

2012 Annual Report

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, Independent Director Zhang Liping, Independent Director Hua Sheng, Independent Director Elizabeth Law attended the board meeting in person. 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 at the board meeting. Director Wang Yin was not able to attend the board meeting in person due to business engagements and had authorised Director Xiao Li to represent him and vote on his behalf at the board meeting. Independent Director Qi Daqing was not able to attend the board meeting in person due to business engagements and had authorised Independent Director Elizabeth Law to represent him and vote on his behalf at the board meeting.

The Company's proposal on dividend distribution for the year 2012: Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB1.8 (including tax) will be distributed for every 10 existing shares held.

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 annual report is warranted to be true and complete.

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I. To Shareholders

2012 was a relatively peaceful year, for a seemingly capricious property development industry in China. It is not certain whether it was a superficial serenity above an undercurrent or in fact the beginning of an era of stability. The truth could only be told when the present becomes history. For us who follows the path of history, we could only wait for the answer to be unveiled.

Has the era of rapid growth in China's housing prices come to an end? There are no short of accidents in history, and over-confidence in judgment may lead to assertive conclusion. Nevertheless, it would be safe for us to say that the era has come to a halt. We believe it is "safe" to draw this conclusion from three aspects; first, it is a general public expectation, second, it is sensible based on rational analysis, and it is highly probable.

Although the judgement is not conclusive, it is sufficient for corporate interpretation in decision-making. Corporate decisions are always choices made out of incomplete information in the face of uncertainty.

If we believe that the rapid growth in housing prices has ended, it, in fact, does not matter whether the market continues to fluctuate or remain stable in future, since corporations can now pursue a long-term strategy that is applicable to both volatile and steady market conditions.

The main points of the strategy are not complicated. They can be summarized as follows: First, to address the genuine demand of end-users, rather than investment expectation; second, to rely on professionalism to make a profit, instead of boldness in investment or "access" to acquire resources; third, quick turnaround and prudent investment approach; and fourth, not to compromise Vanke's bottom lines in operation, including product quality, financial security and legal compliance and integrity, while seeking sustainable development that complements the nature and social harmony.

Putting it in layman's terms, focus of Vanke's operation strategies can be expressed in three phrases: Vanke's long-term strategy is to achieve housing standardisation, including furnished units, prefabrication and green building; no hoarding of land nor stalling in home sales, and not to acquire supreme land lot; and to build affordable and liveable quality homes.

In 2012, over 80% of units delivered by Vanke were furnished units, and 90% of the Company's products sold were small and medium sized units below 144 sq m. Since property investors normally prefer large-sized and undecorated units, the statistics indicate that the Company's customers were home-buyers/end-users. Evidenced by the complete industry cycle since 2008, demand from end-users remained rock solid, regardless of changes in policy environment and market situation.

The volume of the Company's land bank is determined by the area necessary for development in the next two to three years. It is considered to be the lowest attainable level for maintaining stable operation and growth in an open land market. It is also among the lowest benchmark of leading property developers in the world. Nevertheless, it has not impeded the growth of Vanke, nor does it affect acceleration in the Company's return on equity in recent years.

No land hoarding and stalling home sales mean quick turnaround. Not acquiring supreme land lot is the realization of the Company's extremely prudent investment approach. A property developer capable of quick turnaround is closer in nature to a manufacturing enterprise. The maintenance of rapid turnaround is instrumental to continued improvement of the Company's professionalism. A combination of quick turnaround and prudent investment approach could then ensure safety and flexibility in the Company's operations amid possible fluctuations in the market.

Vanke's strategy of offering furnished units has basically been accomplished. The Company's strategic focus in the coming few years will shift to prefabrication. Abilities in managing large-scale production, quality assurance, construction efficiency, in addition to economies of scale and environmental protection brought along by prefabrication is gradually becoming the Company's professional niches. In comparison, furnished units can be easily duplicated, while prefabrication can hardly be imitated. Vanke has been exploring the technique of prefabrication for more than a decade, and the first-mover advantage brought forward by prefabrication will be more significant than that from furnished units.

All endeavours and competitive edges of an enterprise are eventually reflected in the value created for its investors. 2013 marks the final year of the three decades of Vanke's development, and 30 years is by no means a short period

of time. We are thankful for the shareholders' continued support to and confidence in Vanke's management team. You can be rest assured that, we will remain young and energetic at heart, although we are becoming a mature enterprise. We will continue to pursue our dreams with passion, in order to fulfil, with honour, our duty entrusted by the shareholders.

II. Basic Corporate Information

1. Company name (Chinese): 万科企业股份有限公司
Company name (English): China Vanke Co., Ltd. ("Vanke")
2. Legal representative: Wang Shi
3. Secretary of the Board: Tan Huajie
E-mail address: IR@vanke.com
Securities Affairs Representative: Liang Jie
E-mail address: IR@vanke.com
4. Contact address: Vanke Center, No. 33 Huanmei Road, Dameisha, Yantian District, Shenzhen, the People's Republic of China
5. Telephone number: 0755-25606666
Fax number: 0755-25531696
6. 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
7. Website: www.vanke.com
E-mail address: IR@vanke.com
8. Media for disclosure of information: "China Securities Journal", "Securities Times", "Shanghai Securities News", "Securities Daily" and an English publication in Hong Kong
Website for publication of annual reports: www.cninfo.com.cn
9. Place for annual report collection: The Office of the Company's Board of Directors
10. Stock exchange on which the Company's shares are listed: Shenzhen Stock Exchange
11. Company's share abbreviation and stock codes on the stock exchange: Vanke A, 000002
Vanke B, 200002
12. First registration date of the Company: 30 May 1984; location: Shenzhen
Date of change in registration: 13 April 2010; location: Shenzhen
13. Corporate legal person business registration no.: 440301102900139
14. Taxation registration code: Local taxation registration code: 440300192181490
State taxation registration code: 440300192181490
15. Organisation code: 19218149-0
16. The name and address of the certified public accountants appointed by the Company:
KPMG Huazhen (Special General Partnership) Certified Public Accountants:
8/F, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing
Accountant-in-charge: Li Wanwei, Wen Huaxin

III. Accounting and Financial Highlights

1. **Three-year financial information summary (Unit: RMB'000)**

	2012	2011	Change	2010
Revenue	96,859,914	67,709,396	43.1%	47,763,550
Share of profits less losses of associates and jointly controlled entities	889,787	643,988	38.2%	291,703
Profit before income tax	25,697,537	19,490,060	31.8%	14,542,867
Income tax expense	(10,034,949)	(7,890,454)	27.2%	(5,703,257)
Profit for the year	15,662,588	11,599,606	35.0%	8,839,611
Profit attributed to minority	(3,111,406)	(1,974,731)	57.6%	(1,556,483)
Profit attributed to Equity shareholders of the Company	12,551,182	9,624,875	30.4%	7,283,127
Basic earnings per share	1.14	0.88	29.5%	0.66
Diluted earnings per share	1.14	0.88	29.5%	0.66
Dividend per share	0.18	0.13	38.5%	0.10

2. Impact of IFRS Adjustments on Net Profit (Unit: RMB'000)

Items	Net profit for 2012
As determined pursuant to PRC accounting standards	12,551,182
As restated in conformity with IFRS	12,551,182

IV. Directors' Report

1. Management Discussion and Analysis

Changes in market environment, and the Company's perspective

The area of residential property sold in the 14 cities (Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Suzhou, Wuxi, Hangzhou, Nanjing, Beijing, Tianjin, Shenyang, Chengdu, and Wuhan) where the Company paid high regard to, continued to shrink in 2010 and 2011, representing year-on-year decline of 29.6% and 19.2% respectively. Since March 2012, there was an improvement in the residential market sentiment in these cities. As the comparative figure was relatively small, rebound in property sales was notable. In 2012, the sales area of the abovementioned cities increased 34.3% year-on-year. Nevertheless, it still represented a drop of 23.6% as compared to that of 2009.

With the recovery of residential property sales in major cities, China's accumulative sales volume in November 2012 ended the downward trend since the beginning of the year. The sales area of commodity housing for the full year was 985,000,000 sq m, representing an increase of 2.0% when compared with that of last year. However, the slowdown in the growth rate of China's commodity housing sales since 2010 remained significant. The trend in different regions also varied to a great extent. The outlook for residential property sales in the cities below prefecture level in the mid-western region was still gloomy.

With respect to new housing supply, the aggregate approved pre-sales area of the abovementioned 14 cities in 2012 decreased by 6.8% as compared to that of the previous year. As supply dropped and sales increased, the ratio of sales area of commodity housing to approved pre-sales area of new housing in these cities in 2012 increased to 1.01, reflecting a substantial surge when compared with 0.70 in 2011. The market was close to an equilibrium. This, to a certain extent, had eased the pressure of rising inventory since the beginning of 2011. As at the end of the year under review, the housing inventory available for sale (commodity housing that had been granted sales permit but had not been sold) in these 14 cities had an aggregate area of approximately 116 million sq m, which remained basically the same as that of the corresponding period of last year. The time taken to clear housing inventory (based on the calculation of the moving average sales area in the last 3 months) was shortened from the

longest period of 21.7 months as at the end of February 2012 to 10.2 months.

The decline in new supply, to a certain extent, reflected the impact of previous market adjustment on enterprises' investment in property development. During the year under review, the completed residential development investment in China showed an 11.4% year-on-year increase, indicating the lowest growth rate in the past 10 years. The floor area of residential properties commenced construction across China decreased by 11.2% year-on-year, which was rarely seen in the past few years.

The Company had predicted that enterprises with greater capital strength would be able to seize more opportunities as land supply increased in the second half of 2012. During the year under review, the change in land market conformed to the Company's view. In the 16 major cities where statistics are accessible by the public (Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Beijing, Tianjin, Shenyang, Dalian, Chengdu, Wuhan, and Chongqing), the area of land supplied in the first half of the year dropped by 1.4% year-on-year, but increased by 25.4% year-on-year in the second half of the year. About 68.9% of the area of land supplied for the full year concentrated in the second half of the year. As property developers' liquidity improved and their investment desire inflated, there were fewer aborted land auctions. During the second half of the year, part of the land market in certain cities became relatively active, with more land lots changed hands at a premium. Nevertheless, there was no noticeable increase in the land price in the second half of the year. The activities in the land market in general had been fairly rational.

In order to facilitate a reasonable expansion of monetary credit financing, the People's Bank of China had lowered 0.5 percentage point of the deposit reserve ratio twice in the first half of 2012, and lowered deposit and lending interest rates in June and July respectively. According to the report of the central bank, China's new mortgage loans for 2012 amounted to RMB1,346.5 billion, up by RMB89.7 billion from that of last year. However, the increase in mortgage loans represented 17.4% of the total increments of various types of loans during the year and a slight 0.1 percentage point decrease year-on-year. Although the financing environment in the property market had improved from 2011, fundamental improvement had yet to be seen. Broadening financing channels and enhancing capital stability continued to be paramount for corporations.

2012 operating results and analysis

During the year under review, the Company continued its focus on the mainstream market. Satisfactory sales results were achieved with proactive sales promotion by adjusting the momentum of new project launches in accordance with changes in market sentiment.

In 2012, the Company realized a sales area of 12,956,000 sq m and a sales amount of RMB141.23 billion, representing year-on-year increases of 20.5% and 16.2% respectively. The sales amount, again, marked a new industry record.

By geographical segment, the Company realised a sales area of 4,128,000 sq m and a sales amount of RMB46.82 billion in Pearl River Delta focused Guangshen Region; a sales area of 2,557,000 sq m and a sales amount of RMB32.97 billion in Yangtze River Delta focused Shanghai Region; a sales area of 3,460,000 sq m and a sales amount of RMB36.99 billion in Bohai-rim focused Beijing Region; a sales area of 2,811,000 sq m and a sales amount of RMB24.45 billion in Chengdu Region, which comprises core cities of Central and Western Region.

Residential properties sold by the Company continued to be dominated by small to medium sized ordinary commodity housing units. Residential units with an area under 144 sq m accounted for 90% of all the residential units sold.

During the year under review, the Company realised a booked area of 8,993,000 sq m and booked revenue of RMB95.42 billion, representing increases of 60.0% and 43.2% year-on-year respectively. In 2012, the Company's revenue reaching RMB96.86 billion, representing an increase of 43.1% year-on-year. The Company's net profit in 2012 surged by 30.4% year-on-year to RMB12.55 billion.

The average booked price of the Company's property business was RMB10,610 per sq m, representing a 10.5% drop from that of 2011. The booked gross profit margin of the property business stood at 27.41%, down by 3.03 percentage points year-on-year. The booked net profit margin was 13.92%, down by 1.99 percentage points year-on-year. Although the profit margins decreased year-on-year, the Company's return on equity increased. During the year under review, the Company's fully diluted return on equity was 19.66%, up by 1.49 percentage points as compared to 2011, and was the highest in the last 10 years.

This was due to: increase in the Company's operating efficiency, which, to a certain extent, mitigated the impact of lower selling price and trimmed profit margins during the market trough in 2011; and the Company's full implementation of its strategy in refurbished units (refurbishing operations offer lower profit margin but higher rate of return when compared with undecorated units).

As at the end of 2012, the Company had a total area of 13,549,000 sq m sold but not yet booked stated in the consolidated statements, with a corresponding contract amount of RMB143.65 billion, representing increases of 24.8% and 17.6% respectively when compared with those at the end of 2011. The amount provided a solid foundation for the future performance of the Company.

The Company maintained a safe and sound financial structure. Despite the increase in receipts in advance from RMB111.1 billion at the end of 2011 to RMB131.0 billion, the Company's gearing ratio rose by 1.21 percentage point, from 77.12% of 2011 to 78.33%. However, as receipts in advance would be recognized as revenue upon recognition of projects, they did not constitute any real debt repayment pressure. Excluding receipts in advance, the Company's other liabilities as a percentage of total assets was 43.77%. As at the end of the year under review, the Company's net gearing ratio continued to remain at a relatively low level of 23.50% when compared with the industry average.

The Company continued to adhere to its "cash is king" strategy to ensure a sound cash position. As at the end of the year under review, the cash and cash equivalents held by the Company amounted to RMB52.29 billion, which was significantly higher than the sum of short-term borrowings and long-term borrowings due within one year of RMB35.56 billion. During the year under review, despite a substantial increase in investment, the Company basically maintained a balance between cash inflow and outflow from operating activities. The relatively solid cash position will enable the Company to be more flexible in responding to market changes.

The Company paid high regard to maintaining a low inventory level. As at the end of the year under review, the Company's inventories included RMB15.99 billion of completed properties (properties ready for sale), accounting for 6.31%; RMB160.68 billion of properties under development (including properties sold but not yet booked), accounting for 63.35%; RMB76.73 billion of properties held for development (corresponding to the Company's projects under planning), accounting for 30.26%. The inventory structure remained healthy.

The Company's floor area commenced construction and completed in 2012 reached 14,330,000 sq m and 9,790,000 sq m respectively, which were 7.9% and 10.0% higher than those planned at the beginning of the year respectively.

The Company actively seized the opportunity arising from increased land supply in the second half of 2012. Adhering to its stringent investment criteria, the Company obtained a portfolio of land lots that could meet its future development needs. During the year under review, the Company acquired 78 development projects, with a site area attributable to Vanke's equity holding of approximately 6,240,000 sq m (corresponding planned GFA of approximately 15,890,000 sq m), at an average land premium per floor area of approximately RMB2,790 per sq m. Besides, the Company was also involved in one city redevelopment project; according to the current planning, the site area attributable to Vanke's equity holding of the related project was approximately 60,000 sq m (corresponding planned GFA of approximately 330,000 sq m) and the average composite redevelopment cost and land premium per floor area was approximately RMB3,800 per sq m. During the year under review, the Company also extended its reach to such cities as Nanchong, Pingdu, Xuzhou, Yingkou, Jinan etc, while intensifying penetration of its existing markets

As at the end of the year under review, the aggregate GFA of the Company's projects under planning attributable to Vanke's equity holding amounted to 39,470,000 sq m, which was more than the 32,770,000 sq m at the beginning of the year and could basically meet its development needs within the next two to three years. In addition, as at the end of the year under review, the Company was involved in a city redevelopment project. According to the current planning, the GFA attributable to Vanke's equity holding was approximately 3,030,000 sq m, which increased slightly from that at the start of the year.

Review on the Company's management in 2012

During the year under review, the Company remained market, customer and shareholder oriented. It continued to improve efficiency, fine-tune operation management and push ahead with the strategy of housing standardisation. While maintaining stable growth in sales and development, the Company solidified and sharpened its expertise,

with an enriched product and service portfolio.

In 2012, the number of residential units delivered by the Company exceeded 100,000 units. Upholding its philosophy of “quality comes first”, the Company focused its management task on ensuring work safety and product quality. The Company arranged a large number of project systems management staff and key technicians to study in Japan. Their acquired project management experience from developed countries would gradually be applied in the Company’s projects. To ensure product quality, the Company tried to stand in the shoes of its customers, and continued to adjust and improve precision measurement system, and intensified the promotion of the joint inspection system prior to the delivery of residential units.

During the year under review, the Company applied “management of companies by category” and “specific guidance” to its front-line companies. Moreover, the Company also distributed some of its investment decision-making authorities to regional offices, thus enforcing the regional offices to assume more responsibilities in operation. Empowering the regional offices in investment decision-making allows the Company to have swift and effective response to market changes in capturing the market opportunities. The Company’s adjustment in management structure entailed the revamping of strategic management control system and fine-tuning of strategic operation management system, in accordance with business proposal.

Real estate development is a capital-intensive industry. During the year under review, the Company expanded the source and lowered the cost of funding by fully leveraging the various instruments in the capital markets and exploring new collaboration approaches in addition to traditional financing methods. As a result, the Company ensured the satisfaction of its development needs.

As the function of residential property returns to its origin as dwelling, ancillary services have become a key customer consideration in home purchase. In 2012, the Company adhered to its philosophy of “Building quality housing for ordinary people” and “Building affordable and liveable homes”. On the aspect of improving product functionality, the Company continued to explore and improve ancillary services, and introduced a series of innovative services including The V Canteen, Wanwu Storage, Fortune Depot. By improving every aspect of a community’s ancillary services, from catering, storage and comprehensive convenience services, the quality of living of customers is being enhanced.

During the year under review, the Company successfully acquired 75% equity interests in Winsor Properties Holdings Limited, a Hong Kong listed company, which has now been renamed Vanke Property (Overseas) Limited. As a component of the international market, the capital market in Hong Kong is relatively mature, with a diversified range of financial products. The acquisition is conducive to the exploration and development of the Company’s international business.

The Company's corporate image gained further recognition. In 2012, the Company was named “The Most Respectable Enterprise in China” by Economic Observer and Management Case Center of Peking University for the 10th consecutive time; and it was on the “All-Star List of 2012 Most Praised PRC Enterprises” of the “Most Praised PRC Enterprises” announced by Fortune China for the fifth consecutive time; and the Company remained in the number one position under the real estate developer category. The Company was awarded 2012 Overall Best Corporate Citizenship in China, in the Ninth China Corporate Citizenship Forum jointly organized by 21st Century Business Review and 21st Century Business Herald; and was awarded the Annual Corporate Social Responsibility Showcase in the selection of Chinese Corporations’ Social Responsibility organized by Southern Weekend.

The Company was again awarded the No. 1 title out of Top 100 Property Development Enterprises in the PRC in 2012, and the No. 1 title out of Top 10 in terms of comprehensive competitiveness, scale of operation and social responsibility, in the assessment conducted by Enterprise Research Institute of the Development Research Center under the State Council, Institute of Real Estate Studies of Tsinghua University and China Index Academy. The Company was selected as “The Leading Corporate Brand in China’s Real Estate Industry in 2012”, and the Company’s property management companies were selected as China Top Brands of Property Management Companies in 2012. Furthermore, the Company was ranked No. 1 out of Top 500 Property Development Enterprises in the PRC in 2012 and received the “Outstanding Contribution” award from China Real Estate Research Association, China Real Estate Association, and China Real Estate Appraisal Center.

At the end of the year under review, the president of the Company, Mr Yu Liang, was elected among the Top 10 Economic Persons of the Year in “CCTV Economic Persons of the Year” in 2012. With the theme of “Mission of

Industry” in 2012, the selection aimed to honour the outstanding participants in the economy and those who have made enormous contribution to the development of the economy. The election of Mr Yu was an evidence of broad public recognition of the business philosophy and strategies pursued by the Company over the years have won wide recognition from the public.

The Company maintained close contact with its investors. During the year under review, the number of investor visits and telephone conferences organized by the Company exceeded 600. Also, the Company had participated in over 70 large-scale investors meetings held by local and overseas organizations. In addition, via results announcement meetings, online presentations and company visits, the Company had proactively strengthened its communication with investors. In 2012, the Company was named the Best Investor Relations Listed Company jointly selected by hexun.com, Stock Exchange Executive Council (“SEEC”) of the PRC, and was elected as one of the Top 100 Most Valuable Main Board Listed Companies in China by Securities Times. The Company was also named as the Top 100 Chinese Listed Companies for Market Value Management Performance in 2012 jointly organized by China Research Center for Market Value Management of Listed Companies, the China Center for Financial Research, Tsinghua University and Sina.com. The Company’s secretary to the Board again received the title of Gold Prized Secretary to the Board and was named Institutional Investors’ Most Popular Secretary to the Board by New Fortune; he was also named the Secretary to the Board with the Most Innovative Power by “Directors & Boards”, and Gold Prize Award to Listed Company’s Secretary to the Board by hexun.com

Development prospects in 2013

The Company will maintain a growth strategy in tandem with city development. It will focus on the mainstream market, and a product and service philosophy of “Quality Housing, Quality Service, and Quality Neighbourhood”. With emphasis on “producing the right products” and “acquiring the appropriate sites”, the Company will strengthen product competitiveness, increase operating efficiency, and pay attention to cooperation relationship, so as to achieve stable growth.

In 2013, it is estimated that the number of residential units of to be delivered by the Company will exceed 110,000 units. In order to ensure construction safety and quality of the units upon delivery, the Company will strictly adhere to the safety management regulations, and will strengthen civilized construction management and improve the safety of the working environment for construction workers. With respect to quality management, the Company will constantly improve the appraisal system, taking into account customers’ perspective, and adhering to the principle of simplicity and effectiveness.

On the front of procurement management, the Company will strictly adhere to the three-level material management system, insisting on unscheduled quality inspection. To realise its accountability to customers, the Company will continue to improve the quality and standardize the material used for refurbishing, with an emphasis on healthy, quality and environmental friendly elements.

The Company will maintain a rapid development strategy. Basing on the Company’s existing projects, the floor area commencing construction and area to be completed in 2013 are expected to reach 16,530,000 sq m and 1,290,000 sq m respectively.

Given a relatively strong cash position, the Company will consolidate its end-user oriented product positioning and continue to stay alert of potential project development opportunities, with a prudent approach. In respect of the decision-making for project development, the Company’s consideration lies in whether the land premium is reasonable relative to property prices in the surrounding areas and the project risk exposure is controllable. The Company will not determine a project’s profitability in accordance with overoptimistic expectation.

The extension of cities’ functionality and the advancement of the property industry and escalation in customers’ qualitative demand in recent years, have led to more demanding requirement for the Company’s products and services. The Company will maintain a growth strategy in tandem with city development, and constantly improve its product line, to satisfy customer needs. It will prudently explore types of real estate that can be integrated with residential property development. In January 2013, the Company has established its Commercial Property Management Division in Beijing. In future, the Company will consolidate its commercial resources around its residential development, in order to create synergetic benefits from integrated commercial and residential developments, and to offer a living environment that provides “Quality Housing, Quality Service, Quality Neighbourhood” for customers. The Company will seek to identify the kind of commercial property that can fit in its operations.

In 2012, the Company established an overseas business development team, to conduct study tours across the world. At the beginning of 2013, the Company tapped into the Hong Kong and US markets through collaboration with local experienced and renowned property developers. At present, the Company is still in the trial and learning phase in the development of international business. For some time in future, this business will be kept within a reasonable size. Through its attempts in international business, the Company will obtain the chance of and experience in learning and understanding the operation of overseas mature markets. During this process, the Company will gradually develop the ability to independently carry out overseas business. Cooperating with other international top-notch companies in the same industry plays a positive role in sharpening the Company's expertise in the aspects of product design, understanding customers' needs and refined management.

Although the Company has a reservoir of talents, its ability to continue to attract and retain talents is a crucial factor for the Company to remain competitive in future. As such, against a backdrop of intensified struggle for human resources, the Company will continue to strengthen its grooming of a pool of talents for successive development. It will fine-tune its training mechanism for the building of an efficient elite workforce, in order to improve its organization effectiveness. The Company will initiate a strong leadership programme. Through both internal training and external sourcing, the Company will be able to have the management talents, either through recruitment or promotion, leading the Company to survive the competition. In order to meet the needs for exploring new commercial and overseas businesses, the Company will also bring in professional talents with the relevant experience, providing manpower support for new business development.

Progress of standardisation in residential development

Since the establishment of Vanke Architectural Research Centre in 1999, the Company has been engaging in housing standardisation for 13 years. The Company's persistence in research and development, as well as product application has established its expert niches in this field. The Company's strategy for standardisation in residential development consists of three aspects: furbished housing, prefabrication, and green building. There have been some favourable results in the development of the abovementioned aspects, thanks to the Company's intensified effort in pushing forward their application in recent years. The Company believes that the extensive promotion and application of standardisation system in residential development will enable the Company to break through the bottleneck in expansion of operational scale, and it will become an important source of the Company's core competitiveness in future.

1. Furbished housing

China's residential property industry is still in the transition from traditional undecorated housing to furbished housing. Vanke was a pioneer in the industry to carry out furbished housing strategy. In 2012, the number of furbished units delivered by the Company exceeded 80,000 units, a quantity unprecedented in the industry.

Contrary to the handover of undecorated housing, the delivery of furbished units can basically eliminate secondary pollution and reduce most of the waste generated during decoration, and help customers to save enormous amount of time and energy. The delivery of furbished units will also greatly reduce disturbance to neighbours from refurbishing works taking place at different times. As to the developers, promotion of delivery of furbished units not only conforms to the development trend of the industry, but also helps increase return on net assets.

The delivery of furbished units involves more complex and stringent requirements for construction management. The Company has established a set of relatively comprehensive procedures for unit refurbishing and handover management. To keep improving the quality of furbished units being delivered, the Company published a set of grading standards for a healthy housing system in 2012. The Company formulated a more rigorous technology and management guidelines, strengthened the management of interior environment refurbishing and further increased the frequency of material and furniture random inspection.

In 2013, the number of furbished units to be delivered by the Company will exceed 100,000 units. The Company will continue to fine-tune the delivery process of furbished units and work standards, improve the techniques and process of refurbishing, and promote "Guidelines on inspection and acceptance of furbished housing upon delivery", and promote joint inspection prior to handover to ensure delivery quality.

2. Prefabrication

Compared to traditional construction method, prefabrication has distinctive advantages in certain aspects. It is conducive to quality control in large-scale housing development; home building via prefabrication is faster than

raditional construction process, which can help shorten turnaround time. Moreover, prefabrication is more environmentally friendly than traditional construction method.

With the significant increase in labour costs in the building industry, the economic benefits of prefabrication are becoming more obvious. The time for large-scale application is arriving. The Company's floor area of prefabricated projects commenced construction reached 2,720,000 sq m in 2012.

In recent years, the Company has extensively applied steel formwork system and aluminium formwork system. Compared with timber formwork, steel and aluminium formwork systems can significantly lower wood consumption during the construction process, thereby protecting the environment. At the same time, the use of these systems reduce dependence on manpower, save the process of surface plastering and polishing, prevent possible appearance of cracks in walls or air cavity between the wall structure and plaster, and will, thus, ensure higher quality consistency. In 2012, the Company's floor area commenced construction using aluminium and steel formwork systems amounted to 6.95 million sq m, representing a 93% increase from that of 2011.

In addition, the Company began to apply and conduct a series of research on mechanical technique, including mechanical shotcrete application and mechanical putty sander in recent years. Compared with traditional construction process, application of mechanical technique does not only allow the Company to effectively increase the passing rates in quality inspection by averting the common quality problems, but also enable the Company to complete an amount of works significantly larger than that achieved by traditional method, given the same amount of manpower.

In cities where conditions permit, the Company will gradually initiate pilot projects for comprehensive prefabrication. With prefabrication technology application and systematic construction becoming more and more mature, the Company will be entering an era of total prefabrication.

3. Green building

Against the backdrop of low carbon economy, provision of green property is in line with the future development trend of the industry. Vanke was a pioneer in the industry to promote green building. In 2012, the Company completed a total of 20 three-star green projects, with a total gross floor area of 1,666,000 sq m; of which 1,220,000 sq m were residential projects, accounting for 44% of the total three-star green residential area in China.

In 2012, a foundation stone laying ceremony for the Beijing Green Buildings Demonstration Zone was held in Fangshan District, Beijing. Initiated by Vanke, the Beijing Green Buildings Demonstration Zone project comprises of green parks, a research and development centre and an industry incubation park. Upon completion, it will become a leading platform for promoting green ideology in the world. Actively driven by Vanke, the project has amassed a number of international and domestic first-class research institutions and companies, with the establishment of the Green Technology Alliance for Vanke Beijing Green Building Park by Vanke and 14 research institutions and enterprises, including United Kingdom's Building Research Establishment (BRE). Latest green concepts had been adopted during the planning process, with the introduction of international advanced green building technology. This will undoubtedly further increase Vanke's influence in the field of green building. Meanwhile, Vanke's collaboration with the world's top-notch green building research institutions and enterprises will facilitate exchange in ideas and experience in highly efficient and sustainable construction and development. This will further consolidate the Company's expert niches in green building.

During the year under review, the Company and the World Wide Fund for Nature ("WWF"), the world's largest independent environmental non-governmental organisation, entered into a Memorandum of Understanding, with the intention to collaborate on environmental protection and green and sustainable development in the next five years. Vanke was the first Chinese enterprise to enter into an agreement with WWF. Collaboration with WWF will enable the Company to garner more support for specialised technology in the areas of carbon emission reduction, ecological protection and forest protection, which are instrumental to the Company's promotion of green strategies and strengthening of long-term competitive edge.

In 2012, a number of experimental facilities at the Company's architectural research centre were gradually put into operation. Vanke Architecture Experimental Tower at the Company's Dongguan Architectural Research Centre has inaugurated. It is the first domestic and the world's highest high-rise building equipment system performance testing and experimental tower. The experimental tower, using precise technical research method, introduces research on the comfort level and green technology of residential properties. It will provide a scientific and disciplined reference for the State's establishment of the industry standards. The laboratories and simulation room

in the Dongguan Architectural Research Centre have passed relevant quality assessment tests and are now ready for operation. These achievements strengthen the Company's influence and authority as a specialised residential developer, and equip the Company with internationally advanced research skills and resources on certain subjects. With the continued strengthening of its research ability in architecture, the Company will further solidify its first-mover advantage in standardisation in residential development.

