960
Trade creditors and accruals	106,290,159	106,369,189	106,026,667	188,023	154,499
Financial derivatives	13,818	13,818	13,818	-	-
Interest payable	705,952	705,952	705,952	-	-
Other non-current liabilities	33,819	33,819	-	-	33,819
Total	181,180,169	187,197,778	155,136,659	16,570,086	15,491,033

31 Financial risk management and fair values (continued)

(b) Liquidity risk (continued)

	31 December 2012				
	Carrying amount RMB'000	*Total contractual undiscounted cash flow* RMB'000	*Within 1 year or on demand* RMB'000	*More than 1 year but less than 2 years* RMB'000	*More than 2 years but less than 5 years* RMB'000
Bank loans and borrowings from financial institutions	65,711,812	75,554,883	34,959,538	30,443,032	10,152,313
Corporate bonds	5,881,618	6,145,333	6,145,333	-	-
Trade creditors and accruals	88,061,192	88,174,864	86,786,154	994,105	394,605
Financial derivatives	25,761	25,761	25,761	-	-
Interest payable	649,688	649,688	649,688	-	-
Other non-current liabilities	15,678	15,678	-	-	15,678
Total	160,345,749	170,566,207	128,566,474	31,437,137	10,562,596

(c) Interest rate risk

The Group's interest rate risk arises primarily from its cash and cash equivalent and bank loans and borrowings from financial institutions. Cash and cash equivalent and bank loans and borrowings from financial institutions issued at variable rates expose the Group to cash flow interest rate risk. The interest rate and terms of repayment of the Group's interest bearing borrowings are disclosed in notes 22 and 24 to the consolidated financial statements.

Sensitivity analysis

At 30 June 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates of cash and bank loans and borrowings from financial institutions of the Group, with all other variables held constant, would have decreased/increased the Group's profit after tax and total equity by approximately RMB54 million (2012: RMB81 million).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax and total equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

The sensitivity analysis above assumes that the change in interest rates had occurred at the end of the reporting period and had been applied to all floating rate bank loans and borrowings from financial institutions, without taking into account the impact of interest capitalisation.

31 Financial risk management and fair values (continued)

(d) Currency risk

The Group is exposed to foreign currency risk primarily on cash and cash equivalents and bank loans and borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars, Hong Kong dollars and Japanese Yen.

Cash and cash equivalents denominated in a currency other than the functional currency of the entity to which they relate are as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
United States Dollars	1,671,225	1,305,831
Hong Kong Dollars	888,118	333,206
Japanese Yen	3,028	-

Bank loans and borrowings from financial institutions denominated in a currency other than the functional currency of the entity to which they relate are as follows:

	30 June 2013	*31 December 2012*
	RMB'000	RMB'000
United States Dollars	5,682,520	3,972,044
Hong Kong Dollars	238,980	-

Sensitivity analysis

Based on the assumption that Hong Kong Dollars continue to be pegged to United States Dollars, management estimated that a 10% appreciation/depreciation of United States Dollars/Hong Kong Dollars against Renminbi would not have a material effect on the Group's profit and the Group's equity would be decreased/increased by approximately RMB58 million (2012: RMB522 million).

The analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables remain constant.

31 Financial risk management and fair values (continued)

(e) Fair values

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

30 June 2013

In millions of RMB

	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Available-for-sales equity securities	1	-	4	5

	Level 1	*Level 2*	*Level 3*	*Total*
Liabilities				
Interest rate swaps	(14)	-	-	(14)

31 December 2012

In millions of RMB

Liabilities				
Interest rate swaps	(26)	-	-	(26)

32 Commitments

(a) Capital commitments outstanding at 30 June 2013 not provided for in the financial statements were as follows:

	30 June 2013 RMB'000	*31 December 2012* RMB'000
Construction and development contracts	46,304,901	45,734,215
Land agreements	15,191,716	20,991,522
Land agreements	61,496,617	66,725,737

Commitments mainly related to land and development costs for the Group's properties under development.

