



**China Vanke Co., Ltd.**

## **2012 Third Quarterly Report**

### **§1 Important Notice**

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

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

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

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

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

### **§2 Basic Corporate Information**

#### **2.1 Major accounting data and financial indicators**

(Unit:RMB'000)

	As at 30 September 2012	As at 31 December 2011	Change (+/-)
<i>Total assets</i>	348,089,858	296,534,297	17.39%
<i>Equity attributable to the equity shareholders of the Company</i>	56,321,763	52,967,795	6.33%
<i>Share capital (share)</i>	10,995,442	10,995,210	0.00%
<i>Net assets per share attributable to equity shareholders of the Company (RMB)</i>	5.12	4.82	6.22%

	July to September 2012	YOY change (+/-)	January to September 2012	YOY change (+/-)
Revenue	14,297,750	64.04%	43,257,310	56.71%
Profit attributable to equity shareholders of the Company	1,354,802	123.54%	5,079,887	41.74%
Net cash inflow from operating activities	-	-	(3,490,551)	-133.42%
Net cash inflow from operating activities per share (RMB)	-	-	(0.32)	-133.42%
Basic earnings per share (RMB)	0.123	123.64%	0.462	41.74%
Diluted earnings per share (RMB)	0.123	123.64%	0.462	41.74%
Return on equity	2.44%	Increase by 1.14 percentage points	9.28%	Increase by 1.43 percentage points

- Note: 1. The net assets and net profit used to calculate the above-mentioned indicators refer to the equity attributable to equity shareholders of the Company and profit attributable to equity shareholders of the Company respectively.  
2. The above-mentioned return on equity is calculated using weighted average method.  
3. As some of the beneficiaries exercised their stock options, the Company's share capital therefore increased by 231,500 shares during the reporting period.

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

As at 30 September 2012, the total number of shareholders of the Company was 820,927 (including 799,421 holders of A shares and 21,506 holders of B shares).

Total number of shareholders as at the end of the reporting period		820,927	
Shareholdings of the top 10 shareholders of non-restricted tradable shares			
No.	Name of shareholders (in full)	Total number of non-restricted tradable shares held as at the end of the reporting period	Class
1	China Resources Co., Limited (“CRC”)	1,619,094,766	A Share
2	Bank of China—E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	142,895,063	A Share
3	Liu Yuansheng	133,791,208	A Share
4	China Life Insurance Company Limited – Dividend Distribution–Individual Dividend-005L-FH002 Shen	120,592,544	A Share
5	Industrial and Commercial Bank of China – Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	102,016,463	A Share
6	China Minsheng Banking Corp. Ltd. – Yinhua Shenzhen Stock Exchange 100 Index Classified Securities Investment Fund	93,258,990	A Share
7	Bosera Value Growth Securities Investment Fund	89,338,052	A Share
8	HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	88,427,740	B Share
9	MORGAN STANLEY & CO. INTERNATIONAL PLC	79,867,736	A Share
10	China Construction Bank – Bosera Theme Industry Stock Securities Investment Fund	75,000,000	A Share

As at 30 September 2012, the total number of shares of the Company was 10,995,441,718 shares, including 9,680,486,250 A shares and 1,314,955,468 B shares.

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

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

No.	Bondholder	No. of bonds held
1	New China Life Insurance Company–Dividend Distribution–Individual Dividend–018L–FH002 Shen	5,548,262
2	China Petroleum Finance Co., Ltd.	4,157,662
3	China Pacific Insurance (Group) Co. Ltd.	3,433,312
4	China Ping An Property and Casualty Insurance Company Limited – Traditional – General Insurance Products	2,698,727
5	China Life Insurance Company Ltd.	2,619,042
6	Taiping General Insurance Company Limited	1,003,216
7	China Life Pension Company Limited–Internal Resources	924,010
8	Haitong-BOC-Futong Bank	896,956
9	China Life Property and Casualty Insurance Company Limited–Traditional–General Insurance Products	820,000
10	China Property & Casualty Reinsurance Company Ltd.	776,162