2. Operation of the Company

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

A. By sector

The Company specialises in property development with commodity housing as its major products. In 2012, the Company's sales area and sales amount were 12,956,000 sq m and RMB141.23 billion respectively, representing increases of 20.5% and 16.2% respectively when compared with those of 2011.

In 2012, the total sales of commodity housing in the PRC amounted to RMB6,445.6 billion. Based on the aforesaid amount, the Company accounted for 2.19% of the domestic market, representing a year-on-year growth of 0.13 percentage point.

During the year under review, the booked area, booked revenue and booked cost of the Company's property projects were 8,993,000 sq m, RMB95.42 billion and RMB64.62 billion respectively, representing increases of 60.0%, 43.19%, and 51.53% respectively when compared with those of the previous year. The operating profit margin of the property business for the year was 27.41%, down by 3.03 percentage points from that of the previous year.

Sector	Revenue		Cost of sales		Operating profit margin	
	Amount	Change	Amount	Change	Value	Change
1. Core businesses	96,223,797	43.24%	65,325,752	51.58%	27.27%	Down by 3.06 percentage points
Include: Sale of property	95,416,611	43.19%	64,600,952	51.53%	27.41%	Down by 3.03 percentage points
Property management	807,186	49.37%	701,389	55.75%	10.11%	Down by 6.46 percentage points
2. Other businesses	636,117	19.79%	128,476	-15.35%	79.80%	Up by 8.38 percentage points
Total	96,859,914	43.05%	65,454,228	51.34%	27.61%	Down by 3.04 percentage points

Unit: RMB'000

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

B. By investment region

	Revenue from core businesses (RMB'000)	Percentage	Net profit (RMB'000)	Percentage	Booked area (sq m)	Percentage
Guangshen	27,149,856	28.46%	4,462,982	33.60%	2,398,703	26.67%
Shanghai	20,422,697	21.40%	2,296,641	17.29%	1,426,061	15.86%
Beijing Region	31,419,977	32.93%	4,182,329	31.49%	3,119,394	34.69%
Chengdu Region	16,424,081	17.21%	2,339,903	17.62%	2,048,799	22.78%
Total	95,416,611	100.00%	13,281,855	100.00%	8,992,957	100.00%

(2) Operating results of the major wholly-owned subsidiaries of the Company

Unit: RMB'000

Name of company	Equity interest	Revenue in 2012	Net profit in 2012	Total assets at the end of 2012	Major projects developed in 2012
Beijing Vanke Company Limited	100%	2,723,785	1,140,147	15,298,258	Blue Mountain, Beijing, , Hongshi Jiayuan, Beijing, and

					Beijing Vanke Lan (万科蓝)
Shenzhen Vanke Evergrande Property Co., Ltd.	100%	1,754,460	411,691	1,965,527	Philippe Castle, Shenzhen
Dalian Glamorous City Real Estate Development Co., Ltd.	100%	1,700,799	402,479	2,293,411	A Glamorous City, Dalian, and Spring Dew Mansion., Dalian
Dongguan Songhuju Property Co., Ltd.	100%	1,388,488	405,456	1,415,856	Hongxinuoya, Dongguan
Hangzhou Liangzhu New Town Development Company Limited	100%	1,218,182	431,833	4,214,189	Hangzhou Liangzhu New Town
Xiamen Vanke Huxindao Real Estate Co., Ltd.	100%	1,151,896	423,620	2,049,021	Huxindao, Xiamen
Tianjin Zhongtian Wenfang Investment Co., Ltd.	100%	1,121,191	327,879	2,179,050	Holiday Dew Garden, Tianjin
Qingdao Vanke Company Limited	100%	1,118,728	480,753	3,795,284	Blue Mountain, Qingdao
Anshan Vanke Real Estate Development Co., Ltd.	100%	988,190	132,432	1,622,129	Whistler, Anshan and Dream Town, Anshan
Guangzhou Wanxin Property Company Limited	100%	924,965	187,666	1,263,583	Jinyu Huating, Guangzhou

(3) Implementation of the business plan

The Company focused on mainstream customers – end-users, and actively promoted sales to achieve satisfactory performance. In 2012, the Company's sales area and sales amount reached 12,956,000 sq m and RMB141.23 billion respectively, representing increases of 20.5% and 16.2% respectively.

At the beginning of the year, the Company's planned floor area commencing construction and area to be completed were 13,280,000 sq m and 8,900,000 sq m respectively. In 2012, the actual floor area commenced construction amounted to 14,330,000 sq m, representing an increase of 7.9% from that planned at the beginning of the year. The actual completed area achieved by the Company for the full year amounted to 9,790,000 sq m, representing an increase of 10.0% from that planned at the beginning of the year.

Development of the Company's major projects in 2012

Unit: sq m

Project Name	Location	Equity interest	Site area	Planned GFA	Area of construction work commenced in 2012	Area of construction work done in 2012	Accumulated area of construction work not done as at the end of 2012
Guangshen region							
Vanke Centre, Shenzhen	Yantian	100%	61,730	80,201	-	-	-
Vega Villa (天琴湾) Shenzhen	Yantian	100%	253,990	25,040	-	7,474	14,611
Yihaicheng(壹海城), Shenzhen	Yantian	50%	137,250	354,695	188,297	-	-
Antuoshan Project, Shenzhen	Nanshan	100%	48,804	219,967	-	-	-
Respecte Chateau (金色领域), Shenzhen	Baoan	100%	65,364	165,648	11,764	125,575	125,575
Ravine Village, Shenzhen	Baoan	60%	158,639	47,270	-	-	-

Philippe Castle(翡丽郡), Shenzhen	Baoan	100%	77,265	262,793	194,131	-	-
Golden Paradise, Shenzhen	Pingshan New District	100%	104,801	323,624	158,440	-	82,186
The Village, Shenzhen	Longgang	100%	421,916	595,982	-	-	465,798
Tianyu, (天誉), Shenzhen	Longgang	100%	62,575	352,464	-	-	-
Qianlin Shanju, Shenzhen	Longgang	100%	198,597	380,547	-	-	324,277
Home (万科红), Shenzhen	Longgang	100%	31,337	155,951	-	-	91,182
Home III, Shenzhen	Longgang	50%	43,727	176,535	63,557	-	-
Shuijing (水径) Project, Buij, Shenzhen	Longgang	60%	164,989	456,405	20,117	-	-
Park Avenue (公园里), Shenzhen	Longgang	65%	45,794	238,203	95,197	-	143,006
Langqi Project, Shenzhen	Longgang	100%	41,487	22,380	-	-	-
Dajia Island, Shenzhen	Huizhou	100%	364,450	93,340	-	-	-
Lunas Del Mar (双月湾), Huizhou	Huidong	67%	704,223	1,068,191	136,353	-	-
Jinyu Huating, Huizhou	Huicheng	100%	151,298	313,678	157,961	24,290	139,790
Watercity(双城水岸), Dongguan	Tangxia Town	51%	596,786	414,759	-	33,296	84,125
Golden City, Dongguan	Tangxia Town	40%	32,002	96,006	-	-	-
Wonderland(四季花城), Dongguan	Tangxia Town	70%	51,263	92,273	-	-	-
Spring Dew Mansion, Dongguan	Tangxia Town	51%	128,144	256,129	176,221	-	-
Jinyu Songhu (金域松湖), Dongguan	Songshan Lake	51%	136,151	381,000	176,505	85,605	85,605
Hongxinuoya, Dongguan	Songshan Lake	100%	349,951	267,450	-	83,068	217,861
Songshan Lake Centre (松湖中心), Dongguan	Songshan Lake	34%	95,506	73,872	73,872	-	-
Songshan Lake Centre II, Dongguan	Songshan Lake	25%	30,084	30,084	18,865	-	-
Zitai, Dongguan	Humen Town	100%	60,570	151,426	-	82,798	82,798
Gold Milestone(金色里程), Dongguan	Humen Town	100%	17,374	69,495	-	-	-
Chang'an Vanke Centre, Dongguan	Chang'an Town	100%	75,653	249,654	103,958	15,390	15,390
Vanke Building, Dongguan	Nanchang	100%	4,771	42,937	-	-	-
King Metropolis, Dongguan	Nanchang	51%	189,934	493,827	119,871	75,653	231,005
Feilishan (翡丽山), Dongguan	Nanchang	50%	249,534	374,302	-	50,717	50,717
Xiangshu Lishe(香树丽舍), Dongguan	Nanchang	51%	43,851	109,626	-	-	-
Jinyu International, Dongguan	Houjie Town	100%	88,788	257,486	48,845	-	-
Houjie Plaza, Dongguan	Houjie Town	67%	32,002	113,856	-	-	-
Changping Dream Town, Dongguan	Changping Town	100%	635,971	442,460	106,424	18,928	287,622
Vanke Luhu, (万科麓湖) Dongguan	Dalingshan Town	100%	146,674	117,341	-	36,170	81,479
The Paradiso, Guangzhou	Baiyun	50%	144,657	433,584	-	34,323	311,288
Land Lot AB2911022, Baiyun New Town, Guangzhou	Baiyun	100%	24,052	92,130	-	-	-
Jinyu Huating, Guangzhou	Haizhu	100%	9,117	85,682	-	-	41,444
Jiangyan Road Project, Guangzhou	Haizhu	68%	16,831	52,765	-	-	-
Le Bonheur, Guangzhou	Liwan	100%	38,111	135,689	-	32,952	107,092
Vanke Fuqian Garden, Guangzhou	Nansha	95%	134,760	269,520	-	68,701	68,701
Racho Santa Fe, Guangzhou	Huadu	49%	210,252	126,172	-	14,577	76,085
Donghui Garden, Guangzhou	Luogang	55%	177,588	443,970	105,054	-	-
Donghui	Luogang	33%	109,748	274,370	274,370	-	-

Garden(Expanding), Guangzhou							
Project SDK-D-3, East Side, Zhonghai, Luogang, Guangzhou	Luogang	100%	115,671	289,178	-	-	-
Jinse Yuefu, Guangzhou	Huangpu	100%	24,056	63,591	63,591	-	-
Lot AT030548, Gaotang, Software Park, Tianhe, Guangzhou	Tianhe	100%	30,995	82,962	-	-	-
Xiinguang City Garden, Guangzhou	Panyu	100%	364,651	570,743	124,511	-	126,234
Dream Town, Qingyuan	Qingyuan	100%	726,374	1,430,375	263,836	200,864	200,864
Vanke Huaifu, Qingyuan	Qingyuan	100%	79,164	312,820	109,101	22,361	22,361
The Paradiso, Foshan	Nanhai	55%	221,035	574,690	155,619	179,889	278,995
Jinse Xigu Huayuan (金色溪谷花园), Foshan	Nanhai	49%	66,533	81,080	53,215	26,210	26,210
King Metropolis, Foshan	Nanhai	100%	75,916	184,607	-	35,396	184,607
A14 Project, Foshan	Nanhai	50%	47,254	354,404	-	-	-
Binfen Siji (缤纷四季), Foshan	Shunde	100%	156,840	429,527	90,959	127,684	179,284
Crystal City, Foshan	Shunde	49%	284,036	710,092	190,499	38,723	111,671
Lunjiao Qinyuan, Foshan	Shunde	100%	80,571	241,712	68,005	111,407	117,704
Tianaowan Project, Foshan	Shunde	50%	30,382	75,954	-	-	-
F06 Project, Foshan	Shunde	50%	113,224	452,880	-	-	-
Vanke Plaza, Foshan	Chancheng	88%	114,429	555,819	146,788	-	-
Dream Town, Foshan	Chancheng	100%	337,544	776,350	81,502	55,902	270,793
Jinyu International, Foshan	Chancheng	51%	89,000	373,820	83,703	-	-
Zhubin Garden (珠宾花园), Zhuhai	Xiangzhou	100%	109,917	146,497	2,705	65,787	90,703
Jinyu Gangwan (金域港湾), Zhuhai	Xiangzhou	50%	78,000	196,358	-	-	-
Glamorous City, Zhuhai	Doumen	100%	137,061	274,122	172,851	-	-
City Garden, Zhuhai	Jinwan	51%	63,233	189,621	-	-	-
Jinyue Huating (金悦华庭), Zhongshan	Tanzhou Town	100%	32,103	127,789	-	-	-
City Views, Zhongshan	Southern District of Zhongshan	100%	338,516	523,177	-	59,032	523,177
Spring Dew Mansion, Zhongshan	Eastern District of Zhongshan	100%	76,387	175,133	-	72,136	100,092
Golden Home (金色家园), Zhongshan	Dongfeng Town	100%	255,623	789,453	-	54,971	54,971
Le Bonheur, Zhongshan	Huoju	65%	251,900	488,889	-	-	-
Heart of Lake, Xiamen	Huli	100%	95,098	199,710	-	34,207	34,207
Joying Gold, Xiamen	Xiang'an	100%	54,441	109,000	-	43,049	106,092
King Metropolis, Xiamen	Jimei	100%	102,427	446,842	131,262	51,345	51,345
Vanke Plaza, Xiamen	Jimei	100%	137,934	710,000	200,000	-	-
Haicang Dream Town, Xiamen	Haicang	40%	189,752	517,690	200,495	-	-
Jinyu Rongjun (金域榕郡), Fuzhou	Jinan	100%	166,736	381,589	-	68,800	161,183
King Metropolis, Fuzhou	Cangshan	100%	16,168	37,614	-	-	34,399
Yongtai Dream Town, Fuzhou	Yongtai	51%	392,000	556,032	28,848	-	-
Vanke Plaza, Fuzhou	Taijiang	100%	93,359	439,213	50,469	-	-
Jinyu Garden (金域花园), Fuzhou	Taijiang	60%	25,397	130,795	130,795	-	-
Dream Town, Putian	Licheng	80%	250,708	528,566	178,355	-	-
King Metropolis, Changsha	Yuhua	60%	238,066	512,778	-	39,036	167,287
The Paradiso, Changsha	Furong	100%	120,208	352,083	-	-	102,956
City Garden, Changsha	Yuelu	100%	39,339	138,032	-	106,014	112,859

Golden Paradise, Changsha	Yuelu	78%	43,737	129,065	-	-	-
Jinyu Bingjiang, Changsha	Yuelu	58%	58,287	200,892	-	-	-
Heron Hill, Changsha	Yuelu	100%	100,351	291,401	-	-	-
Dream Town, Changsha	Kaifu	70%	204,010	472,187	-	79,979	135,431
Zitai, Changsha	Tianxin	70%	108,162	266,296	94,530	-	-
Project Gaozheng, Changsha	Yuhua	60%	40,360	169,469	-	-	-
Sanya Forest Holiday Park	Sanya	65%	942,745	470,814	34,927	54,584	54,584
Gaozhiyuan Project, Sanya	Sanya	65%	387,807	349,026	-	-	69,185
Vanke Lakeside Holiday Park, Sanya	Sanya	80%	260,293	301,650	76,436	-	-
Subtotal			15,336,161	29,463,166	4,962,804	2,316,893	6,444,831
Shanghai Region							
Qinglinjing, Shanghai	Pudong New District	100%	99,209	148,814	-	148,814	148,814
Wujiefang, Shanghai	Pudong New District	100%	121,463	126,887	-	-	-
Haishang Chuanqi (海上传奇), Shanghai	Pudong New District	60%	140,981	260,883	83,780	-	-
Golden City, Shanghai	Pudong New District	60%	264,646	549,046	55,114	-	296,741
Tongshan Street Project, Shanghai	Pudong New District	75%	58,550	182,230	-	-	-
Bingjiang Project, Shanghai	Pudong New District	100%	38,753	103,132	-	-	-
53# Qibao, Shanghai	Minhang	100%	49,294	126,869	-	-	-
New City Garden, Shanghai	Minhang	51%	287,741	334,669	39,981	25,336	164,148
Southern portion of Land Lot No. 03, Shanghai Hongqiao Business District Core District Phase I	Minhang	50%	32,170	110,462	110,462	-	-
Firenze, Shanghai	Minhang	49%	304,830	199,071	84,680	5,646	120,037
Project No. 11, Shanghai Hongqiao	Minhang	61%	112,864	177,885	-	-	-
Jinse Huating, Shanghai	Songjiang	33%	67,932	108,137	21,504	50,154	50,154
Sheshan Longyuan, Shanghai	Songjiang	45%	130,970	102,060	-	-	-
14# Songjiang Business District, Shanghai	Songjiang	60%	57,734	145,234	-	-	-
Castle Tudor, Shanghai	Baoshan	100%	231,753	241,169	-	66,307	241,169
Respecte Chateau (金色领域), Shanghai	Jiading	50%	90,013	180,026	52,841	-	-
Shangyuan, Shanghai	Qinpu	49%	116,524	142,858	-	101,573	101,573
Shanghai Nanzhan Business District Land	Xuhui	51%	108,010	493,447	-	-	-
The Paradiso, Nantong	Gangzha	55%	99,910	218,650	101,151	51,024	51,024
Land Lot at Rengang Road, Nantong	Chongchuan	100%	43,217	99,000	-	-	-
Golden Paradise, Jiaxing	Xinzhou New District	100%	85,286	137,495	-	-	-
Golden Dream, Jiaxing	Xinzhou New District	100%	80,987	144,699	69,761	-	-
Anpin Street, Nanjing	Baixia	100%	27,325	20,340	-	-	-
The Paradiso, Nanjing	Jiangning	100%	272,298	545,280	42,750	21,593	174,107
Respecte Chateau (金色领域), Nanjing	Qixia	100%	91,751	201,828	109,707	-	-
Golden Hill, Nanjing	Pukou	100%	62,291	98,692	54,611	-	-
Land Lot 4, Eastern of Nanjing Nan Zhan	YuhuaTai	100%	76,336	182,380	-	-	-
Glamorous City, Zhenjiang	Runzhou	100%	795,100	942,820	17,975	76,575	401,983

Blue Mountain Garden, Zhenjiang	Runzhou	60%	285,683	416,285	10,601	40,262	40,262
Nimble Bay, Suzhou	Industrial District	70%	384,042	835,281	67,703	78,382	642,195
Golden Paradise, Suzhou	Industrial District	92%	47,177	117,936	-	-	63,593
Bai Tang Park, Suzhou	Industrial District	100%	104,486	179,075	-	-	-
Vanke New Metropolis (万科新都会), Suzhou	New District	55%	89,098	83,220	27,920	17,188	17,188
Golden Milestone, Suzhou	Jinchang	49%	99,093	247,732	51,126	-	-
Dream Town, Suzhou	Wuzhong	55%	144,535	361,338	65,682	-	-
Pingjiang New City Project, Suzhou	Gusu	100%	80,948	189,677	-	-	-
Golf Project, Kunshan	Bacheng Town	100%	433,916	240,701	-	-	-
Huaqiao Project, Kunshan	Kushan	60%	179,000	447,600	-	-	-
Glamorous City, Wuxi	Binhu	60%	960,000	1,346,963	88,666	157,341	974,550
The Paradiso, Wuxi	Binhu	100%	154,468	386,170	27,093	57,564	159,669
Xincheng Road, Wuxi	Binhu	100%	154,119	385,299	52,436	-	-
Golden Paradise, Wuxi	New District	100%	224,376	620,713	44,146	55,224	166,444
Dream Town, Yangzhou	Hanjiang District	65%	297,139	313,970	139,330	-	-
Project F, Western District, New Town, Yangzhou	Hanjiang District	65%	59,835	130,067	-	-	-
Dream Town, Xuzhou	Jiuli	100%	396,349	713,428	-	-	-
Land Lot GHI, Huaixi Project, Xuzhou	Quanshan	85%	90,639	305,617	-	-	-
Liangzhu New Town, Hangzhou	Yuhang	100%	3,108,146	2,368,153	244,752	157,097	878,668
Project Gouzhuang, Hangzhou	Yuhang	50%	115,683	293,835	-	-	-
West Spring Butterfly Garden, Hangzhou	Xihu	51%	155,838	354,038	-	143,392	354,038
No 58, Jiangcun Project, Hangzhou	Xihu	51%	75,998	151,996	-	-	-
No 59, Jiangcun Project, Hangzhou	Xihu	100%	30,403	60,806	-	-	-
Gongwang (公望), Hangzhou	Fuyang	100%	517,900	208,981	-	-	67,275
Junwang A+D, Hangzhou	Fuyang	20%	129,874	164,845	-	-	-
Junwang B+C, Hangzhou	Fuyang	20%	138,233	152,231	-	-	-
Caozhuang, Hangzhou	Jianggan	100%	37,178	86,938	-	34,294	34,294
Golden Caozhuang, Hangzhou	Jianggan	50%	68,564	150,841	-	-	-
Project Pufu, Hangzhou	Jianggan	100%	46,069	110,566	-	-	-
Project Puyan, Hangzhou	Binjiang	60%	66,521	166,303	-	-	-
Yunluwan (云鹭湾), Ningbo	Jiangbei	100%	314,200	394,764	67,447	75,367	75,367
Golden City, Ningbo	Yinzhou	100%	95,242	171,425	-	78,601	78,601
Jinyu International, Ningbo	Yinzhou	55%	41,080	73,940	73,940	-	-
Dream Town, Ningbo	Zhenhai	49%	226,777	491,525	122,857	-	-
Project Rongjia, Ningbo	Jiangdong	100%	66,833	133,666	-	-	-
Longwan Project, Wenzhou	Longwan	60%	125,219	178,298	89,309	-	-
Golden Mingjun, Hefei	Shushan	50%	107,326	401,670	-	105,585	268,107
King Metropolis, Hefei	Shushan	50%	115,628	412,101	-	97,248	97,248
Dream Town, Hefei	Binhu	55%	107,220	375,272	189,104	-	-
Blue Mountain Garden, Hefei	Binhu	55%	165,584	463,635	108,345	-	-
Forest Park Project, Hefei	Luyang	100%	516,459	1,394,439	-	-	-
Dream Town, Wuhu	Hanjiang	100%	274,404	493,926	105,079	-	-
Qingshan Lake, Nanchang	Qingshan Lake	50%	97,061	133,693	-	40,618	78,428

Dew Garden (润园), Nanchang	Qingyunpu	50%	97,109	144,011	-	5,151	60,666
The Paradiso, Nanchang	Xihu	50%	21,818	75,338	-	-	-
Dream Town, Nanchang	Gaoxin	33%	299,845	417,362	-	-	-
Qingshan Lake North Avenue Project, Nanchang	Qingshan Lake	50%	16,888	50,381	50,381	-	-
Subtotal			15,311,941	23,720,114	2,470,234	1,690,336	5,806,343
Beijing Region							
Ruyuan C3, Beijing	Haidian	50%	33,745	74,239	74,239	-	-
Ruyuan C1, Beijing	Haidian	50%	104,899	178,275	-	-	-
No. 5 Park Front Boutique Apartment, Beijing	Chaoyang	60%	37,917	97,044	-	-	95,718
Blue Mountain, Beijing	Chaoyang	100%	55,885	128,190	-	65,371	112,054
The Metropolis (大都会), Beijing	Chaoyang	100%	5,329	42,556	-	8,467	8,467
Changyang Bandao, Beijing	Fangshan	50%	437,179	853,165	174,412	202,244	266,625
Yunwan Jiayuan, Beijing	Fangshan	50%	61,567	157,992	-	-	-
Xingfuhui (幸福汇), Beijing	Fangshan	68%	71,912	137,808	27,536	34,790	34,790
New Milestone, Beijing	Fangshan	20%	77,834	146,002	12,380	-	-
Golden Paradise, Beijing	Fangshan	40%	65,967	145,195	86,755	-	-
Jinyu Vanke City, Beijing	Changping	49%	178,908	485,234	-	90,077	395,026
King Metropolis, Beijing	Changping	50%	206,007	577,188	87,597	209,210	209,210
Holiday Views, Beijing	Fengtai	50%	224,289	413,304	-	24,966	413,304
Hongshi Jiayuan (红狮家园), Beijing	Fengtai	100%	59,800	184,502	-	-	146,009
Vanke Lan (万科蓝), Beijing	Fengtai	100%	14,449	36,084	36,084	-	-
Xihuafu, Beijing	Fengtai	50%	233,209	629,170	253,156	-	-
Spring Dew Mansion, Beijing	Daxing	50%	67,650	173,215	54,194	-	-
Jinyu Dongjun, Beijing	Daxing	50%	57,826	144,525	-	-	-
Dream Town, Beijing	Daxing	50%	103,116	155,206	-	-	-
Huanqingcheng, Langfang	Langfang	50%	130,045	169,587	-	-	-
Stratford, Tangshan	Lunan	100%	153,527	96,661	-	33,867	63,230
Stratford South(红郡南), Tangshan	Lunan	100%	47,007	47,621	-	-	-
King Metropolis.Tangshan	Lubei	60%	78,977	166,159	34,936	-	-
The Paradiso, Tangshan	Lubei	40%	26,329	63,825	63,825	-	-
Holiday Views (假日风景) Qinghuangdao	Haigang	80%	270,549	642,357	-	-	-
Beidaihe Yang Ge Zhuang Land, Qinhuangdao	Beidaihe	50%	238,561	279,248	-	-	-
Waterfront, Tianjin	Dongli	100%	2,708,886	1,763,059	130,029	133,857	854,505
Glamorous City, Tianjin	Dongli	100%	176,773	258,579	4,945	72,760	228,057
New Milestone, Tianjin	Dongli	51%	136,524	206,863	-	51,793	154,397
Jinse Yazhu (金色雅筑), Tianjin	Dongli	49%	90,792	173,987	-	97,070	153,134
King Metropolis, Tianjin	Dongli	51%	221,217	357,220	35,683	-	-
Holiday Dew Garden, Tianjin	Xiqing	100%	229,201	343,101	-	91,291	212,572
Jin'ao International, Tianjin	Xiqing	100%	58,577	160,080	-	55,445	88,846
Binhai Modern, Tianjin	Development District	100%	6,538	43,473	3,161	-	-
Park Residence, Tianjin	Development District	60%	32,270	48,709	22,471	25,424	25,424
Harbor (海港城), Tianjin	Binhai New District	51%	149,483	372,910	40,728	97,415	97,415
Jinlu (锦庐), Tianjin	Binhai New District	95%	90,604	126,600	-	47,355	47,355
East Coast, Tianjin	Binhai New District	51%	255,311	382,929	23,157	-	-

Jinyu International, Tianjin	Binhai New District	51%	108,389	190,144	48,638	-	-
Shilinyuan (仕林苑), Tianjin	Jinnan	40%	63,582	114,474	9,901	-	-
Dream Town, Shenyang	Heping	49%	361,320	868,373	98,534	148,975	710,133
Rotterdam (鹿特丹), Shenyang	Heping	100%	120,333	360,999	38,727	-	-
Glamorous City, Shenyang	Yuhong	100%	156,817	297,026	-	49,487	297,026
Xianghushengjing (香湖胜景) North, Shenyang	Yuhong	49%	190,200	342,360	-	31,380	31,380
Xianghushengjing (香湖胜景) South, Shenyang	Yuhong	51%	135,464	304,520	8,816	8,816	8,816
Park Avenue, Shenyang	Yuhong	75%	169,774	407,374	-	-	-
The Paradiso, Shenyang	Hunnan New District	100%	226,356	615,688	64,749	46,534	307,553
Park Residence, Shenyang	Shenhe	55%	83,229	290,681	77,064	107,097	107,097
Chunheli(春河里), Shenyang	Shenhe	79%	81,378	431,232	97,093	58,093	58,093
Whistler (惠斯勒小镇), Shenyang	Dongling	70%	285,599	286,141	20,473	-	-
Vanke Blue Mountain , Shenyang	Dadong	60%	78,367	235,102	14,186	132,774	132,774
Spring Dew Mansion (Long Mansion), Shenyang	Tiexi	70%	66,547	178,598	78,636	-	-
Spring Dew Mansion (Run Mansion) , Shenyang	Tiexi	100%	60,292	150,315	55,266	-	-
Tomorrow Square, Shenyang	Hunnan New District	65%	199,319	597,957	50,341	-	-
The Paradiso, Fushun	Development District	100%	226,529	739,519	-	44,439	44,439
Jinyu Internationl, Fushun	Shuncheng	100%	72,560	316,582	-	-	-
Harbor (营口海港城), Yingkou	Bayujuan	100%	138,990	319,677	67,464	-	-
Whistler (惠斯勒), Anshan	Tiedong	100%	422,171	713,400	-	102,994	188,903
Dream Town, Anshan	Gaoxin	100%	167,664	375,002	-	51,948	207,527
Jinyu International, Anshan	Tiexi	51%	225,715	677,000	66,756	-	-
Ravine Village, Dalian	Ganjingzi	100%	363,716	380,922	-	29,466	347,907
Glamorous City, Dalian	Ganjingzi	100%	218,498	443,186	-	173,186	369,624
Spring Dew Mansion,, Dalian	Ganjingzi	100%	118,506	223,512	163,628	-	-
Xishan Project, Dalian	Ganjingzi	55%	90,404	90,988	41,364	-	-
Habor, Dalian	Puwan New District	55%	747,224	1,253,300	83,942	-	-
Cherry Blossom Garden, Dalian	High-Tech Industrial Zone	61%	192,248	356,034	121,845	-	-
Dream Town, Dalian	Jinzhou	100%	268,583	681,200	-	-	-
Blue Mountain, Changchun	Erdao	100%	228,670	501,678	55,535	135,390	135,390
Whistler (惠斯勒), Changchun	Jingyue	50%	399,715	484,714	57,739	79,826	79,826
Dream Town, Changchun	Jingyue	51%	350,965	1,041,375	58,770	-	-
Park Residence, Changchun	Chaoyang	100%	267,981	503,349	51,651	111,589	111,589
Sculpture Park (雕塑公园) Project, Changchun	Nanguan	100%	121,109	343,058	-	-	-
Dream Town, Jilin	Gaoxin	65%	728,139	2,142,910	340,517	278,418	278,418
Songhua Lake Project, Jilin	Fengman	100%	531,598	681,890	-	-	-
Wonderland, Qingdao	Jimo	55%	153,284	240,507	-	92,055	240,507
Glamorous City, Qingdao	Chengyang	80%	200,289	341,463	-	52,937	341,463
City Garden, Qingdao	Chengyang	80%	130,873	228,966	-	180,062	180,062
Xingyang Road Project, Qingdao	Chengyang	51%	258,675	433,177	-	-	-
Chunyang Road Project, Qingdao	Chengyang	51%	86,493	177,966	-	-	-
Aureate City, Qingdao	Sifang	100%	61,873	174,157	-	29,017	174,157
Dream Town, Qingdao	Sifang	55%	154,607	399,565	121,455	118,443	118,443