(b) At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2013 RMB'000	*31 December 2012* RMB'000
Within 1 year	41,028	45,839
After 1 year but within 2 years	35,582	39,489
After 2 years but within 3 years	28,508	33,241
After 3 years	28,954	41,087
	134,072	159,656

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of two to ten years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

33 Contingent liabilities

As at the end of the reporting period, the Group has issued guarantees to banks to secure the mortgage arrangement of property buyers. The outstanding guarantees to the banks amounted to RMB46,453 million (2012: RMB29,360 million), including guarantees of RMB46,381 million (2012: RMB29,269 million) which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties, and guarantees of RMB72 million (2012: RMB91 million) which will be terminated upon full repayment of mortgage loans by buyers to the banks.

The directors do not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors.

33 Contingent liabilities (continued)

In addition, the Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Group.

34 Material related party transactions

(a) Reference should be made to the following notes regarding related parties:

Associates	(note 15, 20 & 25)
Joint ventures	(note 16, 20 & 25)
Key management personnel	(see note (c) below)

(b) Loans from a related party

The details of the loans from a related party are as follows:

	Loans balance As at 30 June		*Interest incurred Period ended 30 June*	
	2013	*2012*	*2013*	*2012*
	RMB’000	RMB’000	RMB’000	RMB’000
China Resources SZITIC Trust Co., Ltd. (the “Trust”)	5,100,000	4,000,000	253,915	155,561

The Trust is a subsidiary of China Resources Co., Limited (“CRC”). CRC holds the largest percentage of the share of interest in the Company among all shareholders.

The loans bear interests that are not higher than other trust loans borrowed during the period from independent third parties, are unsecured and repayable in 2013 and 2014.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	six months ended 30 June	
	2013	*2012*
	RMB’000	RMB’000
Short-term employee benefits	5,212	5,683

Total remuneration is included in “staff costs” (see note 8(b)).

34 Material related party transactions (continued)

(c) Key management personnel remuneration (continued)

No non-monetary employee benefits was provided to the key management personnel in the form of purchase discount on sale of the Group's properties to them for the period ended 30 June 2013.

The Group also provides non-monetary employee benefits to the key management personnel in the form. Details of such transactions are as follows:

	six months ended 30 June	
	2013	*2012*
	RMB'000	RMB'000
Sale of properties to the key management personnel	-	10,509
Related cost of sales	-	(3,826)
Gross profit	-	6,683
Estimated fair value of the properties sold to the key management personnel	-	11,574

All the above were approved by the Board of Directors as a kind of employment benefits to the key management personnel.

In 2010 the Group launched the Economic Profits Bonus Plan (the "Plan") as a supplement to the existing employee remuneration system. The bonus amount attributable to each period is determined by reference to the key performance indicator of Economic Profits in the corresponding year. No short-term employee benefits was recorded for the period ended at 30 June 2013 (2012 January to June: Nil) as the amount in respect of the Economic Profits in 2013 has not been determined up to the date of these consolidated financial statements.

In addition to the short-term employee benefits and the Economic Profits Bonus Plan, the key management personnel were granted certain share options by the Group in 2011. As at 30 June 2013, the outstanding options held by the key management personnel amounted to 22,688,000 (2012: 30,900,000).

35 Acquisitions of subsidiaries

During the period, the Group has acquired certain subsidiaries which hold property development projects. Acquisitions of these subsidiaries enable the Group to expand its land banks. Acquisitions of major subsidiaries by the Group during the period are summarised as follows:

Date of acquisition	*Name of subsidiaries acquired*	*Percentage of equity interest acquired*	*Consideration*
8 January 2013	Beijing Jingtou Sunshine Real Estate Development Co., Ltd.	51%	RMB136,184,000