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

No.	Bondholder	No. of bonds held
1	CMB – E Fund Pure Bond Fund	2,089,613
2	Pacific Asset Management Co. Ltd. – Pacific Prudent Financial Plan One	1,537,396
3	Industrial Bank Co. Ltd – Tianhong Yongli Bond Fund	1,100,067
4	ICBC Credit Suisse Asset Management Co., Ltd. – ICBC – Assets of Specific Clients	941,703
5	CNPC Pension Scheme - ICBC	871,907
6	801 Portfolio of National Social Security Fund, PRC	849,518
7	ICBC – Harvest Stable Earning Bond Securities Investment Fund	818,384
8	ICBC – E Fund YongXu TianLi Bond Fund	664,918
9	China Construction Bank – Penghua Harvest Bond Fund	613,644
10	China Construction Bank – Penghua Fengrun Bond Fund	599,993

## §3 Management Discussion and Analysis

Since March 2012, the residential property markets of major cities had been recovering from their depressed levels in the second half of 2011 and the first two months of 2012 as demand from end-users was driven by improved credit environment for first-time home buyers and the effect arising from price reduction in the preceding months. As the comparative figure of last year was relatively low, there was a significant large year-on-year increase in the transaction volume of residential properties in major cities since March 2012. However, the transaction volume was still lower than that in the same period of 2009. The sales area of residential properties in 14 cities including Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi and Suzhou increased by 52.5% year-on-year for the third quarter of 2012. The monthly year-on-year growth rates of the residential sales area in the 14 cities for July, August and September 2012 were 52.1%, 64.4% and 41.7% respectively.

In light of a rebound in transaction volume in the market, the Company launched more projects during the second half of 2012. In the third quarter of 2012, the Company realized a sales area and sales

amount of 3,054,000 sq m and RMB33.78 billion respectively, representing year-on-year increases of 8.2% and 5.3% respectively. From January to September 2012, the Company's accumulated sales area and sales amount amounted to 9,079,000 sq m and RMB96.32 billion respectively. As a majority of the Company's projects in 2012 will be launched in the second half of the year, in particular during the fourth quarter, the number of projects launched during the first three quarters was smaller than that of the same period last year. Nevertheless, the sales area between January and September 2012 increased by 7.9% year-on-year. Given that the number of projects to be launched in the fourth quarter will be relatively large, the Company will undoubtedly achieve growth in sales.

In the third quarter, the Company realized a booked area and booked revenue of 1,296,000 sq m and RMB14.07 billion respectively, representing year-on-year increases of 31.4% and 67.1% respectively; revenue and net profit of RMB14.30 billion and RMB1.35 billion respectively, representing increases of 64.0% and 123.5% respectively from those of the same period last year. From January to September 2012, the Company realized a booked area and booked revenue of 3,934,000 sq m and RMB42.41 billion respectively, representing year-on-year increases of 66.1% and 60.1% respectively; revenue and net profit for the first three quarters of 2012 amounted to RMB43.26 billion and RMB5.08 billion respectively, representing year-on-year increases of 56.7% and 41.7% respectively.

As at the end of the reporting period, the Company had an area of 15,400,000 sq m sold but not yet booked in the consolidated statements as construction had yet to be completed. This area had a contract amount of approximately RMB163.1 billion, representing increases of 41.9% and 33.5% respectively when compared with those at the beginning of the year.

Between January and September, the Company had a floor area of 8,710,000 sq m commenced construction and a completed area of 4,383,000 sq m, signifying the completion of 66% and 49% of the respective plans set at the beginning of the year. Commencement and completion of projects are not evenly distributed throughout the year. Same as previous years, a majority of the Company's projects will be completed in the fourth quarter. It is expected that the floor area commencing construction and area to be completed will not significantly change from those planned at the beginning of the year.

The Company predicted during the interim period that land supply would increase in the second half of the year. Such situation would provide more opportunities for enterprises with greater financial strength. During the reporting period, changes in the land market were in line with the Company's judgment. In the third quarter, the area of land supplied in 16 cities (Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Beijing, Tianjin, Shenyang, Dalian, Wuhan, Chengdu, Chongqing) where statistics are accessible by the public increased by approximately 40.8% compared to which in the second quarter. The Company also actively seized the opportunities to acquire a batch of projects that could meet its future development needs. In the third quarter, the Company acquired 23 new projects, with a site area attributable to China Vanke's equity holding of approximately 1,480,000 sq m (planned GFA attributable to the Company's equity holding of approximately 3,760,000 sq m).

Between January and September, the total GFA of newly acquired projects attributable to the Company's equity holding amounted to 5,870,000 sq m. As at the end of September, the GFA of the

Company's projects under planning attributable to China Vanke's equity holding amounted to 35,070,000 sq m, which was more or less the same from the start of the year's 35,470,000 sq m and was sufficient to meet the Company's development needs in the coming two to three years. In view of its current relatively high liquidity position, the Company will, while adopting a prudent approach, focus on products meeting end-users' demand and continue to identify the opportunities for acquiring suitable projects for development.