Fuzhou Road Vanke Center, Qingdao	Sifang	100%	38,775	124,751	-	-	-
Shandong Road Vanke Center, Qingdao	Sifang	70%	18,646	70,856	-	-	-
Blue Mountain, Qingdao	Shibei	100%	68,153	204,189	39,001	77,907	77,907
Vanke Ecological Town, Qingdao	Licang	100%	141,346	260,784	80,902	-	-
Qingdao Town	Jiaonan	34%	933,293	989,125	107,533	-	-
Dongjun(东郡), Qingdao	Jimo	55%	112,344	279,451	162,977	-	-
Pingdu Dream Town, Qingdao	Pingdu	51%	59,308	198,807	75,873	-	-
Pingdu New City, Qingdao	Pingdu	51%	75,701	136,900	-	-	-
Haiyuntai, Yantai	Zhifu	100%	311,614	444,065	-	75,527	75,527
Holiday Views, Yantai	Fushan	70%	190,281	361,220	62,404	79,737	79,737
Holiday Dew Garden, Yantai	Fushan	70%	65,733	152,466	152,466	-	-
Jinyu International, Jinan	Gaoxin	63%	38,164	118,741	102,634	-	-
Jinyu Internationl, Taiyuan	Wanbolin	100%	49,407	169,679	-	-	-
Blue Mountain, Taiyuan	Wanbolin	51%	198,392	687,671	93,097	-	-
Zitai, Taiyuan	Yingze	51%	95,687	331,236	109,940	-	-
Spring Dew Mansion, Jinzhong	Yuci	51%	218,143	482,246	-	-	-
Subtotal			19,127,691	35,410,130	4,045,205	3,637,499	8,310,436
Chengdu region							
Glamorous City,	Chenghua	60%	308,501	761,258	68,120	-	612,385
Vanke Diamond Plaza, Chengdu	Chenghua	85%	15,404	92,422	-	-	-
Vanke Huamao Plaza, Chengdu	Chenghua	51%	29,720	207,600	-	-	-
Jinyu Xiling (金域西岭), Chengdu	Jinniu	60%	79,331	361,100	-	43,256	268,480
Respecte Chateau (金色领域), Chengdu	Qingyang	100%	49,628	244,459	-	71,851	71,851
Jinrun Huafu, Chengdu	Jingjiang	100%	52,895	267,928	-	72,749	120,099
Golden Hairong, Chengdu	Wuhou	49%	54,970	234,125	100,648	90,051	141,161
Haiyue Huicheng, Chengdu	Shuangliu	90%	104,307	521,698	252,913	62,398	62,398
Wulong Mountain Garden, Chengdu	Xindu	100%	345,168	356,503	117,565	120,748	120,748
Project Mu 72, Dayuan Chengdu	Gaoxin	100%	48,345	145,034	-	-	-
Project Mu 131, Gaoxin, Chengdu	Gaoxin	100%	87,822	263,464	-	-	-
Mu 107, Longquan Damian, Chengdu	Longquanyi	100%	72,102	288,410	-	-	-
Mu 71, Longquan Shiling, Chengdu	Longquanyi	100%	47,245	141,642	-	-	-
Jinrun Huafu, Nanchong	Nanchong	60%	182,012	518,004	104,882	-	-
Golf City Garden, Wuhan	Dongxihu	49%	237,660	393,858	-	107,873	393,858
King Metropolis, Wuhan	Wuchang	100%	59,790	191,300	39,634	63,148	100,885
Hanyang International, Wuhan	Hanyang	70%	166,817	568,974	273,400	-	-
Dream Town, Wuhan	Jiangnan	100%	65,901	299,337	-	36,110	154,297
Stratford, Wuhan	East Lake High-Tech Development Zone	100%	230,894	349,607	15,696	106,599	192,807
The Paradiso, Chengdu	Economic and Technological Development Zone	100%	213,440	533,600	41,074	142,296	142,296
Vanke Golden City, Wuhan	Hongshan	100%	274,100	896,484	225,532	53,583	53,583
Changzheng Village	Hongshan	100%	282,235	871,721	-	-	-

Huashan Ecological Town, Wuhan	Hongshan	50%	199,705	299,557	-	-	-
Youcheng Ecological Garden, Chongqing	Yubei	51%	229,581	344,372	32,087	37,902	305,188
Wonder Town, Chongqing	Northern New District	100%	41,448	145,067	-	91,361	145,067
Palace of Pleasure, Chongqing	Northern New District	100%	137,996	376,737	97,563	32,704	63,565
Jincheng (锦程), Chongqing	Yuzhong	100%	105,406	533,486	-	138,161	138,161
Dream Town, Chongqing	Northern New District	55%	278,167	647,378	77,416	-	-
Yuewan, Chongqing	Jiangbei	45%	435,499	649,158	41,324	-	-
Fengmingshan Project, Chongqing	Shapingbei	80%	175,000	700,000	-	-	-
Xijiao Hospital Project, Chongqing	Jiulongpo	50%	26,515	145,688	-	-	-
Jinyu Qujiang (金域曲江), Xi'an	Qujiang New District	55%	152,667	385,408	46,446	157,379	157,379
Dream Town, Xi'an	Chang'an	85%	176,056	614,377	141,915	100,016	100,016
Landlot No. 3, Dream Town, Xi'an	Chang'an	60%	113,231	352,803	66,162	-	-
Dream Town 8#, Xi'an	Chang'an	100%	172,700	504,800	-	-	-
King Metropolis, Xi'an	Weiyang	51%	106,667	373,034	162,466	-	-
Daminggong Project, Xi'an	Weiyang	70%	69,052	221,603	66,540	-	-
Joying Gold, Xi'an	Chengxi	80%	193,594	664,643	123,930	-	-
King Metropolis, Guiyang	Xiaohe	51%	351,800	581,217	64,777	224,999	255,392
Nimble Bay, Guiyang	Yunyan	100%	90,456	201,012	64,433	7,801	7,801
Metropolis(大都会), Guiyang	Xiaohe	51%	181,235	761,187	43,898	-	-
Vanke Joy City(悦城), Guiyang	Yunyan	51%	85,341	262,728	71,625	-	-
Dream Town, Guiyang	Yunyan	70%	348,117	910,910	-	-	-
Golden Paradise, Kunming	Panlong	100%	104,724	274,641	-	274,641	274,641
Dew Garden (润园), Baisha, Kunming	Panlong	100%	192,104	247,394	68,028	3,385	3,385
Yunshangcheng, Kunming	Wuhua	23%	34,293	177,468	177,468	-	-
Respecte Chateau (金色领域), Kunming	Gaoxin	67%	105,484	423,175	226,709	110,854	110,854
King Metropolis, Urumqi	New District	82%	45,934	144,366	27,860	-	-
Nanshan Villa, Urumqi	Urumqi	100%	32,760	14,900	14,900	-	-
Jinyu International, Urumqi	Shayibake	100%	24,149	59,764	-	-	-
Golden Paradise, Urumqi	Shayibake	100%	20,047	50,032	-	-	-
Subtotal			7,238,015	19,575,433	2,855,011	2,149,865	3,996,297
Total			57,013,808	108,168,843	14,333,254	9,794,593	24,557,907

3. Major Suppliers and Customers

(1) The aggregate purchase amount from the Company's five largest suppliers as a percentage of its total purchase during the year

In 2012, the Company continued to expand the scope of sourcing, deepen the relationship with its partners and increase the proportion of centralised procurement and strategic collaborations, in order to achieve economic benefits of bulk purchase. During the year under review, the aggregate purchase amount from the Company's five largest material and equipment suppliers was RMB2.64 billion, representing a year-on-year increase of 12.8% and accounting for 3.61% of the total purchase for the year, which is 0.42 percentage point higher than that of 2011's.

(2) The aggregate revenue from the Company's five largest customers as a percentage of its total revenue during the year

The Company's product is commodity housing. The majority of the Company's customers are individual homebuyers making up a vast and diversified customer base. Only certain projects constructed for the government and sales to group purchase generated a relatively high sales amount. Revenue from the five largest customers in

2012 amounted to approximately RMB1.79 billion, accounting for 1.84 of the Company's total revenue of 2012.

4. Financial status of the Company

During the year under review, the Company's operations remained stable and its financial position was sound.

Unit: RMB'000

Item	31-Dec-2012	31-Dec-2011	Change (+/-)	Reasons for changes
Total Assets	379,094,856	296,534,296	27.84%	Expansion of the operational scale
Inventories	253,622,152	208,661,350	21.55%	Increase in newly added projects and projects under development
Investment properties	1,714,136	1,126,105	52.22%	Increase in investment properties under development
Short-term borrowings	35,557,359	23,570,276	50.86%	Change in debt structure
Accounts payable	215,529,570	168,893,596	27.61%	Increase in construction works
Equity attributable to equity shareholders of the Company	63,825,554	52,967,795	20.50%	Increase in net profit
Items	2012	2011	Change (+/-)	Reasons for changes
Revenue	96,859,914	67,709,396	43.05%	Increase in booked sales
Cost of sales	(65,454,228)	(43,249,418)	51.34%	Increase in booked sales
Profit before taxation	25,697,537	19,490,060	31.85%	Increase in operating profit
Income tax	(10,034,949)	(7,890,454)	27.18%	Increase in profit before taxation
Profit attributable to equity shareholders of the Company	12,551,182	9,624,875	30.40%	Increase in profit before taxation
Other guidance	2012	2011	Change (+/-)	Reasons for changes
Gearing ratio	78.33%	77.12%	1.21%	Increase in pre-sales
Current ratio	1.40	1.41	(0.01)	Increase in receipts in advance
Quick ratio	0.42	0.37	0.04	Increase in receipts in advance
Equity ratio	21.67%	22.88%	-1.21%	Increase in collaborative projects
Accounts receivable turnover (Day)	6	8	(2)	Increase in the turnaround on accounts receivable
Inventory turnover (Day)	1,271	1,442	(171)	Increase in inventory turnover

5. 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 capital 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 31 December 2012 are as follows:

Unit: RMB'000

Total amount of proceeds, net	9,936,602			Funds used for investment during the year			14,695	
Amount of proceeds with changed usage	0			Accumulated funds used			9,831,507	
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	0	600,000	100%	144,580	Yes	No
The Paradiso (former Jinshazhou Project), Guangzhou	No	800,000	0	800,000	100%	601,316	Yes	No
The Dream Town (former Nanzhuang Project), Foshan	No	900,000	0	900,000	100%	493,822	Yes	No
Zhuhai Hotel Project, Xiangzhou District, Zhuhai	No	650,000	0	650,000	100%	675,961	Yes	No
West Spring Butterfly Garden (former Jiangcun Project), Hangzhou	No	700,000	0	700,000	100%	1,701,141	Yes	No
Liangzhu Project, Yuhang District, Hangzhou	No	1,700,000	0	1,700,000	100%	766,879	Yes	No
Golden Town Project, Yinzhou District, Ningbo	No	1,636,602	0	1,636,600	100%	890,073	Yes	No
Wujiefang, Pudong, Shanghai	No	1,200,000	0	1,200,000	100%	0	Yes	No
Jinse Yazhu (former Zhonglin Project), Shanghai	No	700,000	0	700,000	100%	263,164	Yes	No
Anpin Street Project, Baixia District, Nanjing	No	650,000	14,695	544,904	83.8%	0	Yes	No
Stratford (former Huangjiayu Project), Nanjing	No	400,000	0	400,000	100%	51,220	No	No
Total	No	9,936,602	14,695	9,831,504	98.9%	5,588,154		
Remarks on delay and	(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 second half of 2010 and sales of the project							

failure to achieve estimated income (by project)	started in May 2012, but were not yet booked as at the end of the year under review. 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 almost sold out and delivered in 2010. Accumulative net margin amounted to 8.51%. The project had achieved brand effect but the income generated from the project did not reach the estimated level stated in the prospectus, while the income 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	As of 31 December 2012, the Company had applied RMB9,831,500,000 of the proceeds in accordance with the prospectus. The amount represented 98.9% of the net proceeds of RMB9,936,600,000. The balance of the proceeds of RMB105,100,000 will be applied in accordance with the progress of project development.

(1) Use of capital not from the capital market

A. Equity investment

During the year under review, the Company's investment amount increased by RMB8,858 million, which were used as follows:

1) During the year under review, the Company promoted and established 24 new subsidiaries, each with registered capital of over RMB30 million, and actual investment had been made. The details are as follows:

No.	Name of the newly established company	Currency	Registered capital	Actual investment by Vanke (RMB)	Scope of business
1	Ningbo Wanzhu Real Estate Co., Ltd. 宁波万筑房地产开发有限公司	RMB	430,800,000.00	236,940,000.00	Property development and operation
2	Dalian Wanding Property Co., Ltd. 大连万鼎置业有限公司	RMB	300,000,000.00	300,000,000.00	Property development and operation
3	Qingdao Advertising Cultural Industrial Park Development Co., Ltd. 青岛广告文化产业园开发有限公司	USD	111,110,000.00	357,351,253.29	Property development and operation
4	Hangzhou Wanpu Property Co., Ltd. 杭州万普置业有限公司	USD	100,000,000.00	345,702,500.00	Property development and operation
5	Qingdao Vanke Commercial Property Co., Ltd. 青岛万科商业地产有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
6	Chengdu Vanke Xinnong Investment Co., Ltd. 成都万科鑫农投资有限公司	RMB	100,000,000.00	90,000,000.00	Project investment
7	Zhejiang Shudou Investment Management Co., Ltd. 浙江墅都投资管理有限公司	RMB	100,000,000.00	100,000,000.00	Investment management
8	Hefei Vanke Ruixiang Property Co., Ltd. 合肥万科瑞翔地产有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
9	Jilin Songhua Lake International Resort Development Co., Ltd. 吉林省松花湖国际度假区开发有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
10	Tianjin Wancheng Property Co., Ltd. 天津万城置业有限公司	RMB	100,000,000.00	80,000,000.00	Property development and operation
11	Jinan Vanke Real Estate Co., Ltd. 济南万科房地产开发有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
12	Guangzhou Wanxuan Real Estate Co., Ltd. 广州市万轩房地产有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
13	Xuzhou Vanke Real Estate Co., Ltd. 徐州万科房地产发展有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
14	Hangzhou Wanhong Property Co., Ltd. 杭州万泓置业有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
15	Zhengzhou Vanke Real Estate Co., Ltd. 郑州万科房地产有限公司	RMB	100,000,000.00	100,000,000.00	Property development and operation
16	Shenzhen Yingda Investment Fund Management Co., Ltd. 深圳市盈达投资基金管理有限公司	RMB	100,000,000.00	100,000,000.00	Investment management

17	Hangzhou Vanke Jinnan Property Co., Ltd. 杭州万科锦南置业有限公司	RMB	80,000,000.00	80,000,000.00	Property development and operation
18	Beijing Xingfuhui Investment Co., Ltd. 北京幸福汇投资有限公司	RMB	75,000,000.00	45,000,000.00	Project investment
19	Chongqing Wanyong Property Co., Ltd. 重庆万永置业有限公司	USD	72,319,976.00	125,710,000.00	Property development and management
20	Hefei Vanke Xincheng Property Co., Ltd. 合肥万科新城地产有限公司	RMB	60,000,000.00	33,000,000.00	Property development and operation
21	Tianjin Wanwei Property Co., Ltd. 天津万为置业投资有限公司	RMB	50,000,000.00	25,500,000.00	Property development, commercial investment, real estate agent
22	Tianjin Vanke Investment Co., Ltd. 天津万科投资有限公司	RMB	30,000,000.00	30,000,000.00	Project investment
23	Guangzhou Wanxi Real Estate Co., Ltd. 广州市万溪房地产有限公司	RMB	30,000,000.00	30,000,000.00	Property development and operation
24	Wuhan Wanhexing Investment Management Co., Ltd. 武汉万合兴投资管理有限公司	RMB	30,000,000.00	30,000,000.00	Investment management
Total				2,809,203,753.29	

In addition, the Company had established another 59 new companies, with a total amount of investment of RMB359 million.

2) The major companies that the Company acquired during the year under review are as follows:

a) On 16 July 2012, the Company acquired 75% equity interests in Vanke Property (Overseas) Limited (formerly known as Winsor Properties Holdings Limited) for a cash consideration of RMB1,095 million.

B. On 20 August 2012, the Company acquired 100% equity interests of Excel Right Investments Limited for a consideration of US\$50,000,000. Excel Right Investments Limited holds 45% equity interests in Dalian Vanke Glamorous City Property Development Company Limited.

C. On 3 August 2012, the Company acquired 50% equity interests in Beijing Wanxin Investment Development Company Limited (“Beijing Wanxin”) for a consideration of RMB300 million. After the acquisition, the Company owns 100% equity interests in Beijing Wanxin, through which the Company holds 50% equity interests in Hangzhou Dafan Investment Management Co., Ltd..

D. On 23 April 2012, the Company acquired 100% equity interests in Wise Grow Group Limited for a total consideration of US\$35 million. Wise Grow Group Limited holds 45% equity interests in Dalian Vanke City Property Co., Ltd..

E. On 5 January 2012, the Company acquired 65% equity interests in Airwell Aircon (China) Co., Ltd. for a total consideration of RMB215 million.

F. On 15 June 2012, the Company acquired 90% equity interests in Changchun Vanke Jingcheng Real Estate Development Co., Ltd. for a total consideration of RMB207 million.

G. On 25 October 2012, the Company acquired 63% equity interests in Jinan Tiantai Property Co., Ltd. for a total consideration of RMB202 million.

H. On 22 November 2012, the Company acquired 85% equity interests in Xuzhou Dingxu Property Co., Ltd. for a total consideration of RMB175 million.

I. On 23 April 2012, the Company acquired 83.67% equity interests in Bonus Plus Holdings Limited for a total consideration of US\$24 million. Bonus Plus Holdings Limited holds 49% equity interests in Suzhou Huihua Investment Property Company Limited.

J. On 23 April 2012, the Company acquired 100% equity interests in Tian Cheng (Holdings) Investments Limited for a total consideration of US\$21 million. Tian Cheng (Holdings) Investments Limited holds 45% equity interests in Wuhan Vanke Tiancheng Real Estate Company Limited.

During the year under review, the Company acquired another 18 companies for a total consideration of RMB462 million.

3) During the year under review, the Company increased the capital of 14 subsidiaries by RMB2,422 million. Of the total amount, RMB482 million was for Shanghai Wanshi Property Co., Ltd. (上海万狮置业有限公司), RMB460 million for Suzhou Qingyun Property Co., Ltd. (苏州青云置业有限公司), RMB441 million for Beijing Minmetals Vanke Property Co., Ltd. (北京五矿万科置业有限公司), RMB280 million for Dongguan Vanke Real Estate Co., Ltd. (东莞市万科房地产有限公司), RMB303 million for Hefei Vanke Haozhi Property Co., Ltd. (合肥万科皓智地产有限公司), RMB200 million for Putian Vanke Property Co., Ltd. (莆田市万科置业有限公司), RMB150 million for Guangdong Shangcheng Construction Co., Ltd. (广东上城建设有限公司) and RMB106 million for other subsidiaries

B. Project investments

During the year under review, the Company acquired 78 new projects, with a site area attributable to Vanke's equity holding of approximately 6,240,000 sq m (corresponding planned GFA of approximately 15,890,000 sq m). In addition, during the year under review, the Company was involved in one city redevelopment project. According to the current planning, the site area attributable to Vanke's equity holding was approximately 60,000 sq m (corresponding planned GFA was approximately 330,000 sq m). The relevant land transfer procedures were being handled.

No	City	Project	Location	Percentage of share holding	Site area (sq m)	Planned GFA (sq m)	GFA attributable to Vanke's equity holding (sq m)	Progress
1	Zhongshan	Phase 3, Golden Home	Dongfeng Town	100%	18,686	65,400	65,400	Preconstruction
2	Guangzhou	Jinse Yuefu	Huangpu	100%	24,056	63,591	63,591	Under construction
3	Changsha	Heron Hill	Yuelu	100%	100,351	291,401	291,401	Pre-construction
4	Guangzhou	Land Lot AT030548 Gaotang New Area of Tianhe Software Park	Tianhe	100%	30,995	82,962	82,962	Pre-construction
5	Guangzhou	Project SDK-D-3, East Side, Zhonghai, Luogang	Luogang	100%	115,671	289,178	289,178	Pre-construction
6	Guangzhou	Project 01, Jiangyan Road	Haizhu	68%	16,831	52,765	35,880	Pre-construction
7	Qingyuan	Project Backyard	Qingyuan	100%	37,048	74,096	74,096	Pre-construction
8	Foshan	Project F06	Shunde	50%	113,224	452,880	226,440	Pre-construction
9	Foshan	Project A14	Nanhai	50%	47,254	354,404	177,202	Pre-construction
10	Dongguan	Xiangshu Lishe	Nanchang	51%	43,851	109,626	55,909	Pre-construction
11	Dongguan	Golden Milestone	Humen	100%	17,374	69,495	69,495	Pre-construction
12	Dongguan	Golden City	Tangxia Town	40%	32,002	96,006	38,402	Pre-construction
13	Dongguan	Wonderland	Tangxia Town	70%	51,263	92,273	64,591	Pre-construction

14	Dongguan	Houjie Plaza	Houjie Town	67%	32,002	113,856	76,284	Pre-construction
15	Shenzhen	Phase III of Home	Longgang	50%	43,727	176,535	88,267	Under construction
16	Xiamen	Vanke Plaza	Jimei	100%	137,934	710,000	710,000	Under construction
17	Putian	The Dream Town (II)	Licheng	80%	102,694	203,224	162,579	Pre-construction
18	Hefei	Blue Mountain Garden,	Binhu	55%	165,584	463,635	254,999	Under construction
19	Hefei	Forest Park Project	Luyang	100%	516,459	1,394,439	1,394,439	Under construction
20	Hangzhou	Project Gouzhuang	Yuhang	50%	115,683	293,835	146,918	Pre-construction
21	Hangzhou	Project Pufu	Jianggan	100%	46,069	110,566	110,566	Pre-construction
22	Hangzhou	Project Puyan	Binjiang	60%	66,521	166,303	99,782	Pre-construction
23	Hangzhou	Land lot No 58, Jiangcun Project	Xihu	51%	75,998	151,996	77,518	Pre-construction
24	Hangzhou	Land lot No 59, Jiangcun Project	Xihu	100%	30,403	60,806	60,806	Pre-construction
25	Nanchang	Qingshan Lake North Avenue Project	Qingshan Lake	50%	16,888	50,381	25,191	Under construction
26	Ningbo	Jiyu International	Yinzhou	55%	41,080	73,940	40,667	Under construction
27	Ningbo	Project Rongjia	Jiangdong	100%	66,833	133,666	133,666	Pre-construction
28	Yangzhou	Project F, Western District, New Town	Hanjiang District	65%	59,835	130,067	84,544	Pre-construction
29	Suzhou	Pingjiang New City Project	Gusu	100%	80,948	189,677	189,677	Pre-construction
30	Suzhou	Project Baitang Park	Industrial District	100%	104,486	179,075	179,075	Pre-construction
31	Suzhou	Project Huaqiao, Kunshan	Kunshan	60%	179,000	447,600	268,560	Pre-construction
32	Nanjing	4 Land Lots at Southern Station East	Yuhuatai	100%	76,336	182,380	182,380	Pre-construction
33	Shanghai	Land Lot in the CBD of Southern Station	Xuhui	51%	108,010	493,447	251,658	Pre-construction
34	Shanghai	Project No. 11, Hongqiao,	Minhang	61%	112,864	177,885	108,510	Pre-construction
35	Nantong	Land Lot at Rengang Road	Chongchuan	100%	43,217	99,000	99,000	Pre-construction
36	Shanghai	No. 14, Songjiang CBD	Songjiang	60%	57,734	145,234	87,140	Pre-construction
37	Xuzhou	Dream Town	Jiuli	100%	396,349	713,428	713,428	Pre-construction
38	Xuzhou	Land Lot GHI, Huaixi Project	Quanshan	85%	90,639	305,617	259,774	Pre-construction
39	Shenyang	Spring Dew Mansion	Tiexi	100%	19,321	48,302	48,302	Under construction
40	Tangshan	Stratford South	Lunan	100%	47,007	47,621	47,621	Pre-construction

41	Langfang	Huanqingcheng	Xianghe County	50%	130,045	169,587	84,794	Pre-construction
42	Tangshan	King Metropolis	Lubei	40%	26,329	63,825	25,530	Under construction
43	Qinghuangdao	Land lot Yanggezhuang, Beidaihe	Beidaihe	50%	238,561	279,248	139,624	Pre-construction
44	Beijing	Jinyu Dongjun	Daxing	50%	57,826	144,525	72,263	Pre-construction
45	Beijing	Vanke Cheng (万科橙)	Daxing	50%	103,116	155,206	77,603	Pre-construction
46	Dalian	Dream Town	Jinzhou	100%	268,583	681,200	681,200	Pre-construction
47	Qingdao	Vanke Centre, Fuzhou Road	Sifang	100%	38,775	124,751	124,751	Pre-construction
48	Qingdao	Dongjun	Jimo	55%	112,344	279,451	153,698	Sold
49	Qingdao	Dream Town	Pingdu	51%	59,308	198,807	101,391	Sold
50	Qingdao	New Town Project	Pingdu	51%	75,701	136,900	69,819	Under construction
51	Qingdao	Project Xingyang Road	Chengyang	51%	258,675	433,177	220,920	Pre-construction
52	Qingdao	Vanke Centre, Shandong Road	Sifang	70%	18,646	70,856	49,599	Pre-construction
53	Qingdao	Project Chunyang Road	Chengyang	51%	86,493	177,966	90,763	Pre-construction
54	Jinan	Jinyu International	Gaoxing	63%	38,164	118,741	74,807	Under construction
55	Fushun	Jinyu International	Shuncheng	100%	72,560	316,582	316,582	Pre-construction
56	Shenyang	Project Park Avenue	Yuhong	75%	169,774	407,374	305,531	Pre-construction
57	Yingkou	Harbor	Boyuguan	100%	138,990	319,677	319,677	Pre-construction
58	Yantai	Holiday Dew Garden	Fushan District	70%	65,733	152,466	106,726	Under construction
59	Changchun	Project Sculpture Park	Nanguan	100%	121,109	343,058	343,058	Pre-construction
60	Jilin	Project Songhua Lake	Fengman	100%	531,598	681,890	681,890	Pre-construction
61	Tianjin	Jinyu International	Binhai New District	51%	108,389	190,144	96,973	Under construction
62	Tianjin	King Metropolis	Dongli	51%	221,217	357,220	182,182	Under construction
63	Nanchong	Jinrun Huafu	Nanchong	60%	182,012	518,004	310,803	Under construction
64	Chengdu	Vanke Huamao Plaza	Chenghua	51%	29,720	207,600	105,876	Pre-construction
65	Chengdu	Project Mu 72, Dayuan	Gaoxin	100%	48,345	145,034	145,034	Pre-construction
66	Chengdu	Project Mu 131, Gaoxin	Gaoxin	100%	87,822	263,464	263,464	Pre-construction

67	Chengdu	Mu 107, Longquan Damian	Longquany i	100%	72,102	288,410	288,410	Pre-construction
68	Chengdu	Mu 71, Longquan Shiling	Longquany i	100%	47,245	141,642	141,642	Pre-construction
69	Kunming	Yunshang Cheng	Wuhua	23%	34,293	177,468	40,818	Sold
70	Kunming	Respecte Chateau	Gaoxin	67%	105,484	423,175	283,527	Sold
71	Xi'an	Joying Gold	Chengxi	80%	193,594	664,643	531,714	Under construction
72	Xi'an	Dream Town 8#	Chang'an	100%	172,700	504,800	504,800	Pre-construction
73	Chongqing	Project Fengmingshan	Shapingba	80%	175,000	700,000	560,000	Pre-construction
74	Chongqing	Project Xijiao Hospital	Jiulongpo	50%	26,515	145,688	72,844	Pre-construction
75	Guiyang	Vanke Yuecheng	Yunyan	51%	85,341	262,728	133,991	Sold
76	Guiyang	Dream Town	Yunyan	70%	348,117	910,910	637,637	Pre-construction
77	Urumqi	Jinyu International	Sayibak	100%	24,149	59,764	59,764	Pre-construction
78	Urumqi	Golden Paradise	Sayibak	100%	20,047	50,032	50,032	Pre-construction
Total					8,07,646	20,622,603	15,885,634	

The total land premium and composite redevelopment cost of the above-mentioned projects attributable to Vanke's equity holding was approximately RMB43.9 billion.

From the end of the year under review to the date of publication of this report, the Company had acquired 14 new projects, with a site area attributable to Vanke's equity holding of approximately 1,170,000 sq m (corresponding planned GFA of approximately 2,860,000 sq m). Details are as follows:

No.	City	Project	Location	% of shareholding	Site area (sq m)	Planned GFA (sq m)	GFA attributable to Vanke's equity holding (sq m)	Progress
1	Dongguan	Project Qifenglu	Guancheng	100%	53,887	215,548	215,548	Pre-construction
2	Shenzhen	Project Bayifu	Longgang	100%	28,894	115,000	115,000	Under construction
3	Nanjing	Land lot 3-5-7 South Station East Road	Yuhuatai	100%	45,022	133,266	133,266	Pre-construction
4	Yantai	Liangjiacun	Zhifu	51%	332,514	615,200	313,752	Pre-construction
5	Tianjin	Jiefang South Road	Hexi	80%	62,205	124,410	99,528	Pre-construction
6	Tianjin	Zhangjiawo	Xiqing	51%	409,701	502,988	256,524	Pre-construction
7	Beijing	Changyang West Station, Shanglinwan	Fangshan	51%	27,528	55,056	28,709	Under construction
8	Fuzhou	Minhou College Town	Minhou	100%	213,602	701,001	701,001	Pre-construction
9	Nanchong	Gaoxin ash yard	Gaoxin	50%	163,213	355,678	177,839	Pre-construction

10	Jinan	Land lot of Zhenghao chemical fibre factory	Lixia	100%	191,418	476,783	476,783	Pre-construction
11	Beijing	Residential land of Tongzhou Taihu 017	Tongzhou	50%	39,000	91,260	45,630	Pre-construction
12	Beijing	Residential land of Tongzhou Taihu 014	Tongzhou	50%	47,000	117,500	58,750	Pre-construction
13	Tangshan	凤凰新城	Fenghuang New Town	48%	88,848	266,441	127,892	Pre-construction
14	Urumqi	Hetanlu Yingkexinchun fertilizer factory	Xinshi	82%	37,626	131,466	107,802	Pre-construction
Total					1,740,485	3,901,597	2,857,394	

C. Other investments

1) Investment of securities

Nil

2) Equity interests held in other listed companies

Unit: RMB

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

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

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

Nil

10.4. Investment in derivatives

Remarks on risk analysis and management of derivative positions during the year under review (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 year under review, 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 year under review amounted to RMB (8,719,200). The value of the IRS was determined based on the fair value assessed on 31 December 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 year under review as compared with those of the previous financial year	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 year under review

Unit: RMB'000

Type of contracts	Contract amount as at the beginning of the year under review	Contract amount as at the end of the year under review	Profit/loss during the year under review	Contract amount as a percentage of the Company's net assets as at the end of the year under review
Interest rate swap (IRS) agreement	3,079,879.9	2,553,798.7	(8,719.2)	3.11%
Total	3,079,879.9	2,553,798.7	(8,719.2)	3.11%

6. Project development plan for the current year

At the end of 2012, the Company had 320 development projects; the total GFA of projects under development attributable to Vanke's equity holding amounted to approximately 22,660,000 sq m, and the total GFA of projects under planning attributable to Vanke's equity holding amounted to approximately 39,470,000 sq m. In addition, the Company was also involved in 7 city redevelopment projects. At present, demolition is in progress and the relevant formalities are being processed. According to the current planning, the site area attributable to Vanke's equity holding of the relevant project was approximately 730,000 sq m (corresponding GFA attributable to Vanke's equity holding was approximately 3,030,000 sq m).