35 Acquisitions of subsidiaries (continued)

Date of acquisition	*Name of subsidiaries acquired*	*Percentage of equity interest acquired*	*Consideration*
28 January 2013	Tangshan 22th Metallurgical Wanzhu Real Estate Development Co., Ltd.	80%	RMB 40,000,000
1 January 2013	Shenzhen Shangmo Development Co., Ltd.	60%	RMB 465,000,000
1 January 2013	Yantai Zhulinyuan Property Co., Ltd.	51%	RMB 5,100,000
21 February 2013	Zhengzhou Meiming Technology Industrial Park Comprehensive Development Co., Ltd.	100%	RMB 30,000,000
21 February 2013	Henan Meijingzhizhou Real Estate Co., Ltd.	100%	RMB 100,000,000
4 March 2013	Beijing Mingda Yuantong Investment Management Co., Ltd.	90%	RMB 90,000
8 March 2013	Chengdu Media Cultural Property Co., Ltd.	60%	RMB 72,345,000
29 March 2013	Beijing Kaide Xinming Real Estate Development Co., Ltd.	100%	RMB 502,000,000
31 March 2013	*Yunnan Zhewan Property Co., Ltd.*	*55%*	*RMB 4,500,000*
25 January 2013	Changsha Vanke Global Village Property Co., Ltd.*	80%	RMB 346,930,000
1 April 2013	Hunan Baihui Investment Co., Ltd.	51%	RMB 315,473,000
25 April 2013	Guiyang Chuangyuan Real Estate Development Co., Ltd.	70%	RMB 52,869,000
3 May 2013	Wuhan Wanyuecheng Real Estate Development Co., Ltd.	100%	RMB 10,000,000
15 May 2013	Henan Meijing Hongcheng Property Co., Ltd.	51%	RMB 35,777,000
3 May 2013	Zhengzhou Meidi Property Co., Ltd.	51%	RMB 5,100,000
5 June 2013	Zhengzhou Airport Zone Vanke Meijing Property Co., Ltd.	100%	RMB 30,000,000

35 Acquisitions of subsidiaries (continued)

Note 1: Based on the voting right in the board of directors of the company, the Group controlled the company's financial and operating policies. Therefore, the company was included in the Group's consolidated scope.

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

	Carrying amount RMB'000	*Adjustments* RMB'000	*Recognised values on acquisitions* RMB'000
Current assets	10,899,832	719,391	11,619,223
Non-current assets	171,223	347,774	518,997
Current liabilities	(7,287,068)	-	(7,287,068)
Non-current liabilities	(2,002,047)	-	(2,002,047)
Non-controlling interests	(697,737)	-	(697,737)
Group's share of net identifiable assets and liabilities	1,084,203	1,067,165	2,151,368

Total consideration	2,151,368
Consideration to be paid subsequent to 30 June 2013	(870,690)
Considerations prepaid in prior year	(133,092)
Consideration paid for the six months ended 30 June 2013	1,147,586
Total cash and cash equivalents acquired	(285,890)
	861,696
Consideration paid for the acquisitions prior to 2013	27,594
Net cash outflow	889,290

The above subsidiaries contributed an aggregate revenue of RMB113 million and loss attributable to the equity shareholders of the Company of RMB25 million to the Group for the six months ended 30 June 2013. Should the acquisitions had occurred on 1 January 2013, the consolidated revenue and the consolidated profit attributable to the equity shareholders of the Company for the six months ended 30 June 2013 would have been RMB38,941 million and RMB4,556 million respectively.

The acquired subsidiaries' major assets are properties held for development, properties under development and/or completed properties for sale. The directors consider that the purpose of acquiring those subsidiaries is solely to acquire the underlying properties.

36 Disposal of subsidiaries

During the period, the Group has disposed certain subsidiaries which hold property development projects. Disposal of major subsidiaries by the Group during the period are summarised as follows:

Date of disposal	*Name of subsidiaries disposed*	*Percentage of equity interest disposed*	*Consideration*
4 March 2013	*Hangzhou Junhong Investment* Management Co., Ltd.	*100%*	*RMB100,000.00*
14 March 2013	*Jinan Wanzhu Real Estate Development* Co., Ltd.	*50%*	*RMB50,000,000.00*
28 February 2013	*Guangzhou Wanxuan Real Estate* Co., Ltd.	*49%*	*RMB49,000,000.00*
5 June 2013	*Chengdu Vanke Nancheng Property* Co., Ltd.	*50%*	*RMB25,000,000.00*
19 April 2013	*Hangzhou Dongyue Investment* Management Co., Ltd.	*81.63%*	*RMB81,000.00*
7 April 2013	*Shanghai Wanpu Property Co., Ltd.*	*75%*	*RMB7,500,000.00*
10 January 2013	Foshan Nanhai Wanhong Real Estate Co., Ltd.	100%	RMB 20,000.00

The effect on the Group's assets and liabilities is set out below:

	RMB'000
Current assets	(6,581,944)
Interest in joint ventures and associates	128,163
Other non-current assets	(359,238)
Current liabilities	6,678,862
Minority interests	2,445
Net identifiable assets and liabilities disposed of	(131,712)
Gain on disposal	11
Consideration to be received subsequent to 30 June 2013	49,100
Cash disposed of	19,420
Net cash outflow	(63,181)

No significant variance between the fair value and net book value of above companies' net identifiable assets and liabilities was noted at the disposal date.