While choosing the right time to acquire quality projects, the Company continued to be in a healthy financial position. As at the end of the reporting period, the Company's cash and cash equivalents amounted to RMB33.31 billion, which was more than the sum of its short-term borrowings and long-term borrowings due within one year of RMB18.61 billion. Affected by increase in receipts in advance, the Company's gearing ratio rose slightly to 79.4% as compared to the interim period. Excluding receipts in advance, the Company's other liabilities accounted for 37.8% of the Company's total assets. The Company's net gearing ratio stood at 37.7%, which was a relatively low level compared to the industry average. With a relatively ample amount of capital, the Company is able to cope with market changes in a more flexible manner.

## §4 Significant Events

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

√Applicable □Not applicable

Items	30/9/2012 (RMB'000)	31/12/2011 (RMB'000)	Change (+/-)	Reasons for change
Investment properties	2,249,731	1,126,105	99.78%	Increased from new acquired companies
Non-current Loans and borrowings	41,704,263	26,822,359	55.48%	Change in debt structure
Goodwill	201,690	-	-	From acquired companies

Items	Jan-Sep 2012 (RMB'000)	Jan-Sep 2011 (RMB'000)	Change (+/-)	Reasons for change
Revenue	43,257,310	27,602,969	56.71%	Increase in booked sales
Cost of sales	(28,896,138)	(17,055,040)	69.43%	Increase in booked sales
Finance costs	(1,262,686)	(569,213)	121.83%	Increase in financing
Share of profits less losses of associates	409,913	22,703	1705.55%	Increase in booked profit of associates
Profit attributable to equity shareholders of the Company	5,079,887	3,583,910	41.74%	Increase in total profit

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

√Applicable □Not applicable

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

The initial exercise price of the stock options was RMB8.89. The Company implemented the proposal on dividend distribution for the year 2010 on 27 May 2011, and distributed a cash dividend of RMB1.0 (including tax) to all shareholders for every 10 existing shares held. In accordance with relevant regulations and the resolutions passed at the shareholders meeting, the Board made adjustment to the exercise price of the stock options to RMB8.79. The Company implemented the proposal on dividend distribution for the year 2011 on 5 July 2012, and distributed a cash dividend of RMB1.3 (including tax) to all shareholders for every 10 existing shares held. The Company made a further adjustment to the exercise price according to the provisions. The adjusted exercise price was RMB8.66.

During the reporting period, according to the authority granted to the Board at the shareholders meeting, the Board considered the vesting conditions of the stock options had been fulfilled. Upon the completion of the relevant procedures for approval, the Scheme entered the first exercise period on 12 July 2012.. During the reporting period, there were a total of 231,500 stock options exercised by 14 beneficiaries. The Company's total number of shares thus increased by 231,500 shares.

Owing to the departure of some of the beneficiaries and the exercise of some of the stock options, the total number of vested stock options not yet exercised decreased to 93,569,000 at the end of the reporting period.

The introduction of the Scheme complements the Company's incentive instruments with a long-term plan, while establishing a check-and-balance mechanism between shareholders and professional management team through linking up their interests. The Scheme will further improve the Company's corporate governance structure and strengthen the Company's competitiveness.

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

☒ Applicable ☐ Not applicable

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

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

☐ Applicable ☒ Not applicable

#### **4.5 Other major events and their explanations**

##### **4.5.1 Securities investments**

☐ Applicable ☒ Not applicable

##### **4.5.2 Equity interests held in other listed companies**

☒ Applicable ☐ Not applicable

(Unit: RMB)