In view of the Company's existing projects, the floor area commencing construction for the current year is expected to amount to 16,530,000 sq m, representing an increase of 15.3% from the actual floor area commenced construction achieved in 2012. Since construction of part of the projects acquired in the current year will commence during the year, it is expected that the actual construction area in 2013 will be larger than the above-mentioned plan. The area to be completed in 2013 is expected to amount to 12,900,000 sq m, up by 31.7% from the actual completed area in 2012.

The Group's planned projects in 2013 are as follows:

Unit: sq m

Project	Location	Equity interest	Site area	Planned GFA	Planned area of newly commenced construction in 2013	Planned completed area in 2013	Land bank at the end of the year
Guangshen region							
Vanke Centre, Shenzhen	Yantian	100%	61,730	80,201	-	-	-
Vega Villa, Shenzhen	Yantian	100%	253,990	25,040	10,429	-	10,429
Yihaicheng, Shenzhen	Yantian	50%	137,250	354,695	65,000	120,000	166,398
Antuoshan Project, Shenzhen	Nanshan	100%	48,804	219,967	-	-	219,967
Respecte Chateau, Shenzhen	Baoan	100%	65,364	165,648	-	40,073	-
Ravine Village, Shenzhen	Baoan	60%	158,639	47,270	-	-	47,270
Philippe Castle, Shenzhen	Baoan	100%	77,265	262,793	-	62,822	39,900
Golden Paradise, Shenzhen	Pingshan New District	100%	104,801	323,624	-	128,870	-
The Village, Shenzhen	Longgang	100%	421,916	595,982	-	71,238	-
Tianyu, Shenzhen	Longgang	100%	62,575	352,464	-	95,094	257,370
Qianlin Shanju, Shenzhen	Longgang	100%	198,597	380,547	-	56,270	-
Home, Shenzhen	Longgang	100%	31,337	155,951	-	64,769	-
Phase III Home, Shenzhen	Longgang	50%	43,727	176,535	112,978	-	112,978
Shuijing (水径) Project, Buji, Shenzhen	Longgang	60%	164,989	456,405	62,124	20,117	436,288
Park Avenue, Shenzhen	Longgang	65%	45,794	238,203	-	-	-
Langqi Project, Shenzhen	Longgang	100%	41,487	22,380	22,380	-	22,380

Dajia Island, Shenzhen	Huizhou	100%	364,450	93,340	-	-	93,340
Lunas Del Mar, Huizhou	Huidong	67%	704,223	1,068,191	207,236	157,292	825,508
Jinyu Huating, Huizhou	Huicheng	100%	151,298	313,678	-	85,453	-
Watercity, Dongguan	Tangxia, Town	51%	596,786	414,759	55,000	15,640	220,442
Golden City, Dongguan	Tangxia, Town	40%	32,002	96,006	96,006	-	96,006
Wonderland, Dongguan	Tangxia, Town	70%	51,263	92,273	92,273	-	92,273
Spring Dew Mansion, Dongguan	Tangxia, Town	51%	128,144	256,129	-	18,777	-
Jinyu Songhu, Dongguan	Songshan	51%	136,151	381,000	-	129,044	-
Hongxinuoya, Dongguan	Songshan Lake	100%	349,951	267,450	-	49,589	-
Songshan Lake Centre, Dongguan	Songshan	34%	95,506	73,872	-	23,509	-
Songshan Lake Centre II, Dongguan	Songshan	25%	30,084	30,084	11,219	-	11,219
Vanke Building, Dongguan	Nanchang	100%	4,771	42,937	-	-	-
King Metropolis, Dongguan	Nanchang	51%	189,934	493,827	-	41,473	-
Feilishan (翡丽山), Dongguan	Nanchang	50%	249,534	374,302	24,196	-	218,833
Xiangshu Lishe, Dongguan	Nanchang	51%	43,851	109,626	109,626	-	109,626
Zitai (紫台), Dongguan	Humen Town	100%	60,570	151,426	-	68,628	-
Golden Milestone (金色里程), Dongguan	Humen Town	100%	17,374	69,495	69,495	-	69,495
Chang'an Vanke Centre, Dongguan	Chang'an Town	100%	75,653	249,654	101,196	29,195	101,196
Jinyu International, Dongguan	Houjie Town	100%	88,788	257,486	-	67,015	-
Houjie Plaza, Dongguan	Houjie Town	67%	32,002	113,856	113,856	-	113,856
Changping Dream Town, , Dongguan	Changping	100%	635,971	442,460	-	70,170	-
Luhu (麓湖) Dongguan	Dalingshan	100%	146,674	117,341	-	35,862	-
The Paradiso, Guangzhou	Baiyun	50%	144,657	433,584	-	122,296	-
Land Lot AB2911022, Baiyun New Town	Baiyun	100%	24,052	92,130	-	-	92,130
Jinyu Huating, Guangzhou	Haizhu	100%	9,117	85,682	-	-	-
Jiangyan Road Project, Guangzhou	Haizhu	68%	16,831	52,765	35,911	-	52,765
Le Bonheur, Guangzhou	Liwan	100%	38,111	135,689	-	28,597	-
Vanke Fuqian Garden, Guangzhou	Nansha	95%	134,760	269,520	-	200,819	-
Racho Santa Fe, Guangzhou	Huadu	49%	210,252	126,172	-	21,912	-
Donghui Garden, Guangzhou	Luogang	55%	177,588	443,970	116,543	93,558	213,120
Donghui Garden (expanding), Guangzhou	Luogang	33%	109,748	274,370	-	-	-
Project SDK-D-3, East Side, Zhonghai, Luogang, Guangzhou	Luogang	100%	115,671	289,178	109,487	-	289,178
Jinse Yuefu, Guangzhou	Huangpu	100%	24,056	63,591	-	63,591	-
Lot AT030548, Gaotang, Software Park, Tianhe, Guangzhou	Tianhe	100%	30,995	82,962	82,962	-	82,962
Xinguang City Garden, Guangzhou	Panyu	100%	364,651	570,743	-	55,124	272,910
Dream Town, Qingyuan	Qingyuan	100%	726,374	1,430,375	32,590	133,440	799,609
Vanke Huaifu (万科华府), Qingyuan	Qingyuan	100%	79,164	312,820	77,719	50,675	77,719
The Paradiso, Foshan	Nanhai	55%	221,035	574,690	66,283	74,676	66,283

Jinse Xigu Huayuan (金色溪谷花园), Foshan	Nanhai	49%	66,533	81,080	-	45,985	-
King Metropolis, Foshan	Nanhai	100%	75,916	184,607	-	-	-
A14 Project, Foshan	Nanhai	50%	47,254	354,404	96,200	-	354,404
Binfen Siji (缤纷四季), Foshan	Shunde	100%	156,840	429,527	-	79,040	-
Crystal City, Foshan	Shunde	49%	284,036	710,092	143,035	71,062	313,355
Qinyuan (沁园), Foshan	Shunde	100%	80,571	241,712	-	33,814	-
Tianaowan Project, Foshan	Shunde	50%	30,382	75,954	-	56,552	20,904
F06 Project, Foshan	Shunde	50%	113,224	452,880	125,280	-	452,880
Vanke Plaza, Foshan	Chancheng	88%	114,429	555,819	379,611	-	409,032
The Dream Town, Foshan	Chancheng	100%	337,544	776,350	190,000	24,397	396,281
Jinyu International, Foshan	Chancheng	51%	89,000	373,820	162,258	52,710	290,117
Zhubin Garden (珠宾花园), Zhuhai	Xiangzhou	100%	109,917	146,497	-	20,793	-
Jinyu Gangwan (金域港湾), Zhuhai	Xiangzhou	50%	78,000	196,358	56,032	-	196,358
Glamorous City, Zhuhai	Doumen	100%	137,061	274,122	-	-	101,271
City Garden, Zhuhai	Jinwan	51%	63,233	189,621	-	51,329	-
Jinyue Huating (金悦华庭), Zhongshan	Tanzhou Town	100%	32,103	127,789	-	94,035	-
City Views, Zhongshan	Southern	100%	338,516	523,177	-	-	-
Spring Dew Mansion, Zhongshan	Eastern	100%	76,387	175,133	-	75,041	-
Golden Home (金色家园), Zhongshan	Dongfeng Town	100%	255,623	789,453	181,471	107,682	647,840
Le Bonheur, Zhongshan	Huoju	65%	251,900	488,889	98,302	-	488,889
Heart of Lake, Xiamen	Huli	100%	95,098	199,710	22,055	36,075	129,428
Joying Gold, Xiamen	Xiang'an	100%	54,441	109,000	-	-	-
King Metropolis, Xiamen	Jimei	100%	102,427	446,842	-	84,581	73,646
Vanke Plaza, Xiamen	Jimei	100%	137,934	710,000	149,655	-	510,000
Haicang Dream Town, Xiamen	Haicang	40%	189,752	517,690	150,702	-	317,195
Jinyu Rongjun (金域榕郡), Fuzhou	Jinan	100%	166,736	381,589	59,198	54,620	59,198
King Metropolis, Fuzhou	Cangshan	100%	16,168	37,614	-	-	-
Yongtai Dream Town, Fuzhou	Yongtai	51%	392,000	556,032	111,000	-	527,184
Vanke Plaza, Fuzhou	Taijiang	100%	93,359	439,213	124,381	249,976	124,381
Jinyu Garden (金域花园), Fuzhou	Taijiang	60%	25,397	130,795	-	-	-
Dream Town, Putian	Licheng	80%	250,708	528,566	203,224	110,342	203,224
King Metropolis, Changsha	Yuhua	60%	238,066	512,778	-	94,078	-
Project Gaozheng, Changsha	Yuhua	60%	40,360	169,469	169,469	-	169,469
The Paradiso, Changsha	Furong	100%	120,208	352,083	105,460	-	249,127
City Garden, Changsha	Yuelu	100%	39,339	138,032	-	30,910	-
Golden Paradise, Changsha	Yuelu	78%	43,737	129,065	129,065	-	129,065
Jinyu Binjiang, Changsha	Yuelu	58%	58,287	200,892	200,892	-	200,892
Heron Hill, Changsha	Yuelu	100%	100,351	291,401	43,332	-	291,401
Dream Town, Changsha	Kaifu	70%	204,010	472,187	30,600	102,221	30,600
Zitai, Changsha	Tianxin	70%	108,162	266,296	12,533	-	171,766
Sanya Forest Holiday Park	Sanya	65%	942,745	470,814	21,340	84,277	320,510
Gaozhiyuan Project, Sanya	Sanya	65%	387,807	349,026	26,086	-	279,841
Vanke Lakeside Holiday Park, Sanya	Sanya	80%	260,293	301,650	-	-	225,214
Guangshen region subtotal			15,336,161	29,463,166	4,665,690	3,855,108	12,894,922

Shanghai Region							
Qinglinjing, Shanghai	Pudong New District	100%	99,209	148,814	-	-	-
Wujiefang, Shanghai	Pudong New District	100%	121,463	126,887	-	79,113	-
Haishang Chuanqi (海上传奇), Shanghai	Pudong New District	60%	140,981	260,883	89,625	83,780	177,103
Golden City, Shanghai	Pudong New District	60%	264,646	549,046	160,533	-	197,191
Tongshan Street Project, Shanghai	Pudong New District	75%	58,550	182,230	-	-	129,919
Bingjiang Project, Shanghai	Pudong New District	100%	38,753	103,132	103,132	-	103,132
53#, Qibao, Shanghai	Minhang	100%	49,294	126,869	126,869	-	126,869
New City Garden, Shanghai	Minhang	51%	287,741	334,669	-	54,120	93,701
Firenze, Shanghai	Minhang	49%	304,830	199,071	-	42,464	-
Southern portion of Land Lot No. 03, Phase 1 of Core Area, Shanghai Hongqiao Business District	Minhang	50%	32,170	110,462	-	-	-
Project No. 11, Shanghai Hongqiao	Minhang	61%	112,864	177,885	108,183	-	177,885
Jinse Huatin, Shanghai	Songjiang	33%	67,932	108,137	-	57,983	-
Sheshan Longyuan(佘山珑原), Shanghai	Songjiang	45%	130,970	102,060	34,076	26,780	75,279
14# Songjiang Business District, Shanghai	Songjiang	60%	57,734	145,234	145,234	-	145,234
Castle Tudor, Shanghai	Baoshan	100%	231,753	241,169	-	-	-
Respecte Chateau (金色领域), Shanghai	Jiading	50%	90,013	180,026	82,561	73,946	82,561
Shangyuan(尚源), Shanghai	Qingpu	49%	116,524	142,858	-	35,255	-
Shanghai Nanzhan Business District Land	Xuhui	51%	108,010	493,447	58,612	-	493,447
The Paradiso, Nantong	Gangzha	55%	99,910	218,650	-	67,147	-
Land Lot at Rengang Road, Nantong	Chongchuan	100%	43,217	99,000	99,000	-	99,000
Golden Paradise, Jiaxing	Xinzhou New District	100%	85,286	137,495	-	133,174	-
Golden Dream, Jiaxing	Xinzhou New District	100%	80,987	144,699	51,961	-	74,938
Anpin Street Project, Nanjing	Baixia	100%	27,325	20,340	-	-	20,340
The Paradiso, Nanjing	Jiangning	100%	272,298	545,280	137,105	118,237	181,610
Respecte Chateau (金色领域), Nanjing	Qixia	100%	91,751	201,828	-	65,768	-
Golden Hill, Nanjing	Pukou District	100%	62,291	98,692	44,082	-	44,082
Land Lot 4, Eastern of Nanjing Nan Zhan	Yuhuatai	100%	76,336	182,380	129,366	-	182,380
Glamorous City, Zhenjiang	Runzhou	100%	795,100	942,820	52,380	75,730	408,031
Blue Mountain, Zhenjiang	Runzhou	60%	285,683	416,285	21,240	35,634	323,380
Nimble Bay, Suzhou	Industrial District	70%	384,042	835,281	36,397	80,867	36,397
Golden Paradise, Suzhou	Industrial District	92%	47,177	117,936	-	54,343	-
Bai Tang Park, Suzhou	Industrial District	100%	104,486	179,075	60,000	-	179,075

Vanke New Metropolis (万科新都会), Suzhou	New District	55%	89,098	83,220	27,156	38,876	27,156
Golden Milestone Project, Suzhou	Jinchang	49%	99,093	247,732	60,646	87,139	109,467
Dream Town, Suzhou	Wuzhong District	55%	144,535	361,338	85,248	29,625	295,656
Pingjiang New City Project, Suzhou	Gusu	100%	80,948	189,677	90,000	-	189,677
Golf Project, Kunshan	Bacheng Town	100%	433,916	240,701	5,000		232,086
Huaqiao Project, Kunshan	Kunshan	60%	179,000	447,600	150,000	-	447,600
Glamorous City, Wuxi	Binhu	60%	960,000	1,346,963	100,953	66,463	215,662
The Paradiso, Wuxi	Binhu	100%	154,468	386,170	53,177	-	198,920
Xincheng Road, Wuxi	Binhu	100%	154,119	385,299	60,537	36,709	210,535
Golden Paradise, Wuxi	New District	100%	224,376	620,713	77,168	113,977	298,168
Dream Town, Yangzhou	Hanjiang District	65%	297,139	313,970	60,280	98,797	101,773
Project F, Western District New Town, Yangzhou	Hanjiang District	65%	59,835	130,067	130,067	-	130,067
Dream Town, Xuzhou	Jiuli	100%	396,349	713,428	263,000	-	713,428
Land Lot GHI, Huaixi Project, Xuzhou	Quanshan	85%	90,639	305,617	305,617	-	305,617
Liangzhu New Town, Hangzhou	Yuhang	100%	3,108,146	2,368,153	143,694	105,436	1,174,233
Project Gouzhuang, Hangzhou	Yuhang	50%	115,683	293,835	133,226	-	293,835
West Spring Butterfly Garden, Hangzhou	Xihu	51%	155,838	354,038	-	-	-
No 58, Jiangcun Project, Hangzhou	Xihu	51%	75,998	151,996	151,996	-	151,996
No 59, Jiangcun Project, Hangzhou	Xihu	100%	30,403	60,806	-	-	60,806
Gongwang (公望), Hangzhou	Fuyang	100%	517,900	208,981	-		121,026
Junwang A+D, Hangzhou	Fuyang	20%	129,874	164,845	24,220	-	164,845
Junwang B+C, Hangzhou	Fuyang	20%	138,233	152,231	-	-	152,231
Caozhuang, Hangzhou	Jianggan	100%	37,178	86,938	-	-	52,644
Jinse Caozhuang (金色草庄), Hangzhou	Jianggan	50%	68,564	150,841	150,841	-	150,841
Project Pufu, Hangzhou	Jianggan	100%	46,069	110,566	110,566	-	110,566
Project Puyan, Hangzhou	Binjiang	60%	66,521	166,303	166,303	-	166,303
Yunluwan (云鹭湾), Ningbo	Jiangbei	100%	314,200	394,764	58,600	-	213,424
Golden City, Ningbo	Yinzhou	100%	95,242	171,425	-	92,824	-
Jinyu International, Ningbo	Yinzhou	55%	41,080	73,940	-	-	-
Dream Town, Ningbo	Zhenhai	49%	226,777	491,525	94,079	138,266	230,402
Project Rongjia, Ningbo	Jiangdong	100%	66,833	133,666	133,666	-	133,666
Longwan Project, Wenzhou	Longwan	60%	125,219	178,298	-	89,612	-
Golden Mingjun, Hefei	Shushan	50%	107,326	401,670	-	123,563	-
King Metropolis, Hefei	Shushan	50%	115,628	412,101	84,740	106,601	208,991
Blue Mountain Garden, Hefei	Binhu	55%	165,584	463,635	59,433	-	355,290
Dream Town, Hefei	Binhu	55%	107,220	375,272	32,749	79,231	182,972
Forest Park Project, Hefei	Luyang	100%	516,459	1,394,439	210,000	-	1,394,439
Dream Town, Wuhu	Jiujiang	100%	274,404	493,926	106,752	145,368	237,518
Qingshan Lake, Nanchang	Qingshan Lake	50%	97,061	133,693	-	55,265	-
Qingshan Lake North Avenue Project, Nanchang	Qingshan Lake	50%	16,888	50,381	-	-	-
Dew Garden (润园), Nanchang	Qingyunpu	50%	97,109	144,011	-	83,345	-
The Paradiso, Nanchang	Xihu	50%	21,818	75,338	-	75,338	-
Dream Town, Nanchang	Gaoxin	33%	299,845	417,362	263,060		348,880

						69,495	
Shanghai region subtotal			15,311,941	23,720,114	4,933,130	2,720,271	12,732,274
Beijing region							
Ruyuan C3, Beijing	Haidian	50%	33,745	74,239		43,213	
Ruyuan C1, Beijing	Haidian	50%	104,899	178,275	20,000		178,275
No. 5 Park Front Boutique Apartment, Beijing	Chaoyang	60%	37,917	97,044			
Blue Mountain, Beijing	Chaoyang	100%	55,885	128,190		16,136	
The Metropolis (大都会), Beijing	Chaoyang	100%	5,329	42,556		29,999	
Changyang Bandao, Beijing	Fangshan	50%	437,179	853,165	59,610	153,683	256,093
Yunwan Jiayuan, Beijing	Fangshan	50%	61,567	157,992		72,100	
Xingfuhui (幸福汇), Beijing	Fangshan	68%	71,912	137,808		21,288	75,482
New Milestone, Beijing	Fangshan	20%	77,834	146,002	26,500	59,787	86,359
Golden Paradise, Beijing	Fangshan	40%	65,967	145,195	30,667		58,439
Jinyu Vanke City, Beijing	Changping	49%	178,908	485,234		22,116	10,800
King Metropolis, Beijing	Changping	50%	206,007	577,188	42,000	38,401	280,381
Holiday Views, Beijing	Fengtai	50%	224,289	413,304			
Hongshi Jiayuan (红狮家园), Beijing	Fengtai	100%	59,800	184,502		38,493	
Vanke Lan (万科蓝), Beijing	Fengtai	100%	14,449	36,084			
Xihuaifu, Beijing	Fengtai	50%	233,209	629,170	48,000		376,014
Spring Dew Mansion, Beijing	Daxing	50%	67,650	173,215	51,423	51,423	119,021
Jinyu Dongjun, Beijing	Daxing	50%	57,826	144,525	39,924		144,525
Vanke Cheng, Beijing (万科橙)	Daxing	50%	103,116	155,206	50,000		155,206
Huanqingcheng, Langfang	Langfang	50%	130,045	169,587			169,587
Stratford, Tangshan	Lunan	100%	153,527	96,661			
Stratford South(红郡南), Tangshan	Lunan	100%	47,007	47,621	47,621		47,621
King Metropolis, Tangshan	Lubei	60%	78,977	166,159		98,351	
The Paradiso, Tangshan	Lubei	40%	26,329	63,825			
Holiday Views (假日风景) Qinghuangdao	Haigang	80%	270,549	642,357		106,509	400,559
Land lot Beidaihe Yanggezhuang, Qinhuangdao	Beidaihe	50%	238,561	279,248	55,000		279,248
Waterfront, Tianjin	Dongli	100%	2,708,886	1,763,059	28,571	47,000	765,467
A Glamorous City, Tianjin	Dongli	100%	176,773	258,579		30,522	
New Milestone, Tianjin	Dongli	51%	136,524	206,863		80,389	
Jinse Yazhu (金色雅筑), Tianjin	Dongli	49%	90,792	173,987		20,853	
King Metropolis, Tianjin	Dongli	51%	221,217	357,220	130,151		321,537
Holiday Dew Garden, Tianjin	Xiqing	100%	229,201	343,101	13,885	134,044	13,885
Jin'ao International, Tianjin	Xiqing	100%	58,577	160,080		71,234	
Binhai Modern, Tianjin	Development District	100%	6,538	43,473			
Park Residence, Tianjin	Development District	60%	32,270	48,709			
Harbor (海港城), Tianjin	Binhai New District	51%	149,483	372,910	60,936	53,876	116,221
Jinlu (锦庐), Tianjin	Binhai New District	95%	90,604	126,600	43,284		64,284
East Coast, Tianjin	Binhai New District	51%	255,311	382,929			359,772
Jinyu International, Tianjin	Binhai New District	51%	108,389	190,144	12,936		141,506
Shilinyuan (仕林苑), Tianjin	Jinnan	40%	63,582	114,474		26,788	

Dream Town, Shenyang	Heping	49%	361,320	868,373		59,706	
Rotterdam , Shenyang	Heping	100%	120,333	360,999	26,686	81,203	219,259
A Glamorous City, Shenyang	Yuhong	100%	156,817	297,026			
Xianghushengjing (香湖胜景) North, Shenyang	Yuhong	49%	190,200	342,360	31,010	82,603	202,345
Xianghushengjing (香湖胜景) South, Shenyang	Yuhong	51%	135,464	304,520			295,704
Park Avenue, Shenyang	Yuhong	75%	169,774	407,374	82,963		407,374
The Paradiso, Shenyang	Hunnan New District	100%	226,356	615,688	63,966	103,829	136,454
Shenyang Tomorrow City	Hunnan New District	65%	199,319	597,957	59,645	65,358	331,798
Park Residence, Shenyang	Shenhe	55%	83,229	290,681		14,691	91,829
Chunheli, Shenyang	Shenhe	79%	81,378	431,232	21,560	20,545	251,516
Whistler (惠斯勒小镇), Shenyang	Dongling	70%	285,599	286,141		42,579	197,765
Vanke Blue Mountain , Shenyang	Dadong	60%	78,367	235,102		102,328	
Spring Dew Mansion (Long Mansion), Shenyang	Tiexi	70%	66,547	178,598		85,420	
Spring Dew Mansion (Run Mansion) , Shenyang	Tiexi	100%	60,292	150,315		109,286	95,049
The Paradiso, Fushun	Development District	100%	226,529	739,519		105,982	589,098
Vanke Jinyu International, Fushan	Shuncheng	100%	72,560	316,582	109,774		316,582
Yinkou Habor(营口海港城), Shenyang	Bayuquan	100%	138,990	319,677	22,145		252,213
Whistler Town, Anshan	Tiedong	100%	422,171	713,400	60,226	72,257	449,906
Dream Town, Anshan	Gaoxin	100%	167,664	375,002		109,287	58,189
Jinyu Internationl, Anshan	Tiexi	51%	225,715	677,000			610,244
Ravine Village, Dalian	Ganjingzi	100%	363,716	380,922		33,015	
A Glamorous City, Dalian	Ganjingzi	100%	218,498	443,186		73,561	
Spring Dew Mansion., Dalian	Ganjingzi	100%	118,506	223,512	59,884		59,884
Xishan Project, Dalian	Ganjingzi	55%	90,404	90,988	49,624		49,624
Habor, Dalian	Puwan New District	55%	747,224	1,253,300	40,000	101,717	975,325
Cherry Blossom Garden, Dalian	High-Tech Industrial Zone	61%	192,248	356,034	40,000	30,655	234,189
Vanke City, Dalian	Jinzhou	100%	268,583	681,200	140,000		681,200
Blue Mountain, Changchun	Erdao	100%	228,670	501,678	80,000	126,408	135,851
Whistler (惠斯勒), Changchun	Jingyue	50%	399,715	484,714	98,233	28,449	294,017
Dream Town, Changchun	Jingyue	51%	350,965	1,041,375	95,613	120,513	860,598
Park Residence, Changchun	Chaoyang	100%	267,981	503,349	29,000	96,129	230,959
Sulpture Park Project, Changchun	Nanguan	100%	121,109	343,058	147,715		343,058
Dream Town, Jinlin	Gaoxin	65%	728,139	2,142,910	124,700	185,498	1,470,130
Songhua Lake Project, Jinlin	Fengman	100%	531,598	681,890			681,890
Wonderland, Qingdao	Jimo	55%	153,284	240,507			
A Glamorous City, Qingdao	Chengyang	80%	200,289	341,463			
City Garden, Qingdao	Chengyang	80%	130,873	228,966		48,904	
Xingyang Road Project, Qingdao	Chengyang	51%	258,675	433,177	317,348		433,177
Chunyang Road Project, Qingdao	Chengyang	51%	86,493	177,966	177,966		177,966
Aureate City, Qingdao	Sifang	100%	61,873	174,157			

Fuzhou Road Vanke Centre, Qingdao	Sifang	100%	38,775	124,751	124,751		124,751
Shandong Road Vanke Centre, Qingdao	Sifang	70%	18,646	70,856	70,856		70,856
Dream Town, Qingdao	Sifang	55%	154,607	399,565	92,166	115,555	92,166
Blue Mountain, Qingdao	Shibei District	100%	68,153	204,189	17,778	69,503	17,778
Qingdao Vanke Ecological Town	Licang	100%	141,346	260,784		151,248	
Qingdao Town	Jiaonan	34%	933,293	989,125	65,115	76,971	804,621
Qingdao Dongjun	Jimo	55%	112,344	279,451	116,474		116,474
Pingdu Dream Town, Qingdao	Pingdu	51%	59,308	198,807	87,364		122,933
Pingdu New City Project, Qingdao	Pingdu	51%	75,701	136,900	136,900		136,900
Haiyuntai, Yantai	Zhifu	100%	311,614	444,065		47,545	246,055
Holiday Views, Yantai	Fushan	70%	190,281	361,220		77,434	141,644
Holiday Dew Garden, Yantai	Fushan	70%	65,733	152,466			
Jiyu International(金域国际), Jinan	Gaoxin	63%	38,164	118,741	16,107		16,107
Jinyu Internationl, Taiyuan	Wanbolin	100%	49,407	169,679		169,679	
Blue Mountain, Taiyuan	Wanbolin	51%	198,392	687,671	253,091		594,575
Zitai, Taiyuan	Yingze	51%	95,687	331,236	74,471	136,224	85,072
Spring Dew Mansion, Jinzhong	Yuci	51%	218,143	482,246	108,553	104,824	109,356
Beijing region subtotal			19,127,691	35,410,130	3,802,994	4,064,913	18,501,027
Chengdu region							
A Glamorous City, Chengdu	Chenghua	60%	308,501	761,258	-	81,226	-
Vanke Diamond Plaza, Chengdu	Chenghua	85%	15,404	92,422	-	-	-
Vanke Huamao Plaza, Chengdu	Chenghua	51%	29,720	207,600	29,720	-	207,600
Jinyu Xiling (金域西岭), Chengdu	Jinniu	60%	79,331	361,100	-	61,576	-
Golden Domain, Chengdu	Qingyang	100%	49,628	244,459	-	121,243	-
Jinrun Huafu, Chengdu	Jingjiang	100%	52,895	267,928	-	120,076	-
Golden Hairong, Chengdu	Wuhou	49%	54,970	234,125	-	-	-
Haiyue Huicheng, Chengdu	Shuangliu	90%	104,307	521,698	-	130,800	-
Wulong Mountain Garden, Chengdu	Xindu	100%	345,168	356,503	35,820	93,723	35,820
Project Mu 72, Dayuan Chengdu	Gaoxin	100%	48,345	145,034	85,714	-	145,034
Project Mu 131, Gaoxin, Chengdu	Gaoxin	100%	87,822	263,464	38,371	-	263,464
Mu 107, Longquan Damian, Chengdu	Longquanyi	100%	72,102	288,410	86,337	-	288,410
Mu 71, Longquan Shiling, Chengdu	Longquanyi	100%	47,245	141,642	85,906	-	141,642
Jinrun Huafu, Nanchong	Nanchong	60%	182,012	518,004	50,000	-	413,122
Golf City Garden, Wuhan	Dongxihu	49%	237,660	393,858	-	-	-
King Metropolis, Wuhan	Wuchang	100%	59,790	191,300	-	38,627	-
Hanyang International, Wuhan	Hanyang	70%	166,817	568,974	158,119	78,826	295,574
Dream Town, Wuhan	Jiangnan	100%	65,901	299,337	-	115,391	-
Stratford, Wuhan	East Lake High-Tech Development Zone	100%	230,894	349,607	-	155,079	-
The Paradiso, Wuhan	Economic and Technological Development	100%	213,440	533,600	220,530	86,598	246,384

	t Zone						
Golden City, Wuhan	Hongshan	100%	274,100	896,484	-	243,450	200,540
Changzheng Village Project, Wuhan	Hongshan	100%	282,235	871,721	160,000	-	871,721
Huashan Ecological Town, Wuhan	Hongshan	50%	199,705	299,557	50,000	-	299,557
Youcheng Ecological Garden (友诚生态名苑), Chongqing	Yubei	51%	229,581	344,372	-	34,363	-
Wonder Town (缙香郡), Chongqing	Northern New District	100%	41,448	145,067	-	-	-
Palace of Pleasure (悦府), Chongqing	Northern New District	100%	137,996	376,737	-	111,409	-
Dream Town, Chongqing	Northern New District	55%	278,167	647,378	158,653	-	354,743
Jincheng (锦程), Chongqing	Yuzhong	100%	105,406	533,486	-	192,767	-
Yuewan, Chongqing	Jiangbei	45%	435,499	649,158	165,174	73,609	566,459
Fengmingshan Project, Chongqing	Shapingbei	80%	175,000	700,000	316,454	-	700,000
Xijiao Hospital Project, Chongqing	Jiulongpo	50%	26,515	145,688	69,481	-	145,688
Jinyu Qujiang (金域曲江), Xi'an	Qujiang New District	55%	152,667	385,408	-	89,915	-
Dream Town, Xi'an	Chang'an	85%	176,056	614,377	101,304	144,489	101,304
Landlot No. 3, Dream Town, Xi'an	Chang'an	60%	113,231	352,803	93,560	-	198,620
Dream Town 8#, Xi'an	Chang'an	100%	172,700	504,800	100,000	-	504,800
King Metropolis, Xi'an	Weiyang	51%	106,667	373,034	198,421	-	210,568
Daminggong Project, Xi'an.	Weiyang	70%	69,052	221,603	38,060	-	155,063
Joying Gold, Xi'an	Chengxi	80%	193,594	664,643	140,713	-	540,713
King Metropolis, Guiyang	Xiaohe	51%	351,800	581,217	32,000	-	261,048
Metropolis(大都会), Guiyang	Xiaohe	51%	181,235	761,187	68,920	-	717,289
Nimble Bay, Guiyang	Yunyan	100%	90,456	201,012	28,544	-	128,778
Vanke Joy City(悦城), Guiyang	Yunyan	51%	85,341	262,728	64,129	-	191,103
Dream Town, Guiyang	Yunyan	70%	348,117	910,910	244,064	-	910,910
Golden Paradise, Kunming	Panlong	100%	104,724	274,641	-	-	-
Dew Garden (润园), Baisha, Kunming	Panlong	100%	192,104	247,394	125,424	118,585	125,424
Yunshangcheng, Kunming	Wuhua	23%	34,293	177,468	-	-	-
Respecte Chateau (金色领域), Kunming	Gaoxin	67%	105,484	423,175	74,693	36,552	196,465
King Metropolis, Urumqi	New District	82%	45,934	144,366	-	131,604	-
Nanshan Villa, Urumqi	Urumqi County	100%	32,760	14,900	-	-	14,900
Jinyu International, Urumqi	Shayibake	100%	24,149	59,764	59,764	-	59,764
Golden Paradise, Urumqi	Shayibake	100%	20,047	50,032	50,032	-	50,032
Chengdu region subtotal			7,238,015	19,575,433	3,129,907	2,259,908	9,542,539
Total			57,013,808	108,168,843	16,531,721	12,900,200	53,670,762

Special Remarks on Risk Factors:

The schedule for the commencement and completion of the above-mentioned projects may be adjusted due to the following factors:

- There may be changes in the macro economic condition and the property market or changes in the sale of an individual project;
- Approval requirements may be tightened by new rules and regulations such that the progress of application for permits will be slowed down, thereby affecting the schedule of project development;

- c) Progress in demolition and resettlement of related projects may affect the development schedule;
d) Significant changes in weather conditions may affect the progress of project development, which in turn affect the schedule for completion;
e) Impact of other unpredictable significant events on the construction progress of projects.