37 Non-adjusting post balance sheet events

No post balance sheet event was noted.

38 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 June 2013

Up to date of issue of these financial statements, the IASB has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*	1 January 2014
Amendments to IAS 32, *Financial instruments:* *-Presentation - Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to IAS 36, -*Recoverable amount disclosures for non-financial assets*	1 January 2014
Amendments to IAS 39, -*Novation of derivatives and continuation of hedge accounting*	1 January 2014
IFRIC 21, *Levies*	1 January 2014
IFRS 9, *Financial instruments*	1 January 2015
Amendments to IFRS 9, *Financial instruments* and IFRS 7 -*Financial instruments: Disclosures-Mandatory effective date and transition disclosures*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's results of operations and financial position.

39 Principal subsidiaries

Name of company	*Place of establishment and operation*	*Paid in capital*		*Ownership interest*	*Effective interest*	*Principal activities*
Shenzhen Vanke Real Estate Company Limited	Shenzhen	RMB	600,000,000	100%	100%	Property development
Shenzhen Vanke Xizhigu Real Estate Company Limited	Shenzhen	RMB	10,000,000	60%	60%	Property development
Shenzhen Vanke City Scenery Property Company Limited	Shenzhen	RMB	120,000,000	100%	100%	Property development
Shenzhen Vanke Xingye Property Company Limited	Shenzhen	RMB	62,413,230	100%	100%	Property development
Shenzhen Vanke Nancheng Real Estate Company Limited	Shenzhen	RMB	10,000,000	100%	100%	Property development
Shenzhen Vanke Daolin Investment Development Company Limited	Shenzhen	RMB	20,000,000	100%	100%	Property development
Huizhou Vanke Property Company Limited	Huizhou	RMB	10,000,000	100%	100%	Property development
Guangzhou Vanke Real Estate Company Limited	Guangzhou	RMB	1,000,000,000	100%	100%	Property development
Foshan Vanke Real Estate Company Limited	Foshan	RMB	80,000,000	100%	100%	Property development
Guangzhou Wanxin Property Company Limited	Guangzhou	HKD	760,000,000	100%	100%	Property development
Guangzhou Pengwan Property Company Limited(note)	Guangzhou	RMB	200,000,000	50%	60%	Property development
Qingyuan Hongmei Investment Company Limited	Qingyuan	RMB	280,000,000	95%	100%	Property development
Dongguan Vanke Real Estate Company Limited	Dongguan	RMB	300,000,000	100%	100%	Property development
Dongguan Xinwan Property Development Company Limited	Dongguan	RMB	10,000,000	51%	51%	Property development
Dongguan Songhuju Property Company Limited	Dongguan	RMB	10,000,000	100%	100%	Property development
Dongguan Xintong Industry Investment Company Limited	Dongguan	RMB	10,000,000	51%	51%	Property development
Foshan Nanhai District Jinyulanwan Property Company Limited	Foshan	USD	190,000,000	55%	55%	Property development
Zhuhai Vanke Real Estate Company Limited	Zhuhai	RMB	10,000,000	100%	100%	Property development
Zhuhai Zhubin Property Development Company Limited	Zhuhai	RMB	109,000,000	95%	100%	Property development
Xiamen Vanke Real Estate Company Limited	Xiamen	RMB	50,000,000	100%	100%	Property development
Fuzhou Vanke Real Estate Company Limited	Fuzhou	RMB	20,000,000	100%	100%	Property development
Hainan Vanke Property Development Company Limited	Hainan	RMB	10,000,000	100%	100%	Property development
Shanghai Vanke Investment and Management Company Limited	Shanghai	RMB	204,090,000	100%	100%	Property development
Shanghai Hengda Property Shareholding Company Limited	Shanghai	RMB	141,348,200	99.80%	100%	Property development
Shanghai Vanke Baobei Property Company Limited	Shanghai	RMB	10,000,000	100%	100%	Property development
Shanghai Meilanhuafu Property Company Limited	Shanghai	RMB	700,000,000	100%	100%	Property development
Shanghai Xiangda Real Estate Development Company Limited	Shanghai	RMB	1,783,000,000	75%	75%	Property development
Shanghai Vanke Real Estate Company Limited	Shanghai	RMB	800,000,000	100%	100%	Property development
Shanghai Luolian Property Company Limited	Shanghai	RMB	470,000,000	100%	100%	Property development