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

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

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

Type of activities	Time	Location	Approach	Classification of visitors	Issues discussed and information provided
Hongyuan Securities meeting	2012.7	Shanghai	Face to face meeting	Investors including securities companies, funds, etc	(I) Major issues discussed: (1) The Company's daily operations; (2) The Company's development strategies; (3) The Company's opinion on the changes in the industry.  (II) Major information provided: Published information including the Company's regular reports.
Galaxy Securities meeting	2012.7	Chengdu	Face to face meeting	Investors including securities companies, funds, etc	
Sinolink Securities meeting	2012.7	Chengdu	Face to face meeting	Investors including securities companies, funds, etc	
Merrill Lynch Securities meeting	2012.7	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
HuaChuang Securities meeting	2012.7	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	
Interim results presentation	2012.8	Hong Kong, Shenzhen (Shanghai, Beijing)	Face to face meeting	Investors including securities companies, funds, individual investors, etc	
CLSA meeting	2012.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
Credit Suisse meeting	2012.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
Standard Chartered meeting	2012.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
JP Morgan meeting	2012.8	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
Shenyin Wanguo meeting	2012.8	Beijing	Face to face meeting	Investors including securities companies, funds, etc	
Guotai Junan meeting	2012.8	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	
Dongxing Securities meeting	2012.9	Shanghai	Face to face meeting	Investors including securities companies, funds, etc	
Macquarie meeting	2012.9	Beijing	Face to face meeting	Investors including securities companies, funds, etc	
UBS Securities meeting	2012.9	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
CLSA Securities meeting	2012.9	Hong Kong	Face to face meeting	Investors including securities companies, funds, etc	
UBS Securities meeting	2012.9	Chengdu	Face to face meeting	Investors including securities companies, funds, etc	

CITIC Construction meeting	2012.9	Shenzhen	Face to face meeting	Investors including securities companies, funds, etc	
Note: The above-mentioned meetings included one-on-one meetings, small group meetings and large group presentation. The Company received or met with investors from over 50 companies.					
Securities companies	During the reporting period	Shenzhen, Dongguan, Huizhou, Guangzhou, Foshan, Xiamen, Fuzhou, Sanya, Changsha, Shanghai, Hangzhou, Nanjing, Suzhou, Wuxi, Zhenjiang, Ningbo, Hefei, Wuhu, Beijing, Shenyang, Anshan, Changchun, Dalian, Yantai, Taiyuan, Wuhan, Chengdu, Chongqing, Kunming, Urumqi etc.	Small group or one-on-one	Galaxy Securities, Shenyin Wanguo, Guotai Junan, Minsheng Securities, CITIC Construction, Macquarie, UBS Securities, Morgan Stanley, Goldman Sachs, CLSA Securities, JP Morgan, Gao Hua Securities, Daiwa Securities, BOCI, CICC, Nomura Securities, Credit Suisse, Orient Securities, Deutsche Bank, CEBM Group Ltd. (莫尼塔 (上海) 投资发展有限公司), Citibank, Sumitomo Mitsui Trust Bank, HSBC, KGI Securities, Korea Investment & Securities Co., Ltd., CCBI, Barclays, CIMB Securities, Haitong International, DBS Vickers (HK) Ltd, Jefferies, ISI, BNP etc.	
Fund and other investment companies and individual investors	During the reporting period	Shenzhen, Dongguan, Huizhou, Guangzhou, Foshan, Xiamen, Fuzhou, Sanya, Changsha, Shanghai, Hangzhou, Nanjing, Suzhou, Wuxi, Zhenjiang, Ningbo, Hefei, Wuhu, Beijing, Shenyang, Anshan, Changchun, Dalian, Yantai, Taiyuan, Wuhan, Chengdu, Chongqing, Kunming, Urumqi etc.	Small group or one-on-one	Cephei Investment, China Merchants Fund, Bosera Fund, ABC-CA Fund, CCB Fund, China AMC, Harvest Fund, Southern Fund, Dacheng Fund, China Life, Taikang Life, SWS MU Fund, China Post Fund, Sino Life Insurance, Galaxy AMC, Orient Securities Asset Management Company Limited, Heqi Fund (禾其基金), Soochow Asset, Guotai AMC Victoria 1522, China Galaxy International, Zeal Asset Management Ltd, Central Asset Investment, Fidelity, CSOP Asset Management, Mount Kellett Capital (HK) Ltd, Neuberger Berman, Pinpoint Inv Advisor Ltd, Charlemagne Capital (IOM) Limited, Mitsubishi UFJ Asset Management, T.Rowe Price International (London), Blackrock, Joho Capital LLC, ING Investment Management, Sumitomo Mitsui, Wellington, Myriad, UBS Asset Management, Capital Global Research, Templeton, Soros, Capital Group, Robeco, Heitman Real Estate Securities, Prime Capital, Trivest Advisors, Amiya Capital, ADDELL & REED INVESTMENT MANAGEMENT, Bridger Capital, Vontobel Asset Management, Resona Bank, SAC, Third Point, Discovery Capital, PointState, Goldman Sachs Asset Management, BI Asset Management, Citadel, JP Morgan Asset Management, Jupiter Asset Management Ltd, Dialectic Capital Management LLC, Tiger Asia Management, LLC, State of New Jersey, HSBC Global Asset Management, Encompass Capital, TPG-Axon, Value Partners, Uni-President Asset Management, Dodge & Cox, Foord Asset Management, China AMC, Baring Asset Management, etc.	