7. Fair value measurement and holding of financial assets and financial liabilities in foreign currency

Fair value measurement:

Unit: RMB'000

Item	Balance at the beginning of the year	Gain/loss from changes in fair value during the year under review	Accumulated changes of fair value recognised in equity	Provision for diminution in value during the year under review	Disposal during the year under review	Balance at the end of the year under review
Financial assets						
Including: 1. Financial assets measured at fair value, and changes of which are recorded in profit and loss during the period	-	-	-	-		-
Including: Derivative financial assets	-	-	-	-		-
2. Available-for-sale financial assets	441,261.6	-	-	-	(436,498.0)	4,763.6
Sub-total of financial assets	441,261.6	-	-	-	(436,498.0)	4,763.6
Financial liabilities	17,041.8	8,719.2	-	-	-	25,761.0
Investment properties	-	-	-	-	-	-
Productive biological assets	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	(8,719.2)	-	-	(436,498.0)	-

Financial assets and financial liabilities in foreign currency

Unit: RMB'000

Item	Balance at the beginning of the year	Gain/loss from changes in fair value during the year under review	Accumulated changes of fair value recognised in equity	Provision for diminution in value during the year under review	Disposal during the year under review	Balance at the end of the year under review
Financial assets						
Including: 1. Financial assets measured at fair value, and changes of which are recorded in profit and loss during the period	-	-	-	-	-	-
Including: Derivative financial assets	-	-	-	-	-	-
2. Loans and accounts receivables	-	-	-	-	-	-
3. Available-for-sale financial assets	-	-	-	-	-	-
4. Held-to-maturity investment	-	-	-	-	-	-
Sub-total of financial assets		-	-	-	-	-
Financial liabilities	17,041.8	8,719.2	-	-	-	25,761.0

Most of the items of the above-mentioned companies measured at fair value are legal person shares that have been

held by the Company over the years. Their value was insignificant and they are being gradually disposed of. With respect to certain items, the Company refers to the control procedures for major investment projects: the Company's management reviewed and approved, within the scope of authority as conferred by the Board, the relevant items after they have been reviewed by the specialised departments with due diligence.

8. Specialised Committees' Performance of Duties

The audit committee, the remuneration and nomination committee, as well as the investment and decision-making committee, had dutifully performed their duties, in accordance with the "Code of corporate governance for listed companies", "Articles of Association", and "Rules Governing the Procedures of Board Meetings" and the responsibilities and obligations as stipulated in the implementation details of the different specialised committees.

A. Audit committee's performance of duties

During the year under review, the audit committee held six audit committee meetings and communication meetings. The audit committee considered the following issues: the arrangement of audit duties, the periodical financial reports, proposal on profit appropriation, the appointment of audit firm, execution of standardization of internal control, guarantees, election of convenor, etc. The audit committee also communicated with the auditors on several occasions.

The audit committee actively facilitated the audit process in 2012. Since the end of the year under review, the audit committee held two more work-related meetings and communication meetings, supervised the auditors to strictly follow the audit schedule, reviewed the financial statements and provided feedback. It also resolved on the appointment of auditors, internal control self-assessment report, and dividend distribution.

The audit committee concluded the audit performed by KPMG Huazhen Certified Public Accountants in 2012 as follows:

I. Preparation before auditing

i. Determination of audit schedule

The audit for 2012 took seven months to complete, starting from internal control auditing, which commenced at the beginning of August 2012. Details of the work schedule are as follows:

- 1) August to September 2012: Internal control audit. KPMG selected certain key subsidiaries and newly established companies according to the Group's internal control guidelines to conduct internal control audit.;
- 2) November to December 2012: Pre-audit. KPMG selected key cities to perform pre-audit according to the level of importance and new projects acquired in 2012;
- 3) 13 January 2013: KPMG started to perform their annual audit in Vanke's office. On 21 February, the first draft of the 2012 Auditor's Report was presented to the audit committee for review; and the Auditor's Report was presented on 26 February.

ii. Review of not-yet audited financial statements

Before the auditors came in, the audit committee had reviewed, with due diligence, the financial statements prepared by the Company and provided their opinions in writing.

II. Audit process

Starting from 13 January 2013, KPMG sent five different teams (for Guangshen Region, Shanghai Region, Beijing Region, Chengdu Region and the Group as a whole) to perform audit for the Company's headquarters and its subsidiaries.

During the auditing process, the audit committee supervised in writing and requested KPMG to arrange its audit work according to the audit work schedule, in order to ensure that the audit completed on time.

On 21 February 2013, KPMG submitted to the audit committee the 2012 Auditors' Report and Internal Control Audit Report. On 26 February 2013, the Board meeting approved the reports and the work performed by KPMG for the Company's 2012 audit completed.

III. Audit results

KPMG has issued its unqualified opinion for the 2012 Auditors' Report and Internal Control Audit Report.

The audit committee is of the opinion that the audit performance of KPMG Huazhen Certified Public Accountants on the Company's 2012 financial statements is satisfactory.

The audit committee resolved to propose to the Board for approval of the reappointment of KPMG Huazhen Certified Public Accountants to audit the Company's 2013 financial statements according to the PRC and international accounting standards, and to prepare the internal control audit report according to the requirements of the regulatory bodies.

B. Remuneration and nomination committee's performance of duties

During the year under review, the remuneration and nomination committee held one meeting and a poll via voting by correspondence. The committee had vetted and confirmed the beneficiaries who could exercise their stock options during the first exercise period under the A-share stock option incentive plan, and held discussions on the execution of the Company's bonus proposal and senior management's remuneration. Since 2013, the remuneration and nomination committee held one more meeting and a poll via voting by correspondence, during which a slight adjustment in the Company's bonus proposal was discussed. The committee had maintained regular contact with the management and held several debriefing sessions where the management reported their work.

C. Investment and decision-making committee's performance of duties

During the year under review, the investment and decision-making committee paid close attention to the Board's authorization of project development and financing, and maintained regular contact with the management, thereby having full understanding of the various business activities carried out within the scope of authority granted.

9. Profit Appropriation and Dividend Distribution Proposal

The Company's profit appropriation and dividend distribution was based on the Company's profit available for appropriation. Details on the profit available for appropriation of the Group and the Company in 2012 according to the PRC Accounting Standards for Business Enterprises are as follows:

Unit: RMB

	The Group	The Company
Profit after taxation available for appropriation	30,056,422,494.32	5,644,079,543.48
Include: Net profit for 2012	12,551,182,392.23	5,613,873,212.56
Profit available for appropriation at the beginning of the year	18,934,617,430.43	1,459,583,659.26
Allocation of dividend for 2011	(1,429,377,328.34)	(1,429,377,328.34)

Note: The significant difference between the profit of the Company and the consolidated profit of the Group is attributable to the cost method used for recording investment in subsidiaries after the adoption of "Accounting Standards for Business Enterprises 2006". Moreover, the appropriations made by the subsidiaries' legal persons to statutory surplus reserve according to the Company Law were retained in the subsidiaries, and the subsidiaries' profit for the year has yet to be appropriated to the Company.

According to the relevant rules and requirements of the Company's Articles of Association, and considering shareholders' interests and the Company's development needs in the long run, the Board submitted to the shareholders meeting the following profit appropriation proposal for the year 2012:

1. to appropriate 10 per cent of the net profit of the Company to statutory surplus reserve;
2. to appropriate 50 per cent of the net profit of the Company to discretionary surplus reserve;
3. to appropriate 40 per cent of the net profit of the Company and the unappropriated profit of the previous year for dividend distribution fund;

The allocation of the profit available for appropriation for the year 2012 is as follows:

Unit: RMB

	The Company	As a percentage of the Company's net profit for the year	As a percentage of the Group's consolidated net profit for the year
Net profit of 2012	5,613,873,212.56	100%	44.73%
Transfer to statutory surplus reserve	561,387,321.26	10%	4.47%
Transfer to discretionary surplus reserve	2,806,936,606.29	50%	22.36%
Transfer to 2012 dividend distribution fund	2,245,549,285.01	40%	17.89%
Profit available for appropriation at the beginning of the year	30,206,330.92	0	0
Distribution of cash dividend for 2012*	1,979,199,561.24	35.26%	15.77%
Retained profit for appropriation for the following financial year	296,556,054.69	-	-

*Calculated based on the total number of shares of the Company at the end of 2012

2012 dividend distribution proposal: Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB1.8 (including tax) will be distributed for every 10 existing shares held.

Based on the Company's total number of shares of 10,995,553,118 prior to the publication date of this report, the total amount of cash dividends for distribution for 2012 will be RMB1,979,199,561.24.

The independent directors were of the view that the preparation of the Company's proposals on the profit appropriation and dividend distribution for the year 2012 was in compliance with the Company's Articles of Association and the relevant requirements, and took into account the interests of various types of shareholders. The independent directors unanimously agreed to submit the relevant proposals to the shareholders' meeting for consideration.

The Company's proposal on dividend distribution for the past three years:

Year	Proposal on dividend distribution
2011	Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB1.3 (including tax) would be distributed for every 10 existing shares held.
2010	Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB1.0 (including tax) would be distributed for every 10 existing shares held.
2009	Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB0.7 (including tax) would be distributed for every 10 existing shares held.

The Company's distribution of cash dividends for the past three years:

Unit: RMB

Year	Cash dividend (before tax)	The Company's net profit	The Group's consolidated net profit	As a percentage of the Company's net profit	As a percentage of the Group's consolidated net profit	The Group's consolidated profit available for appropriation for the year
2011	1,429,377,328.34	4,372,887,322.93	9,624,875,268.23	32.69%	14.85%	21,995,638,556.48
2010	1,099,521,021.80	3,083,108,153.24	7,283,127,039.15	35.66%	15.10%	15,321,861,067.94
2009	769,664,715.26	2,874,475,278.28	5,329,737,727.00	26.78%	14.44%	10,964,255,202.76
Accumulated cash dividends in the past 3 years as a percentage to the Group's average consolidated net profits in the past three years					44.50%	

The Company insists on an annual cash dividends distribution policy. In future, the Company will, each year, maintain a stable cash dividend payout ratio of approximately 15% of the Company's consolidated net profit of that year.

10. Selected Media for Disclosure of Information

The Company has chosen China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and an English publication in Hong Kong as media for disclosure of information.

V. Significant Events

1. Material Litigation and Arbitration

During the year under review, the Company did not involve in any material litigation or arbitration.

2. Major Acquisition and Disposal of Assets

During the year under review, the Company did not have any major acquisition or disposal of assets.

3. Major Connected Transactions

In February 2012, pursuant to the authority granted at the Company's 2011 first extraordinary general meeting in relation to the collaboration with China Resources, the Board considered and approved that the Company applied for a trust loan of RMB1 billion, with a 2-year term and a fixed annual interest rate of 10.6% from China Resources SZITIC Trust Co., Ltd. to satisfy the development needs of the Company's Dongguan Zitai Project, Dongguan King Metropolis Project and Anshan Whistler Project. To satisfy the development needs of the Wenzhou Longwan Garden Phase I Project, Nanjing The Paradiso Phase III Project, Hangzhou Liangzhu Heron Hill West Phase I Project and Qinhuangdao Holiday Town Phase III Project, the Company had applied for a trust loan of RMB2 billion, with a 2-year term and a fixed annual interest rate of 10.5% from China Resources SZITIC Trust Co., Ltd.

In May 2012, the Company's 2011 annual general meeting passed the resolution regarding continued cooperation with China Resources, resolving to authorise the Board to determine, within RMB10.59 billion (i.e. not more than 20% of the Company's audited net assets value as at the end of 2011), 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 authorisation is valid for a one-year period.

In December 2012, to satisfy the needs for the development of the Company's Nanjing Paradiso Phase III, Tangshan South Lake Phase II and "Qinyuan" – Sanjiequ Phase I of Zhenjiang Glamorous City, the Company, upon consideration by the Board, applied for a trust loan of RMB1.1 billion, with a 1.5-year term and a fixed annual interest rate of 6.75% from China Resources SZITIC Trust Co., Ltd.

The relevant loans will help facilitate the development of the Company's related projects, and increase the projects' operating efficiency. The costs of the loans have been determined with reference to the prevailing market price and the characteristics of the projects, which were not higher than the costs of securing a trust loan from an independent third party at the time. The relevant decision-making process was in compliance with the relevant regulations, and was in the interest of the listed company and its shareholders as a whole.

Between the end of the year under review and the publication date of this annual report, Shanghai Vanke Investment Management Co., Ltd. ("Shanghai Vanke Investment"), a wholly-owned subsidiary of the Company, transferred 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資合伙企业) ("Huawei Xincheng") to satisfy the development needs of Shanghai Hongqiao Project No. 11. The total consideration of this cooperation is approximately RMB867 million. Both parties will jointly develop Shanghai Hongqiao Project No. 11, and will share the risks and returns of the project. 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. This cooperation can help speed up the development of Shanghai Hongqiao Project No. 11, increase the operating efficiency of the project, and is conducive to enhancing the Company's capital utilization efficiency and returns. The relevant decision-making process was in compliance with the relevant regulations.

The implementation of the cooperation projects with China Resources fully leveraged China Resources' financial strengths and platform, which will help broaden the Company's financing channels, strengthen its ability to avert risk, accelerate its development, enhance return on assets, and create synergies to achieve win-win situations.

4. A-share Stock Option Incentive Scheme

(1) Relevant procedures and progress of the implementation of the A-Share Stock Option Incentive Scheme

After filing and without objection from China Securities Regulatory Commission, the A-Share Stock Option Incentive Scheme of China Vanke Co., Ltd. (Revised Draft) (the “Scheme”) was passed at the first extraordinary general meeting of the Company in 2011 on 8 April 2011. Implementation of the Scheme thus commenced.

The A-Share Stock Option Incentive Scheme uses stock option as an incentive instrument. Each stock option confers the right to purchase one A-share of Vanke at the exercise price within the exercise period under the A-Share Stock Option Incentive Scheme. The underlying shares of the stock options are new shares issued by the Company to the beneficiaries. When the Company and the beneficiaries of the Scheme fulfil the conditions for granting the options, the Company will grant stock options to the beneficiaries according to the Scheme. No stock options should be exercised during the vesting period, which is one year from the grant date. Thereafter, the granted stock options can be exercisable in three exercise periods. 40% of the options granted shall be exercisable during the first exercise period, another 30% and the remaining 30% shall be exercisable in the second and third exercise periods respectively. The right to exercise the stock options in each corresponding exercise period is subject to the fulfilment of the vesting conditions by the Company and the beneficiaries of the Scheme. The stock options will lapse if they fail to vest because the performance targets are not achieved and if they are not exercised even after the expiry of the exercise periods.

The second meeting of the sixteenth session of the Board of the Company held on 18 April 2011 confirmed the fulfilment of the conditions for granting the stock options under the A-share Stock Option Incentive Scheme, and determined 25 April 2011 as the grant date of stock options. The seventh Supervisory Committee of the Company had verified and given its opinion on the list of beneficiaries of the Scheme. On 9 May 2011, the registration of the grant of stock options was completed. The Company granted an aggregate of 108,435,000 stock options to 810 beneficiaries. The abbreviation of the stock options granted under the Scheme is VankeJLC1, and the stock option code is 037015.

(2) Adjustment of exercise price of stock options of and the implementation procedures for the A-Share Stock Options Incentive Scheme

The initial exercise price of the stock options under the A-Share Stock Options Incentive Scheme was RMB8.89, which was subject to adjustment according to the relevant requirements of the Scheme should distribution of dividends, transfer of capital surplus reserve to share capital or other conditions occur within the validity period of stock options.

On 27 May 2011 the Company implemented the proposal on dividend distribution for the year 2010. A cash dividend of RMB1 (including tax) would be paid to all the shareholders on the basis of every 10 existing shares held. Pursuant to the authority granted by the first extraordinary general meeting in 2011, the Board resolved to adjust the exercise price of the stock options to RMB8.79.

On 5 July 2012, the Company implemented the proposal on dividend distribution for year 2011, and distributed a cash dividend of RMB1.3 (including tax) to all shareholders for every 10 existing shares held. Pursuant to the authority granted by the first extraordinary general meeting in 2011, the Board resolved to make corresponding adjustment to the exercise price of the A-share stock options. The adjusted exercise price was RMB8.66.

(3) Exercise of stock options under the A-Share Stock Option Incentive Scheme during the year under review

During the year under review, the Board, pursuant to the authority granted by the first extraordinary general meeting in 2011, confirmed the vesting conditions of the stock options within the first exercise period had been fulfilled. Upon the completion of the relevant procedures for approval, the Scheme entered the first exercise period on 12 July 2012. Under the Scheme, beneficiaries can exercise their vested options of their own accord. As such, beneficiaries could exercise 40% of the options they are holding during the exercisable period between 12 July 2012 and 24 April 2014. During the year under review, 23 beneficiaries exercised a total of 342,900 stock options, resulting in the corresponding increase of 342,900 A shares of the Company.

Between the end of the year under review and the publication date of the annual report, another 74 beneficiaries

exercised 9,468,850 stock options, resulting in a corresponding increase of 9,468,850 A shares of the Company.

(4) Impact of implementation of the A-Share Stock Option Incentive Scheme on the financial position and operating results in the year under review and subsequent years

The introduction of the A-Share Stock Option Incentive Scheme will fill the gap in the Company's long-term incentive instruments, 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.

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.

A-Share Stock Option Incentive Scheme adopts Binomial option pricing model to estimate the fair value of the stock options on the grant date. According to the assessment results, the fair value of the stock options in the first exercise period is RMB88,790,000, the fair value of the stock options in the second exercise period is RMB94,280,000, while the fair value of the stock options in the third exercise period is RMB110,980,000.

During the year under review, according to the straight-line method, the cost of stock options of RMB88,230,000 amortised by the Company for the first, second and third exercise periods was included in the costs and expenses, while the Company's capital surplus reserves increased by RMB88,230,000. Please refer to the notes to the financial statements for details on the accounting treatments.

For details, please refer to the announcements published on China Securities Journal, Securities Times, Shanghai Securities News and www.cninfo.com.cn on 23 March 2011, 9 April 2011, 20 April 2011, 10 May 2011, 21 May 2011 and 12 July 2012.

5. Major Contracts and Their Implementation

(1) During the year under review, 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) Details on the new guarantees made by the Company during the year under review are as follows:

No.	Guarantor (% of equity interest held by Vanke)	Company for which guarantee was granted (% of equity interest held by Vanke)	Guarantee Amount	Details	Guarantee Period	Remarks
1	Vanke Properties (Hong Kong) Co., Ltd. (100%)	Tairong Co., Ltd. (100%)	RMB193.39 million	Provided a guarantee for a bank loan of RMB193.39 million	From 4 January 2012 to 4 January 2014	
2	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB17.1 million	Provided a guarantee for a bank loan of RMB38 million in proportion to the Company's equity holding	From 5 January 2012 to 30 September 2013	
3	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Wanzhicheng Property Development Co., Ltd. (50%)	RMB15 million	Provided a guarantee for a bank loan of RMB30 million in proportion to the Company's equity holding	From 16 January 2012 to 31 May 2012	Withdraw n

4	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Wanzhicheng Property Development Co., Ltd. (50%)	RMB20.31 million	Provided a guarantee for a bank loan of RMB40.63 million in proportion to the Company's equity holding	From 16 January 2012 to 12 December 2014	Withdrawn
5	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB1.35 million	Provided a guarantee for a bank loan of RMB3 million in proportion to the Company's equity holding	From 10 February 2012 to 30 September 2013	
6	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Wanzhicheng Property Development Co., Ltd. (50%)	RMB1.1 million	Provided a guarantee for a bank loan of RMB2.2 million in proportion to the Company's equity holding	From 21 February 2012 to 12 December 2014	Withdrawn
7	Beijing Vanke Company Limited (100%)	Beijing Jindi Vanke Property Development Co., Ltd. (50%)	RMB350 million	Provided a guarantee for a loan of RMB700 million in proportion to the Company's equity holding	From 21 February 2012 to 21 February 2014	Withdrawn
8	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Wanzhicheng Property Development Co., Ltd. (50%)	RMB6.33 million	Provided a guarantee for a bank loan of RMB12.66 million in proportion to the Company's equity holding	From 23 February 2012 to 12 December 2014	Withdrawn
9	Shenzhen Vanke Real Estate Co., Ltd. (100%)	Shenzhen Vanke City Views Property Development Co., Ltd. (100%)	RMB420 million	Provided a guarantee for a loan of RMB420 million	From 24 February 2012 to 23 August 2013	
10	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB1.8 million	Provided a guarantee for a bank loan of RMB4 million in proportion to the Company's equity holding	From 19 March 2012 to 30 September 2013	
11	Changchun Wanrun Real Estate Development Co., Ltd. (100%)	Changchun Vanke Xizhigu Real Estate Development Co., Ltd. (50%)	RMB3.04 million	Provided a guarantee for a bank loan of RMB6.08 million in proportion to the Company's equity holding	From 29 March 2012 to 19 May 2014	
12	Shenzhen Vanke Real Estate Co., Ltd. (100%)	Dongguan Xinwan Real Estate Development Co., Ltd. (51%)	RMB102 million	Provided a guarantee for a bank loan of RMB200 million in proportion to the Company's equity holding	From 6 April 2012 to 6 April 2014	
13	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB2.25 million	Provided a guarantee for a bank loan of RMB5 million in proportion to the Company's equity holding	From 10 April 2012 to 30 September 2013	
14	Changchun Wanrun Real Estate Development Co., Ltd. (100%)	Changchun Vanke Xizhigu Real Estate Development Co., Ltd. (50%)	RMB4.51 million	Provided a guarantee for a bank loan of RMB9.01 million in proportion to the Company's equity holding	From 19 April 2012 to 19 May 2014	
15	Vanke Properties (Hong Kong) Co., Ltd. (100%)	Fengyi Co., Ltd. (100%)	RMB632 million	Provided a guarantee for a bank loan of RMB632 million in proportion to the Company's equity holding	From 20 April 2012 to 20 April 2015	
16	江西万科青山湖房地产开发有限公司 (50%)	江西万科青云置业有限公司 (50%)	RMB15million	Provided a guarantee for a bank loan of RMB30 million in proportion to the Company's equity holding	From 27 April 2012 to 20 April 2015	

17	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB3.6 million	Provided a guarantee for a bank loan of RMB8 million in proportion to the Company's equity holding	From 9 May 2012 to 30 September 2013	
18	China Vanke Co., Ltd. (100%)	Shenzhen Vanke Property Co., Ltd. (100%)	RMB130 million	Provided a guarantee for a bank loan of RMB130 million	From 10 May 2012 to 9 May 2014	
19	Changchun Wanrun Real Estate Development Co., Ltd. (100%)	Changchun Vanke Xizhigu Real Estate Development Co., Ltd. (50%)	RMB12.5 million	Provided a guarantee for a bank loan of RMB25 million in proportion to the Company's equity holding	From 11 May 2012 to 19 May 2014	
20	Shenyang Vanke Real Estate Co., Ltd. (100%)	Shenyang Zhongtie Vanke Langyu Property Company Limited (49%)	RMB14.79 million	Provided a guarantee for 51% of a bank loan of RMB29 million	From 24 May 2012 to 7 August 2014	
21	Changchun Wanrun Real Estate Development Co., Ltd. (100%)	Changchun Vanke Xizhigu Real Estate Development Co., Ltd. (50%)	RMB24 million	Provided a guarantee for a bank loan of RMB48 million in proportion to the Company's equity holding	From 25 May 2012 to 19 May 2014	
22	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB1.89 million	Provided a guarantee for a bank loan of RMB4.2 million in proportion to the Company's equity holding	From 30 May 2012 to 30 September 2013	
23	Changchun Wanrun Real Estate Development Co., Ltd. (100%)	Changchun Vanke Xizhigu Real Estate Development Co., Ltd. (50%)	RMB15.99 million	Provided a guarantee for a bank loan of RMB31.98 million in proportion to the Company's equity holding	From 31 May 2012 to 19 May 2014	
24	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB3.15 million	Provided a guarantee for a bank loan of RMB7 million in proportion to the Company's equity holding	From 7 June 2012 to 30 September 2013	
25	Ningbo Vanke Property Development Ltd. (100%)	Ningbo Zhongwan Property Co., Ltd (49% held by Vanke, 15% of which were held through Ningbo Vanke Property Development Ltd)	RMB0.98 million	Provided a guarantee for a bank loan of RMB6.55 million in proportion to the Company's equity holding	From 26 June 2012 to 5 December 2014	
26	Vanke Properties (Hong Kong) Co., Ltd. (100%)	Tairong Co., Ltd. (100%)	RMB3.44 million	Provided a guarantee for a bank loan of RMB3.44 million	From 26 July 2012 to 4 January 2014	
27	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB1.58 million	Provided a guarantee for a bank loan of RMB3.5million in proportion to the Company's equity holding	From 17 July 2012 to 30 September 2013	
28	Vanke Properties (Hong Kong) Co., Ltd. (100%)	Fengyi Co., Ltd. (100%)	RMB294.78 million	Provided a guarantee for a bank loan of RMB294.78 million in proportion to the Company's equity holding	From 23 July 2012 to 20 April 2015	
29	Ningbo Vanke Property Development Ltd. (100%)	Ningbo Zhongwan Property Co., Ltd (49% held by Vanke, 15% of which were held through Ningbo Vanke Property Development Ltd)	RMB1.23 million	Provided a guarantee for a bank loan of RMB8.2 million in proportion to the Company's equity holding	From 25 July 2012 to 5 December 2014	
30	Shanghai Vanke Real Estate Co., Ltd. (100%)	Shanghai Jingyuan Property Development Company Limited (45%)	RMB1.94 million	Provided a guarantee for a bank loan of RMB4.3 million in proportion to the Company's equity holding	From 15 August 2012 to 30 September 2013	
31	Xiamen Vanke Real Estate Co., Ltd. (100%)	Xiamen Wantefu Property Development Company Limited, being the actual beneficiary (30%)	RMB4.2356 million	Provided a counter-guarantee in proportion to the Company's equity holding for the letter of guarantee of RMB14 million of the Xiamen Special Economic Zone project company	From 21 August 2012 to 9 June 2013	

32	Ningbo Vanke Property Development Ltd. (100%)	Ningbo Zhongwan Property Co., Ltd (49% held by Vanke, 15% of which were held through Ningbo Vanke Property Development Ltd)	RMB0.83 million	Provided a guarantee for a bank loan of RMB5.5 million in proportion to the Company's equity holding	From 24 August 2012 to 5 December 2014	
33	Ningbo Vanke Property Development Ltd. (100%)	Ningbo Zhongwan Property Co., Ltd (49% held by Vanke, 15% of which were held through Ningbo Vanke Property Development Ltd)	RMB0.78 million	Provided a guarantee for a bank loan of RMB5.21 million in proportion to the Company's equity holding	From 27 September 2012 to 5 December 2014	
34	广州市万科房地产有限公司 (100%)	广州市万尚房地产有限公司 (33%)	RMB5.28million	Provided a guarantee for a bank loan of RMB16 million in proportion to the Company's equity holding	From 3 December 2012 to 3 December 2015	

During the year under review, the new amount of guarantees (including counter guarantees) made by the Company and its majority-owned subsidiaries was RMB2,305 million, and the amount of guarantees withdrawn was RMB4,857 million. As at the end of the year under review, the outstanding amount of guarantees made by the Company was RMB11,133 million, accounting for 17.44% of the Company's net assets. The outstanding amount of guarantees made by the Company and its majority-owned subsidiaries for other majority-owned subsidiaries was RMB10,706 million, while the outstanding amount of guarantees made by the Company and its majority-owned subsidiaries for associated and joint venture companies was RMB427 million.