39 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*		*Paid in capital*	*Ownership interest*	*Effective interest*	*Principal activities*
Nantong Vanke Real Estate Company Limited	Nantong	RMB	20,000,000	100%	100%	Property development
Jiaxing Vanke Real Estate Company Limited	Jiaxing	RMB	100,000,000	100%	100%	Property development
Nanjing Vanke Property Company Limited	Nanjing	RMB	150,000,000	100%	100%	Property development
Nanjing Hengyue Property Company Limited	Nanjing	RMB	10,000,000	100%	100%	Property development
Nanjing Jinyu Blue Bay Property Company Limited	Nanjing	RMB	90,000,000	100%	100%	Property development
Yangzhou Wanwei Property Company Limited	Yangzhou	RMB	550,000,000	65%	66.70%	Property development
Wuxi Vanke Real Estate Company Limited	Wuxi	RMB	300,000,000	60%	60%	Property development
Wuxi Wansheng Real Estate Development Company Limited	Wuxi	USD	49,200,000	100%	100%	Property development
Wuxi Dongcheng Real Estate Company Limited	Wuxi	USD	149,400,000	100%	100%	Property development
Jiangsu Sunan Vanke Real Estate Company Limited	Suzhou	RMB	30,000,000	100%	100%	Property development
Suzhou Vanke Zhongliang Property Company Limited	Suzhou	RMB	230,000,000	51%	51%	Property development
Suzhou Vanke Property Company Limited	Suzhou	USD	42,500,000	100%	100%	Property development
Hangzhou Wankun Property Development Company Limited	Hangzhou	RMB	30,000,000	51%	51%	Property development
Hangzhou Vanke Hotel Management Company Limited	Hangzhou	RMB	10,000,000	100%	100%	Hotel management
Hangzhou Vanke Junyuan Property Company Limited	Hangzhou	USD	455,095,000	100%	100%	Property development
Fuyang Vanke Real Estate Development Company Limited	Hangzhou	RMB	300,000,000	100%	100%	Property development
Ningbo Vanke Real Estate Company Limited	Ningbo	RMB	150,000,000	100%	100%	Property development
Ningbo Jiangbei Vanke Property Development Company Limited	Ningbo	RMB	675,000,000	100%	100%	Property development
Hefei Vanke Property Company Limited	Hefei	RMB	200,000,000	100%	100%	Property development
Wuhu Vanke Wanjia Property Company Limited	Wuhu	RMB	30,000,000	100%	100%	Property development
Beijing Vanke Enterprises Shareholding Company Limited	Beijing	RMB	2,000,000,000	100%	100%	Property development
Beijing Chaoyang Vanke Property Development Company Limited	Beijing	RMB	200,000,000	60%	60%	Property development
Beijing Vanke Zhongliang Jiarifengjing Real Estate Development Company Limited (note)	Beijing	RMB	830,000,000	50%	60%	Property development
Tangshan Vanke Property Development Company Limited	Tangshan	RMB	200,000,000	100%	100%	Property development
Tianjin Vanke Real Estate Company Limited	Tianjin	RMB	390,000,000	100%	100%	Property development
Tianjin Wanbin Real Estate Development Company Limited	Tianjin	RMB	455,000,000	60%	60%	Property development
Tianjin Zhongtian Wanfang Investment Company Limited	Tianjin	RMB	30,000,000	100%	100%	Property development
Tianjin Wanzhu Investment Company Limited	Tianjin	RMB	30,000,000	100%	100%	Property development
Tianjin Wanfu Investment Company Limited	Tianjin	RMB	192,000,000	100%	100%	Property development