#### 4.5.4 Other major events and their explanations



√ Applicable □ Not applicable

(1) The Company did not provide any funds for use by its controlling shareholder and its related parties, nor did the Company provide any guarantee to third parties in violation of regulations and procedures;
(2) Corporate bonds of the Company During the reporting period, the Company paid the fourth-year interest of its issued bonds, namely “08 Vanke G1” and “08 Vanke G2”.
(3) On 11 May 2012, the Company’s annual general meeting of 2011 authorised the Board to determine, within the scope set out below, the continuous cooperation with China Resources (Holdings) Co., Ltd and its connected companies (collectively “CRH”), including entering into a loan agreement with Zhuhai City Commercial Bank Co., Ltd., using the funds under China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited, and joint investment with China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited. The total sum of the loan, the amount of funds to be utilised and the joint investment amount shall not be more than RMB10.59 billion (i.e. not more than 20% of the Company’s audited net assets value as at the end of 2011). The granted authority is valid for a period of one year commencing from the date of passing of the relevant resolution in the annual general meeting. During the reporting period, the details of cooperation were yet to implement.
(4) Progress of establishment of internal control As a key pilot company to implement the Basic Internal Control Norms for Enterprises and its implementation guidelines, the Company continued to adopt a pragmatic internal control approach to establish the internal control process in a systematic manner.

#### 4.6 Investment in derivatives

√ Applicable □ Not applicable

Remarks on risk analysis and management of derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)	In order to limit the risk associated with the fluctuations of interest rate, the Company entered into an interest rate swap (“IRS”) agreement to hedge floating rate foreign currency loan. The Company would charge the counterparty an interest according to a floating rate, in order to pay the floating-rate interest to the original lender, while paying a fixed rate to the counterparty. In terms of the time limit and amount of the foreign currency loan, IRS limits the risk of fluctuations of interest rate through fixed forward rate.
Change in market price or fair value of the derivatives invested during the reporting period, as well as the method, related assumptions and parameters used to 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(23,573,957.76). The value of the IRS was determined based on the fair value assessed on 30 September 2012.
Remarks on whether there has been a material change in the accounting policy and accounting measurement principles for the Company’s derivatives during the reporting period as compared with those of the previous reporting period	Nil
Special advice on derivative investment and risk control by independent directors, sponsors and financial advisors	The Company’s independent directors are of the view that financial instruments such as IRS prevent the possible loss associated with foreign currency loan in the event of fluctuations in interest rate. The relevant arrangement of the Company has been prudent and reasonable.

##### 4.6.1 Derivative positions as at the end of the reporting period

√ Applicable □ Not applicable

(Unit: RMB)

Type of contracts	Contract amount as at the beginning of the period	Contract amount as at the end of the period	Profit/loss during the reporting period	Contract amount as at the end of the period as a percentage of the Company’s net assets as at the end of the reporting period
Interest rate swap (IRS) agreement	3,079,879,920.00	2,576,348,300.00	(23,573,957.76)	4.57%
Total	3,079,879,920.00	2,576,348,300.00	(23,573,957.76)	4.57%

# Consolidated income statement

## for the three months ended 30 September 2012

	2012 <i>Jul.–Sep.</i> RMB'000	2011 <i>Jul.–Sep</i> RMB'000
Revenue	14,297,750	8,716,003
Cost of sales	(9,598,753)	(6,056,108)
<b>Gross profit</b>	<u>4,698,997</u>	<u>2,659,895</u>
Other revenue	202,279	31,230
Other net income	49,360	46,133
Distribution costs	(866,554)	(732,617)
Administrative expenses	(771,378)	(382,193)
Other operating expenses	(71,521)	(32,392)
<b>Profit from operations</b>	<u>3,241,183</u>	<u>1,590,056</u>
Finance costs	(474,305)	(51,621)
Share of profits less losses of associates	153,432	(7,358)
Share of profits less losses of jointly controlled entities	50,721	28,489
<b>Profit before taxation</b>	<u>2,971,031</u>	<u>1,559,566</u>
Income tax	(1,360,337)	(705,736)
<b>Profit for the period</b>	<u>1,610,694</u>	<u>853,830</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	1,354,802	606,055
Non-controlling interests	255,892	247,776
<b>Profit for the period</b>	<u>1,610,694</u>	<u>853,831</u>
<b>Basic earnings per share (RMB)</b>	<u>0.12</u>	<u>0.06</u>