During the year under review, the Company did not provide guarantee for shareholders, beneficial controller and its connected parties.

- (2) During the year under review, the Company did not have any entrustment of financial management.
- (3) For details on the projects acquired by the Company during the year under review, please refer to "Project investment" under the "Use of capital not from the capital market" section.

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

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

During the year under review, 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 the determination of providing guarantees had been legal and reasonable, without prejudice to the interests of the Company and its shareholders.

7. Implementation of the undertakings given by the Company or shareholders holding 5% or more of the equity interests in the Company

China Resources National Corporation ("CRNC") – the parent company of China Resources Co., Limited ("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 had fulfilled its undertaking.

8. Corporate bonds and related matters

The Shenzhen Branch of China Construction Bank Corporation (as authorised by the headquarters) provided an

unconditional and irrevocable joint liability guarantee for the full payment of the principal and interest of the secured corporate bonds, 08 Vanke G1, issued by the Company. During the year under review, the guarantor continued to be profitable, with sound assets structure, and there was no significant change in its credit status.

During the year under review, 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 year under review, the Company maintained a good credit standing.

CITIC Securities Co., Ltd., the trustee of the Company's corporate bonds, was of the opinion that the Company has a healthy operation and good credit standing, with strong capacity to meet its financial obligation. The principal and interest payments for this bond issue are safe.

During the year under review, the Company paid the fourth annual interest of 08 Vanke G1 and 08 Vanke G2.

9. Was there any use of the Company's funds by the controlling shareholder and other related parties for non-operation purpose?

There had not been any use of the Company's funds by the controlling shareholder and other related parties for non-operation purpose.

10. Appointment and termination of certified public accountants

The 2011 annual general meeting resolved to re-appoint KPMG Huazhen Certified Public Accountants as the Company's auditors for the year 2012. The following table shows the details on the appointment of the certified public accountants of the Company:

Type	2012		Years of service	2011	
Audited item	Auditor	Audit fee		Auditor	Audit fee
The Group's consolidated financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises	KPMG Huazhen Certified Public Accountants	RMB8,500,000.00	12 consecutive years	KPMG Huazhen Certified Public Accountants	RMB8,500,000.00
The Group's consolidated financial statements prepared in accordance with the IFRS			20 consecutive years		
Accountant-in-charge	Li Wanwei		4	Li Wanwei	
Accountant-in-charge	Wen Huaxin		2	Wen Huaxin	

The above-mentioned audit fee included the travelling expenses incurred during the auditing period.

11. There was no disciplinary action taken against the Company or its Directors, members of Supervisory Committee and senior management during the year under review

VI. Change in Share Capital and Shareholders

1. Change in Share Capital

(1) Change in the shares of the Company (as at 31 December 2012)

Unit: Share

Class of Shares	31 December 2011	Increase / decrease (+, -)	31 December 2012
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	Quantity	Percentage of shareholding	Others (Note)	Quantity	Percentage of shareholding
I. Restricted Shares					
1. State-owned and State-owned legal person shares					
2. Shares held by domestic legal persons					
3. Shares held by domestic natural persons	18,426,384	0.17%	-23,711	18,402,673	0.17%
4. Shares held by foreign investors					
Total number of restricted shares	18,426,384	0.17%	-23,711	18,402,673	0.17%
II. Non-restricted Shares					
1. RMB-denominated ordinary shares (A shares)	9,661,828,366	87.87%	366,611	9,662,194,977	87.87%
2. Domestic listed foreign shares (B shares)	1,314,955,468	11.96%		1,314,955,468	11.96%
Total number of non-restricted shares	10,976,783,834	99.83%		10,977,150,445	99.83%
III. Total Number of Shares	10,995,210,218	100.00%		10,995,553,118	100.00%

Note: During the year under review, as there were changes in the Company's senior management staff, the Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to regulations, imposed or lifted the selling restrictions on the restricted shares held by the related senior management staff. In addition, the Company's A-share Stock Option Incentive Scheme entered the vesting period, during which a total of 342,900 stock options were exercised. As a result, the Company's non-restricted tradable shares increased by 342,900 shares accordingly.

Change in Restricted Shares

Unit: share

Name of shareholder	Number of restricted shares held at the beginning of the year	Number of restricted shares with restrictions lifted during the year	Number of restricted shares increased during the year	Number of restricted shares held at the end of the year	Capacity	Reasons for selling restrictions
Wang Shi	5,112,901	0	0	5,112,901	Director	The Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to regulations, imposed or lifted the selling restrictions on the restricted shares held by directors, members of the Supervisory Committee and senior management staff
Yu Liang	3,079,684	0	0	3,079,684	Director, senior management staff	
Ding Fuyuan	1,513,806	0	0	1,513,806	Member of Supervisory Committee	
Sun Jianyi	519,177	0	0	519,177	Director	
Zhou Qingping	15,000	0	0	15,000	Member of Supervisory Committee	
Ding Changfeng	1,115,745	0	0	1,115,745	Senior management staff	
Xie Dong	1,115,745	0	0	1,115,745	Senior management staff	
Zhang Jiwen	1,161,712	0	0	1,161,712	Senior management staff	
Mo Jun	1,161,712	0	0	1,161,712	Senior management staff	
Xiao Li	1,085,137	0	0	1,085,137	Director, senior management staff	
Wang Wenjin	1,007,693	0	0	1,007,693	Senior management staff	
Zhou Weijun	778,549	0	0	778,549	Senior management staff	
Du Jing	551,859	0	183,953	735,812	Former senior management staff	
Yuan Boyin	207,664	207,664	0	0	Former senior management staff	
Total	18,426,384	207,664	183,953	18,402,673	—	—

(2) Issue and listing of shares

A. Issue of shares and derivative securities in the past three years

Issue of corporate bonds

Approved by Zhengjian Xu Ke [2008] No. 1056 documents of China Securities Regulatory Commission (“CSRC”), the Company issued an announcement on 2 September 2008 that it would make a public issue of corporate bonds with a par value not exceeding RMB5.9 billion. The corporate bonds in this issue were classified into secured bonds and unsecured bonds. Both of them bore a fixed interest rate with a 5-year maturity. The issuer of the unsecured bonds had the right to raise the coupon rate at the end of the third year of the bond duration, while investors had the right to resell their bonds. Pursuant to the feedback on the price, the coupon rate of the Company’s secured bonds was 5.50%, and that of the unsecured bonds was 7.00%. The issue was completed on 9 September 2008 and the actual issue size of the secured bonds was RMB3 billion, while the actual issue size of the unsecured bonds was RMB2.9 billion. The Company’s corporate bonds started to trade on the Shenzhen Stock Exchange on 18 September 2008. The stock codes of the Company’s secured bonds and unsecured bonds are 112005 and 112006 respectively and their abbreviations are 08 Vanke G1 and 08 Vanke G2 respectively.

In August 2011, the Company decided not to adjust the coupon rate of 08 Vanke G2. The coupon rate of 08 Vanke G2 will remain at 7.00% in the last two years of the bond duration. No investors chose to resell 08 Vanke G2 to the Company.

During the year under review, there was no change in the number of issued corporate bonds.

B. During the year under review, there was no change in the Company’s total number of shares.

C. As at the end of the year under review, the Company did not have any internal employee shares.

2. Information on shareholders (as at 31 December 2012)

(1) Information on shareholders

Unit: share

Total number of shareholders as at the end of 2012	767,659 (including 748,877 A shareholders and 18,782 B shareholders)	Total number of shareholders as at the end of January 2013	721,771 (including 704,832 A shareholders and 16,939 B shareholders)				
Shareholdings of the top 10 shareholders							
Name of shareholder	Classification of shareholder	Percentage of shareholdings	Total number of shares held	Change in shares during the year	Number of restricted shares held	Number of pledged or lock-up shares	
CRC	State-owned legal person	14.72%	1,619,094,766	0	0	0	
China Life Insurance Company Limited–Dividend Distribution–Individual Dividend-005L-FH002 Shen	Others	1.27%	139,383,483	9,928,566	0	0	
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	Others	1.22%	134,010,293	-683,418	0	0	
Liu Yuansheng	Others	1.22%	133,791,208	0	0	0	
ICBC - Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	Others	0.94%	103,099,063	9,108,760	0	0	
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign shareholder	0.88%	96,221,388	17,866,198	0	0	
Bosera Value Growth Securities Investment Fund	Others	0.83%	91,738,052	16,738,052	0	0	
China Minsheng Banking Corp. Ltd - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	Others	0.83%	90,989,392	36,265,104	0	0	
UBS AG	Others	0.78%	85,526,491	10,590,411	0	0	
MORGAN STANLEY & CO. INTERNATIONAL PLC	Others	0.75%	82,419,464	26,819,104	0	0	
Shareholdings of the top 10 shareholders 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–Individual Dividend-005L-FH002 Shen	139,383,483	Ordinary RMB-denominated shares (A shares)
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	134,010,293	Ordinary RMB-denominated shares (A shares)
Liu Yuansheng	133,791,208	Ordinary RMB-denominated shares (A shares)
ICBC - Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	103,099,063	Ordinary RMB-denominated shares (A shares)
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	96,221,388	Domestically listed foreign shares (B shares)
Bosera Value Growth Securities Investment Fund	91,738,052	Ordinary RMB-denominated shares (A shares)
China Minsheng Banking Corp. Ltd - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	90,989,392	Ordinary RMB-denominated shares (A shares)
UBS AG	85,526,491	Ordinary RMB-denominated shares (A shares)
MORGAN STANLEY & CO. INTERNATIONAL PLC	82,419,464	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 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 shareholders.	

Note: The above-mentioned shareholders did not hold the Company shares through credit share accounts.

(2) Number of shares held by the top 10 shareholders of restricted shares and the conditions of selling restrictions

Unit: Share

No.	Name of shareholder of restricted shares	Number of restricted shares held	Date on which listing and trading may commence	Increase in the number of shares that may be listed and traded	Conditions of selling restrictions
1	Wang Shi	5,112,901	—	—	The Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to relevant regulations, put selling restrictions on the Company's shares held by directors, members of the Supervisory Committee and senior management staff
2	Yu Liang	3,079,684			
3	Ding Fuyuan	1,513,806			
4	Zhang Jiwen	1,161,712			
5	Mo Jun	1,161,712			
6	Ding Changfeng	1,115,745			
7	Xie Dong	1,115,745			
8	Xiao Li	1,085,137			
9	Wang Wenjin	1,007,693			
10	Zhou Weijun	778,549			

(3) Controlling shareholders and beneficial controllers

There were neither controlling shareholders nor beneficial controllers in the Company, and this situation remained the same during the year under review.

(4) The single largest shareholder

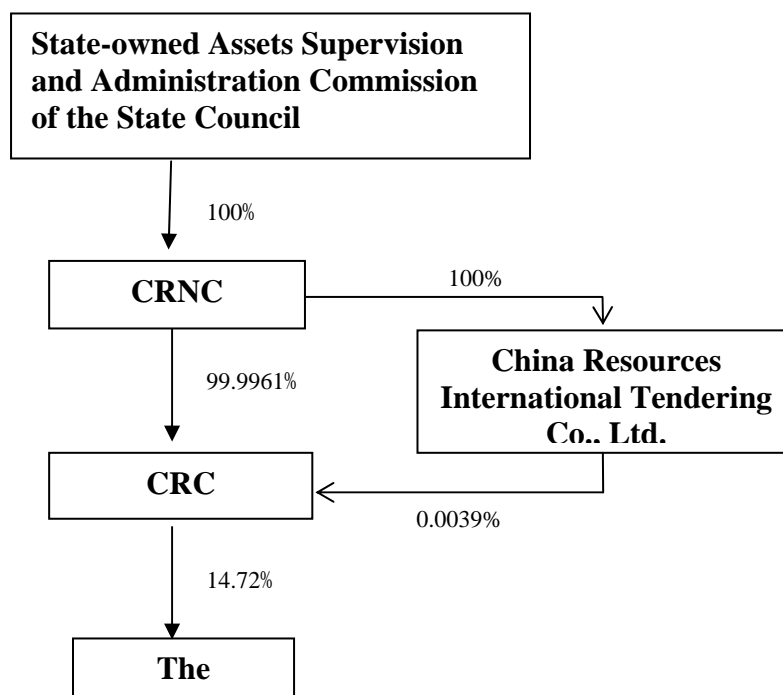
As at the end of the year under review, CRC was the single largest shareholder of the Company, holding an aggregate of 1,619,094,766 A shares of the Company, which represented 14.72 per cent of the total number of the Company's shares.

CRC is a joint stock limited company promoted and established by CRNC in June 2003, with Mr Song Lin as its legal representative. CRC's major assets include 100 per cent equity interests in China Resources (Holdings) Co., Ltd. in Hong Kong ("CRH") and other assets in the PRC. Its core businesses include investments in finance, insurance, energy, transportation, electricity, communication, storage and logistics, food and beverage producers; investments in and management of retailers (including supermarket chains) and civil construction and engineering; manufacturing of petrochemicals, textile products and construction materials; processing, manufacturing, and sale of electronic and mechanical and electrical products; property management, exterior and interior decorations for civil construction projects; technical exchange, etc. The registered address of CRC is Unit 2801, 2805-06, 28/F

China Resources Building, No. 5001 Shennan East Road, Luohu District, Shenzhen. CRC has a registered capital of approximately RMB16,467 million. CRNC holds 16,466,413,526 State-owned shares in CRC, representing 99.9961% of CRC's total share capital. China Resources International Tendering Co., Ltd., a wholly-owned subsidiary of CRNC, owns 650,000 State-owned legal person shares in CRC, representing 0.0039% of CRC's total share capital.

CRNC has a registered capital of approximately RMB9.662 billion. Its major assets are the equity interests in CRC. It is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council. Mr Song Lin is the legal representative of CRNC.

The following chart shows the equity relationship between the single largest shareholder and the Company:



3. Bondholdings of the Company's bondholders (as at 31 December 2012)

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

No.	Bondholder	No. of bonds held	Bondholding percentage
1	New China Life Insurance Company – Dividend Distribution – Individual Dividend – 018L-FH002 Shen	5,548,262	18.49%
2	China Petroleum Finance Co., Ltd.	4,157,662	13.86%
3	China Pacific Insurance (Group) Co., Ltd.	3,433,312	11.44%
4	China Ping An Property and Casualty Insurance Company Limited – Traditional – General Insurance Products	2,698,727	9.00%
5	China Life Insurance Company Ltd.	2,619,042	8.73%
6	Taiping General Insurance Co., Ltd.	1,003,216	3.34%
7	CITIC Securities Co., Ltd.	924,010	3.08%
8	China Life Property and Casualty Insurance Company Ltd. – Traditional – General Insurance Products	820,000	2.73%
9	Haitong-BOC-Futong Bank	817,256	2.72%
10	China Property & Casualty Reinsurance Company Ltd.	776,162	2.59%

Note: China Life Property and Casualty Insurance Company Limited and China Life Insurance Company Limited, which manage “China Life Property and Casualty Insurance Company Limited–Traditional–General Insurance Products”, are majority-owned subsidiaries of China Life Insurance (Group) Company. 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.

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

No.	Bondholder	No. of bonds held	Bondholding percentage
1	Pacific Asset Management Co., Ltd. - Pacific Prudent Financial Plan One	2,628,666	9.06%
2	CMB - E Fund Pure Bond Fund	1,188,816	4.10%
3	CNPC Pension Scheme – ICBC	808,150	2.79%
4	Xinghua Securities Investment Fund	801,198	2.76%
5	Industrial Bank Co., Ltd. - Tianhong Yongli Bond Fund	700,007	2.41%
6	CCB - Penghua Harvest Bond Fund	613,644	2.12%
7	CCB - Penghua Fengrun Bond Fund	599,993	2.07%
8	ICBC – Rongtong Suisui Tianli Bond Fund	592,101	2.04%
9	National Social Security Fund – Portfolio 801	568,396	1.96%
10	CCB – CITIC-Prudential Classical Excellent-Bond Bond Fund	500,002	1.72%

Note: “CCB - Penghua Harvest Bond Fund” and “CCB - Penghua Fengrun Bond Fund” are managed by Penghua Fund Management Company Limited. 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.

VII. Directors, Members of Supervisory Committee, Senior Management and Employees

1. Directors, Members of Supervisory Committee and Senior Management

(1) Basic information and work experience

Directors

Wang Shi, male, born in 1951. He joined the military force in 1968. Wang Shi changed his career in 1973 and worked in the Water and Electrical supply department of Zhengzhou Railway. Wang Shi graduated from Lanzhou Railway College in 1978 majoring in water supply studies. After graduation, he had worked for Guangzhou Railway Bureau, Foreign Trade and Economic Cooperation Committee of Guangdong Province, and Shenzhen Special Region Development Company. In 1984, he established “Shenzhen Exhibition Centre for Modern Science and Education Equipment”, the predecessor of Vanke, and acted as general manager. He became chairman and general manager of China Vanke Co. Ltd. in 1988. Mr Wang no longer acted as the general manager with effect from 1999. At present, he is the chairman of the Company. Mr Wang is also a director of SOHU.com Inc, and an independent director of China Resources Land Limited (“CRL”), Shanghai Metersbonwe Fashion & Accessories Co., Ltd., Central China Real Estate Limited, and Modern Media Holdings Limited respectively.

Chairman Wang Shi was a visiting scholar at Harvard University Asia Center since 2011.

Qiao Shibo, male, born in 1954, graduated from the Jilin University in 1983 with a bachelor’s degree in Chinese Language and Literature. He had served as a department head at the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China (now Ministry of Commerce), the deputy general manager and general manager of the Human Resources Department of CRH, the general manager and chairman of China Resources Petrochemicals (Group) Co., Ltd. In 2000, Mr Qiao served as the director and assistant general manager of CRH. During this period, he also served as the deputy managing director of China Resources Enterprise Ltd. and the chairman of China Resources Machinery & Minmetals (Holdings) Co., Ltd. In 2003, Mr Qiao was a director and deputy general manager of CRH, during which he also served as the chairman of China Resources (Jilin) Bio-Chemical Co., Ltd., the chairman of the board of China Resources Cement Holdings Ltd., the chief executive officer of China Huayuan Group Ltd., and the general manager of Sanjiu Medical & Pharmaceutical Co., Limited. In 2008, he was a director and general manager of CRH, as well as the vice chairman and president of China Resources Medications Group Limited, the chairman of China Resources Enterprise Limited, the chairman of

China Resources Sanjiu Medical & Pharmaceutical Co., Ltd., and the chairman of Shandong Dong E E Jiao Co., Ltd. He is a director and general manager of CRH, and the chairman of China Resources Enterprise, Limited. He has been a director and the deputy chairman of the Company since 2010.

Yu Liang, male, born in 1965. He graduated from the Faculty of International Economics Studies of Peking University with a bachelor's degree in 1988. Mr Yu obtained a master's degree in economics from Peking University in 1997. He had previously worked for Shenzhen Waimao Group. He joined the Company in 1990. He became the deputy general manager of the Company in 1996, and the executive deputy general manager and Supervisor of Finance of the Company in 1999. He has been the general manager of the Company since 2001 and a director of the Company since 1994. At present, Mr Yu is the president of the Company.

Sun Jianyi, male, born in 1953. He graduated from Zhongnan University of Finance and Economics, majoring in finance studies. He is a senior economist. He became deputy general manager of Wuhan Branch, the People's Insurance Company of China Limited and the committee member of the Communist Party Committee in 1985. Between 1990 and 2003, Mr Sun acted as assistant to general manager, deputy general manager, executive deputy general manager and executive director for Ping An Insurance Company of China. In 2003, he became the executive director, executive deputy general manager and deputy chief executive officer of Ping An Insurance (Group) Company of China, Limited. Since 2008, he has been the vice chairman and deputy chief executive officer of Ping An Insurance (Group) Company of China, Limited. At present, Mr Sun is the chairman of Ping An Bank Limited and a director of Ping An Life Insurance Company of China, Limited, Ping An Property & Casualty Insurance Company of China, Limited, and Ping An Annuity Insurance Company of China, Limited, as well as a non-executive director of China Insurance Protection Fund Company Limited (中國保險保障基金有限責任公司). He has been a director of the Company since 1995. He became an executive director in 1997 and deputy chairman of the Company in 1998. He was an independent director of the Company from 2001 to 2008. He became the convener of the remuneration and nomination committee and a member of the audit committee in 2005. He has become a director and a member of the remuneration and nomination committee of the Company since 2008.

Wang Yin, male, born in 1956. He graduated from Shandong University with a bachelor's degree in economics. He also obtained a master's degree in Business Administration from the University of San Francisco. Mr Wang had worked in the Foreign Economic and Trade Cooperation Department. He became the deputy officer of CRNC in 1984, deputy general manager of the Human Resources Department of CRH in 1994, and the general manager of China Resources Construction (Holdings) Ltd., a subsidiary of CRH, in 1996. He is the vice chairman of CRH, a director of CRNC and the chairman of CRL. He has been a director of the Company since 2002.

Xiao Li, female, born in 1964. She graduated from Wuhan University, majoring in English Literature in 1984. She obtained a master's degree in Business Administration from China Europe International Business School in 2000. She had worked in Central South University of Technology, China Technology Data Import & Export Co. and Mitsubishi Corporation Shenzhen Office. She joined Vanke in 1994, and had since become the deputy director and director of the General Manager's Office, as well as the director of the Office of the Company's Board. From 1995 to 2009, she was the secretary of the Board of Directors. She has been a director of the Company since 2004, and a member of the investment and decision-making committee of the Board of the Company since 2005. Since 2007, she has been an executive vice president of Vanke.

Jiang Wei, male, born in 1963. He graduated from Foreign Economy and Trade University and obtained a master's degree in international business and finance. He joined CRNC in 1988 and CRH in 1990. He became the general manager of the Finance Department of CRH in 1999 and a director of CRH in 2000. Mr Jiang became a

director and financial controller of CRH in 2002, a director of CRC in 2005. At present, Mr Jiang is a director and deputy general manager of CRH and CRNC, a director of China Resources Financial Holding Company Limited, and a non-executive director of China Asset (Holdings) Limited, an executive director of Cosmos Machinery Enterprises Limited and an independent non-executive director of Greentown China Holdings Limited. He became a member of the Supervisory Committee of the Company in 2001 and has been a director of the Company since 2005. He has been a member of the audit committee and a member of the investment and decision-making committee of the Board of the Company since July 2005.

Independent directors

Qi Daqing, male, born in 1964. Mr Qi graduated from the College of Business, Michigan State University in the USA and obtained a PhD in accountancy. Mr Qi obtained a master's degree in management from the University of Hawaii in the USA and a dual bachelor's degree in biophysics and international journalism from Fudan University. He had worked for The Chinese University of Hong Kong and Eli Broad College of Business of Michigan State University in the USA, Center for East-west Studies in the USA and special correspondent foreign affairs department in Xinhua News Agency. He is currently a professor and vice president of Cheung Kong Graduate School of Business, and a member of American Accounting Association. He is also an independent director of several companies listed on NASDAQ, New York Stock Exchange (NYSE) and The Stock Exchange of Hong Kong Limited. He has become an independent director, convener of the remuneration and nomination committee and a member of the audit committee of the Company since 2008.

Zhang Liping, male, born in 1958, graduated from Beijing Institute of Foreign Trade in 1980. He obtained his master's degree in international affairs and international law from St. John's University, the USA, in 1987. Mr Zhang had worked for the Ministry of Foreign Trade and Economic Cooperation (now Ministry of Commerce) and had served as director of the Investment Banking Division of Merrill Lynch, the USA, managing director and head of Greater China Region of Dresdner Bank, Germany, managing director of Pacific Concord Holdings Limited, Hong Kong, and chief executive officer of Imagi International Holdings Ltd, Hong Kong. In 2004, Mr Zhang joined Credit Suisse First Boston and is currently a member of the Global Investment Banking Department Operating Committee and vice chairman of Global Investment Banking Department and CEO (China) of Credit Suisse Group. He has become an independent director, convener of the investment and decision-making committee and a member of the remuneration and nomination committee of the Company since 2010.

Hua Sheng, male, born in 1953. He graduated from the Department of Political Economy of Nanjing Institute of Technology (now Southeast University), with a bachelor's degree in 1982. In 1985, he obtained a master's degree from the Finance Department of Graduate School of The Chinese Academy of Social Sciences. He holds a PhD in economics of Wuhan University, and has studied, and engaged in research and teaching at the University of Oxford and the University of Cambridge. At present, he is the president of Yanjing Overseas Chinese University, and a professor and PhD supervisor of Southeast University. He is also an executive deputy chairman of China Federation of Overseas Chinese Entrepreneurs, and deputy chairman of Beijing Returned Overseas Chinese Federation. In 1986, he was among the first group of nationally accredited experts with outstanding contributions. He is the author and proponent of dual-track price system, State-owned assets management system and share segregation reform. He was a winner of China Economic Theory Innovation Award and Sun Yefang Economic Prize. He has been an independent director of Vanke since 2011.

Elizabeth Law, female, born in 1954, graduated from the Faculty of Management in McGill University, Canada in 1976 with a Bachelor of Commerce degree – Concentration in Accounting. She had worked for the accounting firm of Richter, Usher & Vineberg in Montreal, Canada. Ms. Law is currently a managing practising director of Law & Partners CPA Limited, and a partner of Stephen Law & Company, Certified Public Accountants. She is a

Certified Public Accountant (Practising) in Hong Kong, a member of the Canadian Institute of Chartered Accountant, a fellow member of The Institute of Chartered Accountants in England & Wales, a fellow member of Certified Public Accountants Australia and a certified tax adviser. She was the President of The Society of Chinese Accountants & Auditors, a council member of Hong Kong Institute of Certified Public Accountants and the founding president of Association of Women Accountants (Hong Kong) Limited. She is also a member of the Chinese People's Political Consultative Conference Guangdong Committee. In 2009, she was awarded the HKSAR Government Justice of Peace. Since 2011, she has been independent director of Hong Kong-listed Sunwah Kingsway Capital Holdings Limited and Toronto-listed Sunwah International Limited. She has been an independent director of Vanke since 2012.

Members of the Supervisory Committee

Ding Fuyuan, male, born in 1950. He had worked in Guangdong Provincial Tourism Department, South China Sea Oil Joint Service Corporation, South China Petroleum Shenzhen Development Service Corporation and Nanhai Huaxin Group. He joined Vanke in 1990 and became the deputy director of the General Manager's Office in February 1991. In October 1991, he became the manager of the Human Resources Department of the Company. He has been the secretary of the Communist Party Committee of the Company since 1995. He became a member of the first Supervisory Committee of the Company in 1993 and has been the Chairman of the Supervisory Committee of the Company since 1995.

Wu Ding, male, born in 1965. He holds a bachelor's degree in economics from Shanxi University of Finance and Economics and a master's degree in Business Administration from China Europe International Business School. He joined CRNC in 1988 and CRH in 1993 and had served as project manager for the Enterprise Development Division of CRH, chairman/general manager of China Resources Shanghai Co., Ltd. and deputy general manager of CRL. He is now the CEO of China Resources Financial Holding Co., Ltd., the chairman and CEO of China Resources Investment and Asset Management Company Limited, chairman of China Resources City Transport and Infrastructure Investment Limited (華潤城市交通設施投資有限公司), director of Cosmos Machinery Enterprises Limited and Harvest Capital Partners Limited. He has been a member of the Supervisory Committee of the Company since 2010.

Zhou Qingping, male, born in 1969. He graduated from Hunan University (former Hunan Institute of Finance and Economics) in 1993, with a bachelor's degree in accounting. He is a registered accountant in the PRC. He had worked in Xiangcai Securities Co., Ltd. He joined Vanke in 1995 and served as finance manager of Vanke Financial Consultancy Company Limited. He became financial controller of Chengdu Vanke Real Estate Co., Ltd. in 2000 and deputy general manager of the Company's Risk Management Department in 2003. He has been a member of the Supervisory Committee of the Company and the general manager of the Company's Audit Supervision Department since 2010.

Senior management

Yu Liang: for biography of Yu Liang, please refer to the "Directors" section.

Ding Changfeng, male, born in 1970. He graduated from Peking University with a bachelor's degree in international politics in 1991. He obtained a master's degree in global economics from Peking University in 1998. He had worked for Jiangsu Yancheng Party School. He joined Vanke in 1992 and became deputy director of the Research Centre of the General Manager's Office of the Company in 1994. He was the chief editor of "Vanke Periodical" in 1995 and the assistant to general manager of Northeast Operation and Management Department of the Company in 1996. He was the deputy general manager of Northeast Department of the Company in 1997 and

the deputy general manager of Shanghai Vanke Real Estate Co., Ltd. in 1998. He became the manager of the Company's Corporate Planning Department in 1999, and the general manager of Shanghai Vanke Real Estate Company Limited in 2000. He had been deputy general manager of the Company since 2001. He is currently an executive vice president of Vanke.

Xie Dong, male, born in 1965. He graduated from Nanjing Engineering Institution in 1987 with a bachelor's degree in wireless electricity. He received a master's degree in business administration from Shanghai Jiao Tong University in 1997 and a PhD degree in management from Shanghai Jiao Tong University in 2007. He had worked in Shenzhen RGB Electronic Co., Ltd., the headquarters of China Shenzhen TV Company. He joined the Company in 1992. He became the manager of the Company's Personnel Management Department in 1996, and the general manager and director of the Company's Human Resources Department in 2000 and 2001 respectively. He became deputy general manager of the Company in 2004. He is currently an executive vice president of Vanke.