39 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*		*Paid in capital*	*Ownership interest*	*Effective interest*	*Principal activities*
Shenyang Vanke Real Estate Development Company Limited	Shenyang	RMB	100,000,000	100%	100%	Property development
Shenyang Vanke Tianqinwan Property Company Limited	Shenyang	USD	99,980,000	55%	55%	Property development
Shenyang Vanke Hunnan Jinyu Property Development Company Limited	Shenyang	RMB	1,022,520,000	100%	100%	Property development
Shenyang Vanke Jinyu Blue Bay Property Development Company Limited	Shenyang	RMB	578,150,000	100%	100%	Property development
Fushun Vanke Property Development Company Limited	Fushun	RMB	10,000,000	100%	100%	Property development
Dalian Vanke Real Estate Development Company Limited	Dalian	RMB	32,000,000	100%	100%	Property development
Dalian Vanke City Real Property Company Limited	Dalian	USD	42,000,000	100%	100%	Property development
Anshan Vanke Property Development Co., Ltd.	Anshan	USD	5,173,000	100%	100%	Property development
Changchun Vanke Real Estate Company Limited	Changchun	RMB	50,000,000	100%	100%	Property development
Yantai Vanke Property Development Company Limited	Yantai	RMB	30,000,000	100%	100%	Property development
Taiyuan Vanke Real Estate Company Limited	Taiyuan	RMB	60,000,000	100%	100%	Property development
Qingdao Vanke Real Estate Company Limited	Qingdao	RMB	20,000,000	100%	100%	Property development
Qingdao Vanke Yinshengtai Real Estate Development Co., Ltd.	Qingdao	RMB	100,000,000	80%	80%	Property development
Qingdao Da Shan Real Estate Development Company Limited	Qingdao	RMB	100,000,000	100%	100%	Property development
Chengdu Vanke Real Estate Company Limited	Chengdu	RMB	80,000,000	100%	100%	Property development
Chengdu Vanke Guobin Property Company Limited	Chengdu	USD	140,000,000	60%	60%	Property development
Chengdu Vanke Guanghua Property Company Limited	Chengdu	USD	131,428,571	100%	100%	Property development
Chengdu Vanke Jinjiang Property Company Limited	Chengdu	RMB	10,000,000	100%	100%	Property development
Chengdu Vanke Huadong Real Estate Company Limited	Chengdu	RMB	77,680,000	90%	100%	Property development
Chengdu Vanke Chenghua Property Company Limited	Chengdu	RMB	554,479,142	85%	85%	Property development
Wuhan Vanke Real Estate Company Limited	Wuhan	RMB	150,000,000	100%	100%	Property development
Wuhan Vanke Tiancheng Real Estate Company Limited	Wuhan	USD	12,100,000	100%	100%	Property development
Wuhan Guohao Property Company Limited	Wuhan	RMB	10,000,000	100%	100%	Property development
Wuhan Wangjiadun Modern City Property Company Limited	Wuhan	RMB	200,000,000	100%	100%	Property development
Chongqing Yu Development Coral Property Company Limited	Chongqing	RMB	20,000,000	51%	51%	Property development
Vanke (Chongqing) Real Estate Company Limited	Chongqing	RMB	100,000,000	100%	100%	Property development
Xi'an Vanke Real Estate Company Limited	Xi'an	RMB	20,000,000	100%	100%	Property development

39 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*		*Paid in capital*	*Ownership interest*	*Effective interest*	*Principal activities*
Guiyang Vanke Real Estate Company Limited	Guiyang	RMB	100,000,000	100%	100%	Property development
Kunming Vanke Property Development Co., Ltd.	Kunming	RMB	20,000,000	100%	100%	Property development
Xinjiang Vanke Real Estate Company Limited	Urumchi	RMB	100,000,000	100%	100%	Property development
Zhengzhou Vanke Real Estate Company Limited	Zhengzhou	RMB	100,000,000	100%	100%	Property development
Xuzhou Vanke Property Development Company Limited	Xuzhou	RMB	100,000,000	100%	100%	Property development
Jinan Vanke Real Estate Company Limited	Jinan	RMB	100,000,000	100%	100%	Property development
Nanning Vanke Real Estate Company Limited	Nanning	RMB	10,000,000	100%	100%	Property development

Note: The directors consider these entities as subsidiaries of the Group as the Group has the power to govern the financial and operating policies of these entities.