# Consolidated statement of comprehensive income

## for the three months ended 30 September 2012

	2012 <i>Jul.–Sep.</i> RMB'000	2011 <i>Jul.–Sep.</i> RMB'000
<b>Profit for the period</b>	<u>1,610,694</u>	<u>853,831</u>
<b>Other comprehensive income (after tax and reclassification adjustments)</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	(54,548)	45,833
Available-for-sale securities: net movement in the fair value reserve	-	-
	<u>(54,547)</u>	<u>45,833</u>
<b>Total comprehensive income for the period</b>	<u><u>1,556,147</u></u>	<u><u>899,664</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	1,300,255	651,889
Non-controlling interests	<u>255,892</u>	<u>247,776</u>
<b>Total comprehensive income for the period</b>	<u><u>1,556,147</u></u>	<u><u>899,665</u></u>

# Consolidated income statement

## for the nine months ended 30 September 2012

	2012 <i>Jan.–Sep.</i> RMB'000	2011 <i>Jan.–Sep.</i> RMB'000
Revenue	43,257,310	27,602,969
Cost of sales	(28,896,138 )	(17,055,040)
<b>Gross profit</b>	<u>14,361,172</u>	<u>10,547,929</u>
Other revenue	597,377	395,912
Other net income	124,047	107,874
Distribution costs	(2,104,936)	(1,689,365)
Administrative expenses	(1,623,066)	(1,286,862)
Other operating expenses	(184,567)	(108,789)
<b>Profit from operations</b>	<u>11,170,027</u>	<u>7,966,699</u>
Finance costs	(1,262,686)	(569,213)
Share of profits less losses of associates	409,913	22,703
Share of profits less losses of jointly controlled entities	216,760	6,201
<b>Profit before taxation</b>	<u>10,534,014</u>	<u>7,426,390</u>
Income tax	(4,387,842)	(3,320,042)
<b>Profit for the period</b>	<u><u>6,146,172</u></u>	<u><u>4,106,348</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	5,079,887	3,583,910
Non-controlling interests	1,066,285	522,439
<b>Profit for the period</b>	<u><u>6,146,172</u></u>	<u><u>4,106,349</u></u>
<b>Basic earnings per share (RMB)</b>	<u><u>0.46</u></u>	<u><u>0.33</u></u>

# Consolidated statement of comprehensive income

## for the nine months ended 30 September 2012

	2012 <i>Jan.–Sep.</i> RMB'000	2011 <i>Jan.–Sep</i> RMB'000
<b>Profit for the period</b>	<u>6,146,172</u>	<u>4,106,349</u>
<b>Other comprehensive income (after tax and reclassification adjustments)</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	(127,920)	134,279
Available-for-sale securities: net movement in the fair value reserve	<u>(27,373)</u>	<u>-</u>
	<u>(155,293)</u>	<u>134,279</u>
<b>Total comprehensive income for the period</b>	<u>5,990,879</u>	<u>4,240,628</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	4,924,594	3,718,190
Non-controlling interests	<u>1,066,285</u>	<u>522,439</u>
<b>Total comprehensive income for the period</b>	<u>5,990,879</u>	<u>4,240,629</u>

# Consolidated statement of financial position

## at 30 September 2012

	<i>30 Sep 2012</i>	<i>31 Dec 2011</i>
	RMB'000	RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	3,133,186	2,777,889
Investment properties	2,249,731	1,126,105
Interest in associates	2,669,842	2,160,824
Interest in jointly controlled entities	4,098,436	4,183,142
Other financial assets	120,729	523,790
Other non-current asset	239,400	463,793
Goodwill	201,690	-
Deferred tax assets	3,341,769	2,326,242
	<u>16,054,783</u>	<u>13,561,785</u>
<b>Current assets</b>		
Inventories	247,023,713	208,661,350
Trade and other receivables	51,703,964	40,071,647
Pledged deposits	1,167,590	625,403
Cash and cash equivalents	32,139,808	33,614,112
	<u>332,035,075</u>	<u>282,972,512</u>
<b>Current liabilities</b>		
Loans and borrowings	18,606,347	23,570,276
Financial derivative	26,314	17,042
Trade and other payables	207,808,162	168,893,596
Current taxation	7,114,177	8,243,247
	<u>233,555,000</u>	<u>200,724,161</u>
<b>Net current assets</b>	<u>98,480,075</u>	<u>82,248,351</u>
<b>Total assets less current liabilities</b>	<u>114,534,858</u>	<u>95,810,136</u>