Zhang Jiwen, male, born in 1967. He graduated from Tsinghua University with a bachelor's degree in architecture in 1987. He had worked in Guizhou Architecture and Design Institute, Shenzhen Jin Xiu Zhong Hua Development Co., Ltd., Shenzhen Window of the World Co., Ltd., Guangzhou Hua Heng Design Company, and Ho & Partners Architects Engineers & Development Consultants Ltd. in Hong Kong. He joined Shanghai Vanke Real Estate Co., Ltd. in 2001 as deputy general manager and became the Company's design director in 2003. He became deputy general manager of the Company in 2004. He is currently an executive vice president of Vanke.

Mo Jun, male, born in 1967. He graduated from Tsinghua University in 1991 with a bachelor's degree in architecture. He joined the Company in 1991. He was the manager of Shenzhen Wanchuang Construction and Design Consultants Co., Ltd. in 1996, the general manager of Shenzhen Vanke Real Estate Co., Ltd. in 1999, the general manager of Beijing Vanke in 2000, deputy general manager of the Company in 2000, and executive deputy general manager of the Company in 2001. He resigned from the Company and became executive deputy general manager of Beijing Rongke Zhidi Real Estate Co., Ltd. in 2003. He joined the Company again as deputy general manager in 2004. He is currently an executive vice president of Vanke.

Xiao Li: for biography of Xiao Li, please refer to the "Directors" section.

Wang Wenjin, male, born in 1966. He graduated from Zhongnan University of Economics and Law in 1994 with a master's degree. He is a registered accountant in the PRC. He had worked for Hefei No. 10 Plastic Factory and Anhui Optical Sophisticated Mechanic Research Centre of China Academy of Sciences. He joined the Company in 1993 and became the deputy manager of the Company's Finance Department in 1998. He was the general manager of Vanke's Finance Department in 1999, and has been the Supervisor of Finance since 2002. Since 2004, he has been the financial controller of the Company. He is currently an executive vice president of Vanke.

Zhou Weijun, male, born in 1956, graduated from Harbin Civil Engineering and Architecture Institute in 1988 with a bachelor's degree in industrial and civil engineering. He obtained his master's degree in business management from Cheung Kong Graduate School of Business in 1999. Between 1980 and 1993, he worked for Infrastructure Construction Office of Anshan Institute of Iron and Steel Technology, Liaoning Province. He joined Vanke in 1993, and served as general manager of Shenyang Vanke in the same year, and general manager of Beijing Vanke in 2004. He was vice president and general manager of Beijing Vanke in 2007. Since 2009, he no longer served as general manager of Beijing Vanke. Since March 2011, Mr Zhou has been an executive vice president of Vanke.

Mao Daqing, male, born in 1969. He is a registered architect. He graduated from Southeast University with a bachelor's degree in architecture in 1991. He graduated from Tongji University in 2002 with a PhD in

administration and graduated from Renmin University of China in 2006 with a doctoral degree in law. He worked for Beijing Uni-construction Group Co. Ltd., Hong Kong T. L. Loong Group, Thailand Xiechengchang Group, and Nikken Sekkei (Singapore) Limited during 1991 and 1996. He joined Capitaland, Singapore in 1996 and had served as senior project manager, chief representative, deputy general manager in Beijing district, and general manager of Bohai-Rim district. He joined Vanke in 2009 as vice president, and general manager of Beijing Vanke. Since March 2011, Mr Mao has been an executive vice president of Vanke.

Tan Huajie, male, born in 1973. He graduated from the First Faculty of Mechanical Engineering of Huazhong University of Science and Technology in 1993. He joined the Company in 2001. He was appointed as the manager of the Customer Relations Department in 2003, and became the chief researcher and deputy director of the Office of the Board in 2004. Since 2008, he has been the director of the Office of the Board. He has been appointed as the secretary to the Board of Directors since 2009.

(2) Remuneration and changes in shareholdings of directors, members of Supervisory Committee and senior management during the year under review

The Company continued to follow the principle of its remuneration policy, which is “to offer competitive salaries according to market principles to retain and attract high-calibre professionals”. The remuneration of the Company’s senior management members was determined not only with reference to market level but also in accordance with the growth in the overall operating results of the Company. In 2012, the Company sustained continued growth in its operating results. This was reflected in the adjustment to the remuneration of the senior management members employed by the Company, while the remuneration of those directors and members of Supervisory Committee who were not employed by the Company was determined at shareholders meeting.

During the year under review, the aggregate amount of remunerations of the 13 directors, members of Supervisory Committee and senior management who were employees of the Company was RMB61.40 million. Among the directors and members of Supervisory Committee who were not employed by the Company, four directors, namely Mr Qiao Shibo, Mr Wang Yin, Mr Jiang Wei and Mr Sun Jianyi, each received a remuneration amount of RMB150,000. Independent Directors Mr Qi Daqing and Mr Zhang Liping each received independent director’s remuneration of RMB250,000; Independent Director Ms Elizabeth Law received independent director’s remuneration of RMB80,000; Independent Director Mr Hua Sheng received no remuneration from the Company. Mr Wu Ding, a member of the Supervisory Committee, received a remuneration of RMB150,000. Mr Qiao Shibo, Mr Wang Yin, Mr Jiang Wei and Mr Wu Ding also received salaries from a connected entity of CRC. Mr Wang Shi also received remuneration for his role as independent director from CRL, a connected entity of CRC.

Remuneration of directors, members of the Supervisory Committee and senior management of the Company and related matters are as follows:

Name	Position	Sex	Age	Period of service	Number of shares held at the beginning of 2012	Number of shares held at the end of 2012	Reasons for changes	Number of share options granted	Number of share options exercised in 2012	Total remunerations (after tax) received from the Company (RMB'000)	Payment of individual income tax (RMB'000)	Any remunerations received from shareholders or other connected entities
Wang Shi	Chairman	M	62	2011.3~2014.3	6,817,201	6,817,201	-	6,600,000	0	8,870	6,730	Yes
Yu Liang	Director, President	M	48	2011.3~2014.3	4,106,245	4,106,245		5,500,000	0	7,820	5,860	No
Ding Fuyuan	Chairman of Supervisory Committee	M	63	2010.3~2013.3	2,018,408	2,018,408		-	-	5,040	3,590	No
Qiao Shibo	Deputy Chairman	M	59	2011.3~2014.3	0	0		-	-	150	30	Yes
Sun Jianyi	Director	M	60	2011.3~2014.3	692,236	692,236		-	-	150	30	No
Wang Yin	Director	M	57	2011.3~2014.3	0	0		-	-	150	30	Yes
Jiang Wei	Director	M	50	2011.3~2014.3	0	0		-	-	150	30	Yes
Qi Daqing	Independent Director	M	49	2011.3~2014.3	0	0		-	-	250	50	No
Zhang Liping	Independent Director	M	55	2011.3~2014.3	0	0		-	-	250	50	No
Hua Sheng	Independent Director	M	60	2011.3~2014.3	0	0		-	-	0	0	No
Elizabeth Law	Independent Director	F		2012.8~2014.3	0	0		-	-	80	20	No
Wu Ding	Member Of Supervisory Committee	M	48	2010.3~2013.3	0	0		-	-	150	30	Yes
Zhou Qingping	Member Of Supervisory Committee	M	44	2010.3~2013.3	20,000	20,000		-	-	1,950	1,150	No
Ding Changfeng	Executive Vice President	M	43	2011.3~2014.3	1,487,660	1,487,660		2,200,000	0	4,820	3,430	No
Xie Dong	Executive Vice President	M	48	2011.3~2014.3	1,487,660	1,487,660		2,200,000	0	3,800	2,600	No
Zhang Jiwen	Executive Vice President	M	46	2011.3~2014.3	1,548,950	1,548,950		2,200,000	0	5,100	3,650	No
Mo Jun	Executive Vice President	M	46	2011.3~2014.3	1,548,950	1,548,950		2,200,000	0	4,560	3,220	No

Xiao Li	Director, Executive Vice President	F	49	2011.3~2014.3	1,446,849	1,446,849		2,200,000	0	3,810	2,690	No
Wang Wenjin	Executive Vice President	M	47	2011.3~2014.3	1,343,591	1,343,591		2,200,000	0	4,290	2,990	No
Zhou Weijun	Executive Vice President	M	57	2011.3~2014.3	1,038,065	1,038,065		2,000,000	0	3,490	2,340	No
Mao Daqing	Executive Vice President	M	44	2011.3~2014.3	0	0		2,000,000	0	4,610	2,960	No
Tan Huajie	Secretary to the Board	M	40	2011.3~2014.3	0	0		1,600,000	0	3,250	2,180	No
Paul Chan Mo Po	Former Independent Director	M	58	2011.3~2012.8	0	0		-	-	170	30	No
Du Jing	Former Executive Vice President	M	42	2011.3~2012.7	735,812	735,812		2,100,000	0	300	90	No
Total	-	-	-	-	24,291,627	24,291,627	-	33,000,000	0	63,210	43,780	-

Note: As at 31 December 2012, the exercise price of the A-share stock options was RMB8.66, and the closing price of A shares was RMB10.12.

Between the end of the year under review and the publication date of this report, Wang Shi, Yu Liang, Ding Changfeng, Xie Dong, Mo Jun, Xiao Li, Wang Wenjin, and Zhou Weijun exercised their stock options of 800,000, 2,200,000, 850,000, 500,000, 300,000, 500,000, 880,000, 545,200 respectively; as a result, the number of A shares held by the aforesaid persons increased accordingly to 800,000, 2,200,000, 850,000, 500,000, 300,000, 500,000, 880,000, 545,200 shares. As at the publication date of this report, the remaining stock options held by Wang Shi, Yu Liang, Ding Changfeng, Xie Dong, Mo Jun, Xiao Li, Wang Wenjin, Zhou Weijun amounted to 5,800,000, 3,300,000, 1,350,000, 1,300,000, 1,900,000, 1,700,000, 1,320,000, 1,454,800.

(3) Change and reasons for the change in directors, members of the Supervisory Committee and senior management during the year under review

During the year under review, Mr Paul Chan Mo Po resigned as independent director of the Company as he works for the government of the Hong Kong Special Administrative Region. Ms Elizabeth Law was elected as independent director of the sixteenth session of the Board at the first extraordinary general meeting in 2012.

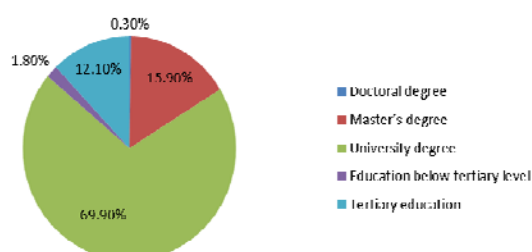
During the year under review, Mr Du Jing resigned as executive vice presidents of the Company due to personal reason.

2. Number and Composition of Employees

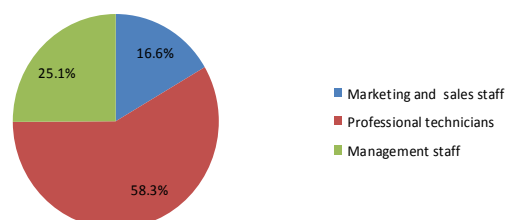
As at 31 December 2012, there were 31,019 employees on the Company's payroll, representing an increase of 11.0% from that of the previous year. The average age of the employees was 31.1.

Among the entire workforce, there were 6,079 employees engaged in the property development division, representing an increase of 7.6% from the previous year. The average age of the staff working for this division was 32.6 and the average year of service was 4.1; in terms of education level, 0.3% held doctoral degree, 15.9% with master's degree, 69.9% with university degree, 12.1% with tertiary education and 1.8% with education below tertiary level. Employees with university degree or above accounted for 86.1% of the total staff in the property development division. The composition of employees in the property development division by job classification is as follows: 1,009 marketing and sales staff, accounting for 16.6% and up by 12.2% from the previous year; 3,547 professional technicians, accounting for 58.3% and up by 7.0% from the previous year; among the professional technicians, 2,053 were construction staff, accounting for 33.8%, 717 were designers, accounting for 11.8% and 327 were cost management staff, accounting for 5.4%; there were 451 project development staff, accounting for 7.4%. The number of management staff, including those working in the departments of finance, audit, IT, legal, human resources, customer relations and data analysis as well as senior management staff, was 1,523, accounting for 25.1% and up by 7.6% from the previous year.

Education level of employees engaged in property development

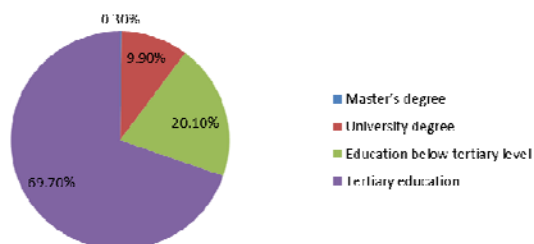


Composition of employees in the property development division by job classification



There were 24,940 employees engaged in property management, up by 11.8% from the previous year. The average age was 28.5 and the average year of service was 2.1. In terms of education level, 0.3% held master's degree, 9.9% with university degree, 20.1% with tertiary education and 69.7% with education below tertiary level. Employees with tertiary education or above accounted for 30.3% of the total staff in the property management division.

Education level of employees engaged in property management



VIII. Corporate Governance Structure

1. Elaboration on the Company's Compliance with the Requirements Set Out in the Regulatory Documents on Corporate Governance of Listed Companies

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 had strictly complied with the requirements of the laws, regulations and regulatory documents governing listed companies and continued to fine-tune its corporate governance structure and regulate its operation. The Company had not experienced any problems with horizontal competition and connected transactions caused by partial restructuring. The Company did not deviate from the relevant corporate governance requirements of CSRC.

Since 2007, the Company has been actively carried out initiatives to improve its corporate governance. During the year under review, the Company amended the Articles of Association pursuant to the requirements of CSRC in order to improve transparency of cash dividend distribution, allowing investors to have a stable expected return on investment, while strengthening investor protection and improving corporate governance.

In 2009, the Company established an inside information and insider management system. The Company had strengthened the management of inside information. During the year under review, no insider who had access to inside information had violated the laws by engaging in insider trading.

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 in 2012. All the departments at the headquarters and frontline companies raised their internal control standards by strengthening their internal controls according to their actual business operations, analysing and assessing internal control risks and taking effective control measures. All the departments at the Company's headquarters formulated their annual internal control system establishment scheme, while frontline subsidiaries established their risk management plan. To enhance the effectiveness of control and management, the Company had developed an IT application system in respect of the key aspects of control and management. Based on the assessment of the actual weakness of the existing internal control system, the Company formulated a solution that addresses issues related to the system and process to manage and minimize actual risks and enhance the effectiveness of its internal controls. Establishment and evaluation of the Company's internal control had been further improved.

In 2012, the Company was named the Best Model Company of Corporate Governance of China Central Television ("CCTV") Finance, organised by CCTV and co-organised by China Association for Public Companies. In addition, the Company received 2012 Best Corporate Governance Practices of Listed Companies in China Award from the Research Center of Corporate Governance at Nankai University, and the Top 10 Listed Companies of Corporate Governance in 2012 from the Research Center for Corporate Governance at Institute of World Economics and Politics of the Chinese Academy of Social Sciences and

professional consulting firm Protiviti. The Board of the Company also received the Best Board of Directors of Listed Companies in China Award from the “Directors & Boards” magazine.

The Company will continue to adhere to the principle of “professionalism + standardization + transparency”, to further enhance its corporate governance.

2. The Company’s Independence from Its Single Largest Shareholder in Business Operation, Staff, Assets, Organisation and Finance

The Company continued to persist in maintaining complete independence from its single largest shareholder CRC and its connected companies with respect to business operation, staff, assets, organisation and finance, to ensure independence in its business integrity and operation autonomy.

The Company has not disclosed any unpublished information to CRC or taken any other action that might violate the code of corporate governance.

3. Shareholders’ Meetings

1) The 2011 (24th) Annual General Meeting

The notice of 2011 Annual General Meeting (“AGM”) was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and irasia.com, Hong Kong, on 30 March 2012. The record date for A shareholders was 2 May 2012. The last trading day for verifying the qualification of B shareholders was 2 May 2012, while the record date for B shareholders was 7 May 2012.

The on-site AGM was held at 2:30 pm on 11 May 2012 at Vanke Centre, No 33 Huanmei Road, Dameisha, Yantian District, Shenzhen. Time for online voting through the trading system of Shenzhen Stock Exchange was from 9:30 to 11:30 am and 1:00 to 3:00 pm on 11 May 2012, while time for voting through the Internet voting system of Shenzhen Stock Exchange was from 3:00 pm on 10 May 2012 to 3:00 pm on 11 May 2012. A total of 608 shareholders (proxies) attended the on-site meeting in person and/or participated in online voting, holding 4,543,265,188 shares, representing 41.32% of the Company’s total number of shares with voting rights. There were 358 A shareholders (proxies), holding 4,061,912,340 shares, representing 41.96% of the Company’s total number of A shares with voting rights. There were 250 B shareholders (proxies), holding 481,352,848 shares, representing 36.61% of the Company’s total number of B shares with voting rights.

The AGM considered and approved (1) the Directors’ Report for the year 2011; (2) Report of the Supervisory Committee for the year 2011, (3) the Annual Report and audited financial report for the year 2011; (4) the proposal on profit appropriation and dividend distribution for the year 2011; (5) the resolution regarding the reappointment of certified public accountants for the year 2012; (6) the resolution regarding continued cooperation with China Resources.

The announcement of the resolutions of the AGM was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and irasia.com, Hong Kong, on 12 May 2012.

2) The First Extraordinary General Meeting of 2012

The notice of the First Extraordinary General Meeting of 2012 (“EGM”) was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and irasia.com, Hong Kong, on 16 August 2012. The record date for A shareholders was 22 August 2012. The last trading day for verifying the qualification of B shareholders was 22 August 2012, while the record date for B shareholders was 27 August 2012.

The EGM was held at 2:50 pm on 31 August 2012 at Vanke Centre, No 33 Huanmei Road, Dameisha, Yantian District, Shenzhen. A total of 382 shareholders (proxies) attended the EGM, holding 4,629,744,325 shares, representing 42.11% of the Company’s total number of shares with voting rights. There were 148 A shareholders (proxies), holding 4,148,363,702 shares, representing 42.85% of the Company’s total number

of A shares with voting rights. There were 234 B shareholders (proxies), holding 481,380,623 shares, representing 36.61% of the Company's total number of B shares with voting rights.

The EGM considered and approved the resolution regarding the amendment of the Company's Articles of Association, and elected Ms Elizabeth Law as an independent director of the sixteenth Board.

The announcement of the resolutions of the EGM was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and irasia.com, Hong Kong, on 1 September 2012.

4. Execution of the Duties of the Independent Directors

In 2012, all independent directors performed their duties with due diligence. Not only did they attend Board meetings and listen to the reports on matters relating to the Company, participate in discussion at specialised committees, and review documents of the Board, but also delivered independent opinion and constructive advice to the Company on connected transactions, remuneration to senior management, reappointment of certified public accountants, internal control, external guarantee issues, derivatives investment and accounting treatment.

In 2012, the details of the attendance of independent directors at Board meetings, specialised committee meetings and their participation in voting by correspondence at Board meetings and specialised committee meetings are as follows:

Name of independent directors	Number of Board meetings held during the year	Attendance in person (times)	Attendance by proxy (times)	Absence (times)	Number of resolutions voted by correspondence including resolutions considered by specialised committees	Number of specialised committee meetings needed to be attended (times)	Number of specialised committee meetings attended (times)	Number of shareholder meetings attended (times)
Qi Daqing	4	3	1	0	11	7	7	0
Zhang Liping	4	4	0	0	11	1	1	0
Hua Sheng	4	3	1	0	10	0	0	0
Elizabeth Law	1	1	0	0	3	2	2	1

5. The Establishment and Implementation of Appraisal, Incentive and Reward Mechanisms for Senior Management

The Company implemented a balanced scorecard as its major organisation performance management system. In accordance with the concept of a balanced scorecard, senior management's performance is evaluated in accordance with the achievement of annual business objectives based on the Company's medium to long term development strategic goals, and such business objectives include the operating results of the period under review and sustainability of the Company. The review covers different categories including the Company's financial position, customers, internal procedure, staff training and development. The Company has established objective benchmarks to measure the performance in each of the categories. The statistics on customers and staff satisfaction levels were obtained from survey conducted by an independent third party.

The remuneration and nomination committee under the Board is responsible for studying and supervising the establishment and implementation of the appraisal, incentive and reward system for senior management.

Performance of the president was appraised by the Board.

The remunerations of management staff are determined in accordance with the Company's operating results of the year under review, the accomplishment of overall management targets, their appraisal report,

and comparison with the industry salary level. In each management year, performance review of senior management is conducted through the Company's work report meeting. The major factors to be considered in reviewing the senior management of the Company's headquarters include the Company's overall performance, the value of the management staff's role in the Company and their performance with reference to the duties stipulated under their respective positions. With regard to those in charge of front-line companies, the review is based on the performance of those front-line companies to which they are held accountable, the value of their roles and their performance with reference to the duties stipulated under their respective positions.

In 2010, in order to realize shareholder orientation, align business decisions with shareholders' interests and continue to achieve above market average operating results, the Company made adjustment to the overall remuneration scheme, by reducing the percentage of sales bonus and annual profit bonus and adopting Economic Profit (EP) as a performance indicator for EP bonus, in order to build up a balanced remuneration scheme structure comprised of fixed salaries, sales bonus, annual profit bonus and EP bonus.

All staff receive fixed salaries. The amount of a fixed salary is determined according to the importance of the position to the Company and the basic living needs of the staff. The higher the position, the smaller percentage will the fixed salary that goes with that position take up in the total remuneration.

All staff is entitled to sales bonus, with emphasis on general staff. Based on the actual sales performance, sales bonus will be appropriated and distributed quarterly.

All staff is entitled to annual profit bonus. Based on the profit for the year, the annual profit bonus will be appropriated and distributed annually.

Beneficiaries of the EP bonus include the Company's senior management staff, middle management staff, as well as staff nominated by the president for the important roles they play in the Company or for their outstanding contribution. The economic profit, achieved by the Company for a given year and calculated by an independent third party, is used as a performance target indicator and base for appropriation and deduction. A fixed percentage of the economic profit will be appropriated or deducted, with a two-way (upward or downward) adjustment mechanism. In other words, if the Company's EP for the year is positive, an amount corresponding to the fixed percentage of the EP will be added to the designated bonus account; on the other hand, if the Company's EP for the year is negative, an amount corresponding to the fixed percentage of the EP will be deducted from the bonus account. Each year, after the Board's approval of the annual report, the Company, based on the EP calculation report, will make adjustment to the bonus account by either transferring the EP bonus for the year to the bonus account or transferring a corresponding amount from the bonus account to the Company's account. An amount equivalent to 40% of the outstanding amount in the bonus account at the time will be withdrawn for distribution during that year.

The EP bonus for distribution is divided into two parts; one part will not be directed to the individuals but will be treated as collective bonus, distribution or payment of which will be deferred. This part of bonus will be subject to centralised management according to the provisions of this plan. There will be additional conditions to be met to receive the deferred bonus. Other than the collective bonus, there is the individual bonus, distribution or payment of which will be made at the time. The percentage of collective bonus to the total amount of bonuses for distribution each year is proposed by the president and approved by the chairman of the board of directors, and passed by the remuneration and nomination committee. The collective bonus can be held in escrow, through which investment gain can be made.

During the deferred period, should there be any actions that are violations of duties or act that results in significant loss of the Company, the beneficiaries of the collective bonuses will be deprived of part or all of their deferred bonuses. The collective bonuses of directors, members of the Supervisory Committee and senior management staff will be deferred to the day on which they will no longer be the directors, members of the Supervisory Committee and senior management staff. After that, the bonuses can be obtained over three years according to the provisions. Other beneficiaries are ineligible for bonus distribution during the first three years after becoming the beneficiaries of the collective bonuses. Starting from the fourth year, they can, according to the provisions, obtain a specified amount of collective bonuses each year. Beneficiaries who can receive their share of collective bonuses according to the provisions can also apply

for voluntary deferral of bonus. The right to this part of collective bonus cannot, under any circumstances, be revoked.

In accordance with the EP bonus plan, the EP bonus appropriated in 2011 amounted to RMB261,070,000, while the actual EP bonuses paid out to beneficiaries amounted to RMB188,216,000.

IX. Report of Supervisory Committee

Last year, the sales amount of the Company surpassed RMB140 billion. Among the number of residential units handed over, the proportion of furnished units was over 80%. The Company had also begun to develop overseas business. As the Company expanded in scale and had a more complex business portfolio, the Seventh Supervisory Committee continued to diligently carry out its duties, perform supervision with due diligence, in accordance with the relevant requirements of the Company Law and the Company's Articles of Association, to actively safeguard the interests of shareholders and employees.

The main duties of the Supervisory Committee in 2012 were as follows:

1. Supervisory Committee Meetings and Resolutions of Such Meetings

In 2012, a total of four meetings were held by the Supervisory Committee. The details of the meetings and resolutions are as follows:

- (1) The Ninth Meeting of the Seventh Supervisory Committee was held on 9 March 2012. The meeting considered and approved the resolution regarding the appropriation and write-off of the provision for diminution in asset value for the year 2011; the audited financial report for the year 2011; the special remarks on the deposit and use of the proceeds raised from previous fund-raising exercises during 2011; the internal control self-assessment report for the year 2011; the proposal on profit appropriation and dividend distribution for the year 2011; the resolution regarding the reappointment of certified public accountants for the year 2012; the report of the Supervisory Committee for the year 2011; the 2011 annual report and its summary; the social responsibility report for the year 2011 and the resolution regarding the convention of the 2011 Annual General Meeting.
- (2) The Tenth Meeting of the Seventh Supervisory Committee was held on 23 April 2012. The meeting considered and approved the Company's 2012 first quarterly report and financial statements
- (3) The Eleventh Meeting of the Seventh Supervisory Committee was held on 3 August 2012. The meeting considered and approved the resolution regarding the Company's 2012 interim report, its summary and financial statements; the resolution regarding the proposals of no dividend distribution and no transfer of capital surplus reserve to share capital for the 2012 interim period; the resolution regarding the report on the blueprint for shareholder returns for the next three years; and the resolution regarding amendment of the Company's Articles of Association.
- (4) The Twelfth Meeting of the Seventh Supervisory Committee was held on 22 October 2012. The meeting considered and approved the Company's 2012 third quarterly report and its financial statements.

2. Inspection Tours by the Supervisory Committee

Focusing on both the Company's development and its internal control system, the Supervisory Committee continued to inspect and visit different types of front-line companies of the Company. Through on-site inspection, meetings, seminars, the Supervisory Committee inspected and supervised the operation and financial situation, the management's performance of duties, the risk control of core business, and protection of employees' interest of front-line companies. The committee supervised all the companies to fine-tune their internal control systems. The Supervisory Committee also requested the Company to establish a staff work ethics sunshine reporting mechanism to counter corruption, to protect the environment for the Company's healthy development.

3. Independent Opinions of the Supervisory Committee on Certain Issues of the Company

(1) Statutory compliance: During the year, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing reports on special projects, on-site

inspection and meeting with staff. With reference to various regulations, the Supervisory Committee was of the opinion that the Company's decision-making process was lawful, and the internal control measures were effective. The directors and senior management team of the Company diligently carried out their duties, and none of their acts had violated the law, regulations, the Company's Articles of Association, nor had they prejudiced the Company's and shareholders' interests. The Supervisory Committee had reviewed the Company's internal control self-assessment report for the year 2012 and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control and agreed to announce the relevant report.

(2) Financial monitoring: During the year under review, the Supervisory Committee actively performed its duty of monitoring the Company's financial situation, including reviewing the Company's operation and its risks and providing audited opinions to each regular report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and accurate view on the Company's financial position and operating results.

(3) Use of proceeds from fund raising exercises: During the year under review, the Company had not raised new fund. The Supervisory Committee continued to review the deposit and use of the remaining proceeds raised from the subsequent offer of A shares in 2007. The Supervisory Committee was of the opinion that the management and use of the proceeds had complied with regulations.

(4) Stock incentive plan: The Supervisory Committee had supervised the implementation of the Company's A-share Stock Option Incentive Scheme. It was of the view that the relevant decision-making process including the determining of the fulfilment of the vesting conditions for the first exercise period of the stock option incentive scheme and the adjustment of the exercise price of the stock options, was reasonable and in compliance with regulations. The Supervisory Committee had verified the list of beneficiaries of the stock option incentive scheme who could exercise their vested stock options in the first exercise period, and was of the opinion that the qualifications of the beneficiaries were legal and effective.

(5) Major asset acquisitions and disposals: During the year, the Company did not have any major asset acquisitions and disposals. The Supervisory Committee noted that, during the year under review, a wholly-owned subsidiary of the Company completed the acquisition of the 75% equity interests of a listed company on The Stock Exchange of Hong Kong Limited ("SEHK") with a stock code 1036, and renamed it as Vanke Property (Overseas) Limited. The relevant procedures had strictly complied with regulations.

(6) Connected transactions: In February 2012, the Company applied for a trust loan of RMB1 billion and a trust loan of RMB 2 billion from China Resources SZITIC Trust Co., Ltd., which were within the scope of authorization granted at the Company's 2011 first extraordinary general meeting, to satisfy the development needs of certain projects of the Company. In December 2012, the Company applied for a trust loan of RMB1.1 billion from China Resources SZITIC Trust Co., Ltd, which was within the scope of authorization granted at the Company's 2011 annual general meeting. The Supervisory Committee had reviewed the said transactions and was of the opinion that the cost of the loan had been determined with reference to the prevailing market price level and the characteristics of the project, and the terms of the transactions were fair, and the related decision-making procedures were in compliance with the relevant requirements of the Company Law, Securities Law, Rules Governing Listing of Stocks on Shenzhen Stock Exchange and the Articles of Association of the Company, and that the transaction did not prejudice the interests of other shareholders. Apart from the aforementioned, the Company did not have any other connected transaction.

(7) On 26 December 2012, trading of the Company's shares was suspended. Following this, the Company announced the proposal for change of listing location of its domestically listed foreign shares for listing and trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction. Listing in Hong Kong will promote the Company's internationalisation strategies, conform to the interests of the shareholders, and will be instrumental to the long-term development of the Company.

2013 marks the year where the term of office of the Seventh Supervisory Committee will soon expire. All the members of the Supervisory Committee will continue to diligently perform their duties and contribute more to the Company's development.

X. Internal Control

The Company has established a set of comprehensive and effective internal control systems, thanks to the continued efforts of the Board, management and the entire workforce. There are internal control systems and essential internal monitoring mechanisms in place for the Company as a whole and each business process, to ensure the legal compliance of the Company's operation management, assets safety, as well as authenticity and completeness of the financial statements and the relevant information.