# Consolidated statement of financial position

## at 30 September 2012(continued)

	<i>31 Sep 2012</i>	<i>31 Dec 2011</i>
	RMB'000	RMB'000
<b><i>Non-current liabilities</i></b>		
Loans and borrowings	41,704,263	26,822,359
Deferred tax liabilities	1,111,941	1,104,762
Provisions	62,438	38,678
Other non-current liabilities	15,354	11,798
	<u>42,893,996</u>	<u>27,977,597</u>
<b>NET ASSETS</b>	<u>71,640,862</u>	<u>67,832,539</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	10,995,442	10,995,210
Reserves	<u>45,326,321</u>	<u>41,972,585</u>
<b>Total equity attributable to equity shareholders of the Company</b>	56,321,763	52,967,795
<b>Non-controlling interests</b>	<u>15,319,099</u>	<u>14,864,744</u>
<b>TOTAL EQUITY</b>	<u>71,640,862</u>	<u>67,832,539</u>

)

)

) Directors

)

)

## Consolidated cash flow statement

### for the nine months ended 30 September 2012

	<i>2012</i>	<i>2011</i>
	<i>Jan.–Sep.</i>	<i>Jan.–Sep</i>
	RMB'000	RMB'000
Cash received from sales of products	77,182,825	75,167,848
Other cash received from business operating activities	12,501,968	8,787,555
<b>Cash generated from operating activities</b>	<u>89,684,793</u>	<u>83,955,403</u>
Cash paid for purchasing of merchandise and services	53,534,270	60,877,669
Cash paid to employees or paid for employees	2,445,782	2,102,814
Tax paid for tax	14,432,062	12,378,907
Other cash paid for business operating activities	22,763,230	10,091,393
<b>Cash used in operating activities</b>	<u>93,175,344</u>	<u>85,450,783</u>
<b>Net cash used in operating activities</b>	<u>(3,490,551)</u>	<u>(1,495,380)</u>
Proceeds from sales of investments	4,000	104,150
Dividends received	164,872	18,352
Proceeds from disposal of property, plant and equipment	872	636
Proceeds from other investment activities	457,101	544,165
<b>Cash generated from investing activities</b>	<u>626,845</u>	<u>667,303</u>
Acquisitions of property, plant and equipment and construction in progress	112,266	166,355
Acquisitions of interest in associates, jointly controlled entities and other investments	350,450	806,413
Acquisitions of subsidiaries, net of cash acquired	2,065,369	2,991,628
Other cash paid relating to investing activities	121,043	42,569
<b>Cash used in investing activities</b>	<u>2,649,128</u>	<u>4,006,965</u>
<b>Net cash used in investing activities</b>	<u>(2,022,283)</u>	<u>(3,339,662)</u>



## Consolidated cash flow statement

for the nine months ended 30 September 2012

	<i>2012</i>	<i>2011</i>
	<i>Jan.–Sep.</i>	<i>Jan.–Sep.</i>
	RMB'000	RMB'000
Net proceeds from issue of shares upon placing	891,650	2,802,868
Proceeds from loans and borrowings	30,520,606	18,851,186
<b>Cash generated from financing activities</b>	<b>31,412,256</b>	<b>21,654,054</b>
Repayment of loans and borrowings	21,328,939	14,217,946
Dividend paid to equity shareholders of the Company and Interest paid	6,030,771	4,536,124
<b>Cash used in financing activities</b>	<b>27,359,710</b>	<b>18,754,070</b>
<b>Net cash generated from financing activities</b>	<b>4,052,546</b>	<b>2,899,984</b>
<b>Effect of foreign exchange rates</b>	<b>(14,016)</b>	<b>(12,166)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,474,304)</b>	<b>(1,947,224)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>33,614,112</b>	<b>35,096,935</b>
<b>Cash and cash equivalents at 30 September</b>	<b>32,139,808</b>	<b>33,149,711</b>