In 2012, with reference to the relevant requirements of the "Basic Internal Control Norms for Enterprises" jointly promulgated by the five ministries including the Ministry of Finance and CSRC, and "Guidelines for Enterprise Internal Control Application", "Guidelines for Enterprise Internal Control Assessment", Shenzhen Stock Exchange's "Guidance for Internal Control of Listed Companies", the Company adhered to the principle of risk orientation. By taking into account the actual situation of management and operation, the Company continued to improve and optimise its internal control system in order to cope with the changing external environment and the requirements of its internal management.

The Company further improved the three-level self-assessment system of the headquarters, individual subsidiaries and individual business operations, and from time to time organized systematic self-assessment exercise regarding the internal control design and its implementation for the various departments of the headquarters and individual subsidiaries. The assessment covered the specific requirements of key aspects including internal environment, risk assessment, activities control, information and communication, and internal supervision. The Company also conducted independent assessment of the design, operating efficiency and results of the Company's internal control through risk inspection, internal auditing, and inspection tours.

The Board is of the opinion that the Company's existing internal control system does not have any material weakness with respect to completeness, compliance, effectiveness. However, the inherent constraints of internal control, as well as the ever changing internal environment, macro environment, policy and regulations may render the original control activities inapplicable or deviate. As such, the Company will upgrade and improve its internal control system on a timely basis, providing reasonable protection for the authenticity, completeness of financial report, as well as realization of the Company's strategies and business objectives.

XI. Financial Report

China Vanke Co., Ltd.
万科企业股份有限公司

31 December 2012



Independent auditor's report to the shareholders of China Vanke Co., Ltd.

*(Established as a joint stock company in the People's Republic of China
with limited liability)*

We have audited the accompanying consolidated financial statements of China Vanke Co., Ltd. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



Independent auditor's report to the shareholders of China Vanke Co., Ltd. (continued)

*(Established as a joint stock company in the People's Republic of China
with limited liability)*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Huazhen (Special General Partnership)

Certified Public Accountants

8th Floor, Tower E2, Oriental Plaza

1 East Chang An Avenue

Beijing, People's Republic of China

26 February 2013

Consolidated income statement for the year ended 31 December 2012 (Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Revenue	4(a)	96,859,914	67,709,396
Cost of sales		(65,454,228)	(43,249,418)
Gross profit		31,405,686	24,459,978
Other revenue	5	1,008,346	820,643
Other net income	6	200,521	138,306
Distribution costs		(3,056,378)	(2,556,775)
Administrative expenses		(2,845,761)	(2,666,722)
Other operating expenses	7	(165,250)	(97,004)
Profit from operations		26,547,164	20,098,426
Finance costs	8(a)	(1,739,414)	(1,252,354)
Share of profits less losses of associates	15	570,657	397,783
Share of profits less losses of jointly controlled entities	16	319,130	246,205
Profit before taxation		25,697,537	19,490,060
Income tax	9(a)	(10,034,949)	(7,890,454)
Profit for the year		15,662,588	11,599,606
Attributable to:			
Equity shareholders of the Company		12,551,182	9,624,875
Non-controlling interests		3,111,406	1,974,731
Profit for the year		15,662,588	11,599,606
Basic earnings per share (RMB)	11	1.14	0.88

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 year are set out in note 30(c).

Consolidated statement of comprehensive income for the year ended 31 December 2012 (Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Profit for the year		15,662,588	11,599,606
Other comprehensive income (after tax and reclassification adjustments)	10		
Exchange differences on translation of financial statements of overseas subsidiaries		(104,786)	155,644
Available-for-sale securities:			
- net movement in the fair value reserve		-	27,373
- fair value reserve transferred to profit or loss		(27,373)	-
		(132,159)	183,017
Total comprehensive income for the year		15,530,429	11,782,623
Attributable to:			
Equity shareholders of the Company		12,419,023	9,807,892
Non-controlling interests		3,111,406	1,974,731
Total comprehensive income for the year		15,530,429	11,782,623

The accompanying notes form part of these financial statements.

Consolidated statement of financial position at 31 December 2012 (Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	12	3,132,540	2,777,889
Investment properties	13	1,714,136	1,126,105
Goodwill	14	201,690	-
Interest in associates	15	2,915,844	2,160,824
Interest in jointly controlled entities	16	4,043,247	4,183,142
Other financial assets	17	85,979	523,790
Other non-current assets	18	879,582	463,793
Deferred tax assets	26(b)	3,219,894	2,326,242
		16,192,912	13,561,785
Current assets			
Inventories	19	253,622,152	208,661,350
Trade and other receivables	20	56,988,250	40,071,647
Pledged deposits	21	1,171,318	625,403
Cash and cash equivalents	22	51,120,224	33,614,112
		362,901,944	282,972,512
Current liabilities			
Bank loans and borrowings from financial institutions	23	35,557,359	23,570,276
Financial derivatives	24	25,761	17,042
Trade and other payables	25	215,529,570	168,893,596
Current taxation	26(a)	8,720,876	8,243,247
		259,833,566	200,724,161
Net current assets		103,068,378	82,248,351
Total assets less current liabilities		119,261,290	95,810,136

The accompanying notes form part of these financial statements.

Consolidated statement of financial position at 31 December 2012 (continued) (Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Non-current liabilities			
Bank loans and borrowings from financial institutions	23	36,036,070	26,822,359
Deferred tax liabilities	26(c)	1,027,055	1,104,762
Provisions	27	44,292	38,678
Other non-current liabilities	28	15,678	11,798
		<u>37,123,095</u>	<u>27,977,597</u>
NET ASSETS		<u>82,138,195</u>	<u>67,832,539</u>
CAPITAL AND RESERVES	30		
Share capital		10,995,553	10,995,210
Reserves		<u>52,830,001</u>	<u>41,972,585</u>
Total equity attributable to equity shareholders of the Company		63,825,554	52,967,795
Non-controlling interests		<u>18,312,641</u>	<u>14,864,744</u>
TOTAL EQUITY		<u>82,138,195</u>	<u>67,832,539</u>

Approved and authorised for issue by the board of directors on 26 February 2013.

Wang Shi)	
Yu Liang)	
)	Directors
)	
)	

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									
		Share-based								Non-	
	Note	Share capital	Share premium	compensation reserve	Statutory reserves	Exchange reserve	Other reserves	Retained profits	Total	controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2011		10,995,210	8,789,676	-	10,587,706	390,132	(332)	13,470,285	44,232,677	10,353,523	54,586,200
Changes in equity for 2011:											
Profit for the year		-	-	-	-	-	-	9,624,875	9,624,875	1,974,731	11,599,606
Other comprehensive income	10	-	-	-	-	155,644	27,373	-	183,017	-	183,017
Total comprehensive income		-	-	-	-	155,644	27,373	9,624,875	9,807,892	1,974,731	11,782,623
Dividends approved in respect of the previous year	30(c)	-	-	-	-	-	-	(1,099,521)	(1,099,521)	-	(1,099,521)
Appropriation to statutory reserves	30(b)	-	-	-	3,061,021	-	-	(3,061,021)	-	-	-
Equity settled share-based transactions	29	-	-	106,236	-	-	-	-	106,236	-	106,236
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	3,904,944	3,904,944
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	68,806	68,806
Acquisitions of additional interest in subsidiaries		-	-	-	-	-	(79,489)	-	(79,489)	(405,068)	(484,557)
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(102,688)	(102,688)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(898,844)	(898,844)
Others		-	-	-	-	-	-	-	-	(30,660)	(30,660)
Balance at 31 December 2011		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

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity (continued)

Year ended 31 December 2012

(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company									
		Share-based								Non-	
	Note	Share capital	Share premium	compensation reserve	Statutory reserves	Exchange reserve	Other reserves	Retained profits	Total	controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	10	-	-	-	-	(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	29	-	-	88,231	-	-	-	-	88,231	-	88,231
Share issued upon exercise of share options	30(a)	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 year ended 31 December 2012 (Expressed in Renminbi Yuan)

	Note	2012 RMB'000	2011 RMB'000
Operating activities			
Cash received from customers		116,108,840	103,648,873
Cash generated from other operating activities		5,480,586	6,894,668
Cash paid to suppliers		(87,323,652)	(84,918,244)
Cash paid to and for employees		(2,908,877)	(2,480,848)
Cash paid for other taxes		(7,723,669)	(4,979,856)
Cash used in other operating activities		(9,549,370)	(5,056,898)
Cash generated from operations		14,083,858	13,107,695
PRC Corporate Income Tax ("CIT") and Hong Kong Profits Tax paid		(5,672,442)	(6,304,556)
Land Appreciation Tax ("LAT") paid		(4,685,457)	(3,413,715)
Net cash generated from operating activities		3,725,959	3,389,424
Investing activities			
Acquisitions of subsidiaries, net of cash acquired	35	(2,537,053)	(3,865,725)
Investment in associates and jointly controlled entities		(488,450)	(790,000)
Acquisitions of additional interest in subsidiaries		(11,958)	(405,068)
Acquisitions of property, plant and equipment		(150,668)	(261,561)
Net cash outflow from disposals of subsidiaries	36	(42)	(985,466)
Proceeds from disposal of property, plant and equipment		1,533	1,116
Proceeds from disposals of investments		12,000	207,894
Interest received		554,009	427,485
Dividends received		167,176	18,758
Net cash used in investing activities		(2,453,453)	(5,652,567)

The accompanying notes form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2012 (continued) (Expressed in Renminbi Yuan)

	2012 RMB'000	2011 RMB'000
Financing activities		
Contributions from non-controlling interests	2,991,124	3,904,944
Proceeds from bank loans and borrowings from financial institutions	47,477,333	23,574,576
Repayment of bank loans and borrowings from financial institutions	(26,864,417)	(19,974,613)
Dividends and interest paid	(7,318,530)	(6,698,048)
Net cash generated from financing activities	16,285,510	806,859
Effect of foreign exchange rate changes	(51,904)	(26,539)
Net increase / (decrease) in cash and cash equivalents	17,506,112	(1,482,823)
Cash and cash equivalents at 1 January	33,614,112	35,096,935
Cash and cash equivalents at 31 December	51,120,224	33,614,112

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 financial statements of the Company for the year ended 31 December 2012 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 jointly controlled entities. The Group’s principal activities are development and sale of properties in the PRC.

2 Significant accounting policies

(a) Statement of compliance

These 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 financial statements.

(b) Basis of preparation

The measurement basis used in the preparation of the 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 financial statements in conformity with IFRSs requires management to make judgements, 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 judgements 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.

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

(c) *Changes in accounting policies*

The IASB has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, Financial instrument: Disclosures – Transfers of financial assets
- Amendments to IAS 12 Income taxes – Deferred tax: Recovery of underlying assets

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

Amendments to IFRS 7, Financial instrument: Disclosures

The amendments to IFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to IAS 12, Income taxes

Under IAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to IAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments to IAS 12 did not have any impact to the Group's financial statements as the Group adopts cost model to measure its investment properties.

2 Significant accounting policies (continued)

(d) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 and transactions 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 their 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 income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between 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 note 2(p) or (q) depending on the nature of the liability.

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 in 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(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 2(e)).

2 Significant accounting policies (continued)

(e) *Associates and jointly controlled entities*

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

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity 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 note 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 year are recognised in the consolidated income statement, 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 comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, 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 jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities 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.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, 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)) or, when appropriate, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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(1)).

On disposal of a cash generating unit during the year, 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 jointly controlled entities, 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(1)).

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(1)), the cumulative gain or loss is reclassified from equity to profit or loss.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

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)).

Gains or losses 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:

	<i>Residual value</i>	<i>Useful life</i>
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 jointly controlled entities (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)

(I) 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 year 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 year 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 year 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 year 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 year, 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.

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.

2 Significant accounting policies (continued)

(t) *Income tax (continued)*

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 not 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 to 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) Dividends

- 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 year 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 judgements 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 judgements 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 year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2012 RMB'000	2011 RMB'000
Sale of properties	94,000,979	65,313,204
Construction contracts	1,415,632	1,324,755
Property management and related services	807,186	540,406
Others	636,117	531,031
	<u>96,859,914</u>	<u>67,709,396</u>

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 jointly controlled entities, 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.

	<i>Real estate development (note (1))</i>					
	<i>Beijing region</i>	<i>Guangshen region</i>	<i>Shanghai region</i>	<i>Chengdu region</i>	<i>Property management</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2012						
Revenue from external customers, before sales taxes	33,445,567	29,018,433	21,915,412	17,521,367	974,601	102,875,380
Inter-segment revenue	-	342,277	4,886	40,000	803,223	1,190,386
Reportable segment revenue, before sales taxes	<u>33,445,567</u>	<u>29,360,710</u>	<u>21,920,298</u>	<u>17,561,367</u>	<u>1,777,824</u>	<u>104,065,766</u>
Reportable segment profit	<u>6,856,184</u>	<u>6,429,262</u>	<u>4,545,655</u>	<u>3,493,131</u>	<u>150,944</u>	<u>21,475,176</u>
Interest income	360,319	209,186	183,503	193,818	4,821	951,647
Interest expense	225,056	415,999	483,122	80,064	47	1,204,288
Share of profits less losses of associates and jointly controlled entities (note (2))	438,969	160,592	147,862	161,049	-	908,472
Reportable segment assets	<u>108,538,598</u>	<u>122,334,248</u>	<u>103,775,407</u>	<u>69,798,669</u>	<u>2,905,454</u>	<u>407,352,376</u>
Reportable segment liabilities	<u>88,536,930</u>	<u>105,754,297</u>	<u>89,823,583</u>	<u>62,910,060</u>	<u>2,497,514</u>	<u>349,522,384</u>

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	<i>Real estate development (note (1))</i>					<i>Total</i>
	<i>Beijing region</i>	<i>Guangshen region</i>	<i>Shanghai region</i>	<i>Chengdu region</i>	<i>Property management</i>	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2011						
Revenue from external customers, before sales taxes	17,061,231	25,421,017	20,777,636	7,806,280	713,346	71,779,510
Inter-segment revenue	-	94,430	-	-	716,953	811,383
Reportable segment revenue, before sales taxes	<u>17,061,231</u>	<u>25,515,447</u>	<u>20,777,636</u>	<u>7,806,280</u>	<u>1,430,299</u>	<u>72,590,893</u>
Reportable segment profit	<u>3,504,472</u>	<u>6,183,992</u>	<u>4,568,294</u>	<u>1,123,944</u>	<u>98,913</u>	<u>15,479,615</u>
Interest income	416,729	107,467	195,469	99,220	4,034	822,919
Interest expense	297,224	288,527	344,288	50,280	2	980,321
Share of profits less losses of associates and jointly controlled entities (note (2))	150,291	167,151	137,932	17,696	-	473,070
Reportable segment assets	<u>88,526,568</u>	<u>100,481,838</u>	<u>80,334,997</u>	<u>48,708,614</u>	<u>1,659,635</u>	<u>319,711,652</u>
Reportable segment liabilities	<u>73,806,426</u>	<u>85,674,922</u>	<u>68,291,076</u>	<u>43,937,305</u>	<u>1,356,531</u>	<u>273,066,260</u>

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 and Putian.

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 and Urumqi.

Note (2): Share of profits less losses of associates and jointly controlled entities that is attributable to head office and not allocated to the respective segments is RMB319 million (2011: RMB171 million).

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2012 RMB'000	2011 RMB'000
Revenue		
Reportable segment revenue	104,065,766	72,590,893
Elimination of inter-segment revenue	(1,190,386)	(811,383)
Unallocated revenue	240,865	3,240
Sales taxes	(6,256,331)	(4,073,354)
Consolidated revenue	<u>96,859,914</u>	<u>67,709,396</u>
Profit		
Reportable segment profit	21,475,176	15,479,615
Elimination of inter-segment profit	(982,138)	(282,396)
Share of profits less losses of associates and jointly controlled entities	889,787	643,988
Dividend income	27,188	18,966
Other net income, excluding net exchange gain	141,570	108,936
Other operating expenses, excluding provision for doubtful debts	(81,433)	(32,377)
Unallocated expenses	(399,965)	(130,849)
LAT	4,627,352	3,684,177
Consolidated profit before taxation	<u>25,697,537</u>	<u>19,490,060</u>
	2012 RMB'000	2011 RMB'000
Assets		
Reportable segment assets	407,352,376	319,711,652
Elimination of inter-segment receivables	(192,577,435)	(138,381,484)
Unallocated assets	164,319,915	115,204,129
Consolidated total assets	<u>379,094,856</u>	<u>296,534,297</u>
Liabilities		
Reportable segment liabilities	349,522,384	273,066,260
Elimination of inter-segment payables	(176,161,335)	(124,301,269)
Unallocated liabilities	123,595,612	79,936,767
Consolidated total liabilities	<u>296,956,661</u>	<u>228,701,758</u>

5 Other revenue

	2012 RMB'000	2011 RMB'000
Interest income	981,158	801,677
Dividend income	27,188	18,966
	<u>1,008,346</u>	<u>820,643</u>

6 Other net income

	2012 RMB'000	2011 RMB'000
Forfeited deposits and compensation from customers	68,154	27,777
Gain on disposals of subsidiaries	33,180	35,395
Net (loss) / gain on disposals of other investments	(16,201)	881
Net (loss) / gain on disposals of property, plant and equipment	(4,671)	2,901
Net realised and unrealised loss on financial derivatives	(8,719)	(2,869)
Net exchange gain	58,951	29,370
Other sundry income	69,827	44,851
	<u>200,521</u>	<u>138,306</u>

7 Other operating expenses

	2012 RMB'000	2011 RMB'000
Provision for doubtful debts	83,818	64,627
Compensation to customers	15,780	11,132
Donations	48,907	5,530
Penalties	9,273	7,942
Other sundry expenses	7,472	7,773
	<u>165,250</u>	<u>97,004</u>

8 Profit before taxation

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

(a) Finance costs

	2012 RMB'000	2011 RMB'000
Interest on interest-bearing borrowings	5,782,312	4,208,214
Less: Interest expense capitalised into inventories (note)	(4,042,898)	(2,955,860)
	<u>1,739,414</u>	<u>1,252,354</u>

Note: The borrowing costs have been capitalised at a rate of 8.4% per annum (2011: 8.6%).

(b) Staff costs

	2012 RMB'000	2011 RMB'000
Salaries, wages and other benefits	3,433,442	2,733,158
Contributions to defined contribution retirement plan	288,473	227,802
Equity-settled share-based payment expenses	88,231	106,236
	<u>3,810,146</u>	<u>3,067,196</u>

(c) Other items

	2012 RMB'000	2011 RMB'000
Depreciation and amortisation	182,620	137,327
Impairment loss on trade and other receivables	83,818	64,627
Cost of inventories	63,195,149	41,236,819
Operating lease charges in respect of properties	85,385	92,461
Rental income from investment properties	(35,620)	(9,766)
Project management fee charged to associates and jointly controlled entities	(295,787)	(198,103)
	<u>(295,787)</u>	<u>(198,103)</u>

9 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2012 RMB'000	2011 RMB'000
Current tax		
Provision for CIT and Hong Kong Profits Tax	6,139,443	4,842,351
Provision for LAT	4,825,002	3,705,432
Withholding tax	32,739	16,221
	<u>10,997,184</u>	<u>8,564,004</u>
Deferred tax		
Fair value adjustments arising from business combinations		
- CIT and Hong Kong Profits Tax	(19,659)	(12,252)
- LAT	(32,614)	(21,255)
Accrual for LAT	(196,761)	(284,506)
Tax losses	(214,480)	(318,755)
Bad debt provision and write-down of inventories	(9,288)	(2,836)
Accruals for construction costs	(64,613)	(32,163)
Withholding tax	(16,310)	43,041
Unrealised profits	(360,705)	(20,916)
Other temporary differences	(47,805)	(23,908)
	<u>(962,235)</u>	<u>(673,550)</u>
	<u><u>10,034,949</u></u>	<u><u>7,890,454</u></u>

(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% (2011: from 24% to 25%).

According to the CIT Law that was passed by the Standing Committee of the Tenth National People's Congress ("NPC") on 16 March 2007 and the Notice of the State Council on the Transitional Preferential Policy regarding implementation of the CIT Law (Guo Fa [2007] No.39) issued on 26 December 2007, income tax rate is revised to 25% with effect from 1 January 2008. For certain enterprises that are entitled to preferential income tax rate of 15% before the implementation of the CIT Law, the income tax rate applicable will be 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011, and 2012 and thereafter respectively. As at 31 December 2012 and 2011, deferred tax assets and liabilities were calculated based on the applicable income tax rates enacted by the NPC from 1 January 2008.

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% of the estimated assessable profits for the year.

9 Income tax in the consolidated income statement (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 sales 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 ranged from 5% to 10%.

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

	2012 RMB'000	2011 RMB'000
Profit before taxation	25,697,537	19,490,060
Less: LAT	(4,627,352)	(3,684,177)
Profit before CIT and Hong Kong Profits Tax	<u>21,070,185</u>	<u>15,805,883</u>
Notional tax on profit before CIT and Hong Kong Profits Tax calculated at effective income tax rate of the relevant Group entities concerned	5,266,357	3,919,065
Non-taxable income	(227,053)	(163,254)
Non-deductible expenses	280,613	452,318
Effect of temporary difference not recognised	100,682	42,346
Recognition of previously unrecognised tax losses	(13,002)	(43,206)
Effect of change in tax rates on deferred tax in respect of current year temporary differences	-	(992)
CIT and Hong Kong Profits Tax	<u>5,407,597</u>	<u>4,206,277</u>
LAT	<u>4,627,352</u>	<u>3,684,177</u>
Income tax expense	<u>10,034,949</u>	<u>7,890,454</u>

10 Other comprehensive income

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

	2012			2011		
	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	(104,786)	-	(104,786)	155,644	-	155,644
Available-for-sale securities						
- net movement in fair value reserve	-	-	-	36,497	(9,124)	27,373
- fair value reserve reclassified to profit or loss	(36,497)	9,124	(27,373)	-	-	-
Other comprehensive income	(141,283)	9,124	(132,159)	192,141	(9,124)	183,017

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

	2012 RMB'000	2011 RMB'000
Available-for sale securities:		
Changes in fair value recognised during the year	-	27,373
Reclassification to profit or loss:	(27,373)	-
Net movement in the fair value reserve during the year recognised in other comprehensive income	(27,373)	27,373

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 RMB12,551,182,000 (2011: RMB9,624,875,000) and the weighted average of 10,995,306,676 (2011: 10,995,210,218) shares in issue during the year.

The Group has a share option scheme which was adopted on 25 April 2011 (see note 29). The scheme gives rise to potential A shares of the Company. The potential A shares have no diluted effect for the year ended 31 December 2012 and 2011, but may have diluted effect in future years.

12 Property, plant and equipment

	<i>Hotel and other buildings held for own use RMB'000</i>	<i>Improvements to premises RMB'000</i>	<i>Leasehold land prepayment RMB'000</i>	<i>Machinery and motor vehicles RMB'000</i>	<i>Electronic and other equipment RMB'000</i>	<i>Construction in progress RMB'000</i>	<i>Total RMB'000</i>
Cost:							
At 1 January 2011	1,302,156	84,973	383,379	127,988	203,393	764,282	2,866,171
Additions	15,929	39,935	71,691	62,265	46,251	289,177	525,248
Transfer	347,907	-	-	-	-	(347,907)	-
Disposals	(11,873)	(5,663)	-	(12,856)	(12,565)	-	(42,957)
At 31 December 2011	1,654,119	119,245	455,070	177,397	237,079	705,552	3,348,462
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
Transfer	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

12 Property, plant and equipment (continued)

	<i>Hotel and other buildings held for own use RMB'000</i>	<i>Improvements to premises RMB'000</i>	<i>Leasehold land prepayment RMB'000</i>	<i>Machinery and motor vehicles RMB'000</i>	<i>Electronic and other equipment RMB'000</i>	<i>Construction in progress RMB'000</i>	<i>Total RMB'000</i>
<i>Accumulated depreciation:</i>							
At 1 January 2011	215,074	45,921	9,427	77,701	128,071	-	476,194
Charge for the year	51,204	20,505	10,169	18,055	28,779	-	128,712
Written back on disposals	(8,904)	(3,489)	-	(11,160)	(10,780)	-	(34,333)
At 31 December 2011	<u>257,374</u>	<u>62,937</u>	<u>19,596</u>	<u>84,596</u>	<u>146,070</u>	<u>-</u>	<u>570,573</u>
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	<u>301,869</u>	<u>84,988</u>	<u>29,696</u>	<u>96,408</u>	<u>165,123</u>	<u>-</u>	<u>678,084</u>
<i>Net book value:</i>							
At 31 December 2012	<u>1,415,448</u>	<u>52,426</u>	<u>426,847</u>	<u>88,594</u>	<u>98,107</u>	<u>1,051,118</u>	<u>3,132,540</u>
At 31 December 2011	<u>1,396,745</u>	<u>56,308</u>	<u>435,474</u>	<u>92,801</u>	<u>91,009</u>	<u>705,552</u>	<u>2,777,889</u>

13 Investment properties

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 January	1,155,944	150,400
Addition	1,286,081	1,005,544
Transfer	(675,300)	-
Disposals	(12,696)	-
At 31 December	<u>1,754,029</u>	<u>1,155,944</u>
Accumulated depreciation:		
At 1 January	29,840	21,224
Charge for the year	10,599	8,615
Written back on disposals	(546)	-
At 31 December	<u>39,893</u>	<u>29,839</u>
Net book value:		
At 31 December	<u>1,714,136</u>	<u>1,126,105</u>

Investment properties include those under development at the end of the reporting period with carrying amount of RMB684 million (2011: RMB920 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 RMB4,080 million (2011: RMB1,519 million).

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

	2012 RMB'000	2011 RMB'000
In the PRC, held on leases of		
- Between 10 and 50 years	686,918	856,635
- Over 50 years	124,905	269,470
	<u>811,823</u>	<u>1,126,105</u>
In Hong Kong, held on leases of		
- Over 50 years	902,313	-
	<u>1,714,136</u>	<u>1,126,105</u>

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:

	2012 RMB'000	2011 RMB'000
Within 1 year	57,496	17,815
After 1 year but within 5 years	314,671	131,176
After 5 years	454,588	271,408
	<u>826,755</u>	<u>420,399</u>

14 Goodwill

	2012 RMB'000	2011 RMB'000
<i>Cost and carrying amount:</i>		
At 31 December	<u>201,690</u>	<u>-</u>

Goodwill as at 31 December 2012 arose from acquisition of Vanke Property (Overseas) Limited by the Group during the year. As at year end, an impairment test was performed by comparing the goodwill with its recoverable amount and no impairment was recorded.

15 Interest in associates

	2012 RMB'000	2011 RMB'000
Share of net assets	<u>2,915,844</u>	<u>2,160,824</u>

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 (note 1, 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	51%	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

Notes:

- (1) Except for the equity interest held directly, the Group also hold equity interest in these associates through a jointly controlled entity.
- (2) Pursuant to the voting rights in the board of directors, the Group has significant influence in these entities.

Summary financial information on associates:

	Assets RMB'000	Liabilities RMB'000	Equity RMB'000	Revenue RMB'000	Profit RMB'000
2012					
100 per cent	46,329,081	38,100,386	8,228,695	9,341,384	1,155,661
Group's effective interest	<u>20,996,384</u>	<u>18,080,540</u>	<u>2,915,844</u>	<u>4,602,955</u>	<u>570,657</u>
2011					
100 per cent	39,057,055	32,217,827	6,839,228	4,857,011	798,304
Group's effective interest	<u>18,011,971</u>	<u>15,851,147</u>	<u>2,160,824</u>	<u>2,374,551</u>	<u>397,783</u>

16 Interest in jointly controlled entities

	2012 RMB'000	2011 RMB'000
Share of net assets	<u>4,043,247</u>	<u>4,183,142</u>

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

16 Interest in jointly controlled entities (continued)

<i>Name of company</i>	<i>Place of incorporation and operation</i>	<i>Proportion of ownership interest</i>	
		<i>Group's effective interest</i>	<i>Principal activity</i>
Shanghai Jialai Real Estate Development Company Limited (note)	PRC	49%	Property development
Zhonghang Vanke Company Limited (note)	PRC	40%	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 development
Fuyang Donghe Property Company Limited (note)	PRC	20%	Property development
Shanghai Wanzhicheng Property Development Company Limited	PRC	50%	Property development
Shanghai Ledu Property Development Company Limited (note)	PRC	33%	Property development

16 Interest in jointly controlled entities (continued)

Name of company	Place of incorporation and operation	Proportion of ownership interest	
		Group's effective interest	Principal activity
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 development
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 Zhelien Property Development Company Limited (note)	PRC	23%	Property development

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

Summary financial information on jointly controlled entities – Group's effective interest

	2012 RMB'000	2011 RMB'000
Non-current assets	1,033,392	1,041,349
Current assets	16,422,935	16,108,803
Non-current liabilities	(754,982)	(1,769,198)
Current liabilities	(12,658,098)	(11,197,812)
Net assets	<u>4,043,247</u>	<u>4,183,142</u>
	2012 RMB'000	2011 RMB'000
Income	2,882,059	1,801,032
Expenses	(2,562,929)	(1,554,827)
Profit for the year	<u>319,130</u>	<u>246,205</u>

17 Other financial assets

	2012 RMB'000	2011 RMB'000
Available-for-sale securities in the PRC		
Equity securities		
- Unlisted	81,215	519,026
- Listed in the PRC	4,764	4,764
	<u>85,979</u>	<u>523,790</u>

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:

	2012 RMB'000	2011 RMB'000
Cost:		
At 1 January	-	-
Transfer	675,300	-
At 31 December	<u>675,300</u>	<u>-</u>
Accumulated amortisation:		
At 1 January	-	-
Charge for the year	14,208	-
At 31 December	<u>14,208</u>	<u>-</u>
Net book value:		
At 31 December	<u>661,092</u>	<u>-</u>

19 Inventories

	2012 RMB'000	2011 RMB'000
Properties held for development	76,733,826	62,985,176
Properties under development	160,676,827	138,330,541
Completed properties for sale	15,993,829	7,239,386
Others	217,670	106,247
	<u>253,622,152</u>	<u>208,661,350</u>

19 Inventories (continued)

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

	2012 RMB'000	2011 RMB'000
In the PRC, held on lease of		
- Between 10 and 50 years	14,452,874	13,979,928
- Over 50 years	131,311,363	120,888,196
	<u>145,764,237</u>	<u>134,868,124</u>

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

	2012 RMB'000	2011 RMB'000
Carrying amount of inventories sold	<u>63,195,149</u>	<u>41,236,819</u>

(c) The amount of properties held for development and properties under development expected to be recovered after more than one year is RMB115,592 million (2011: RMB109,070 million).

20 Trade and other receivables

	2012 RMB'000	2011 RMB'000
Trade debtors (note (a))	1,915,305	1,497,916
Less: allowance for doubtful debts	<u>(28,756)</u>	<u>(27,849)</u>
	1,886,549	1,470,067
Other debtors	10,784,562	8,286,197
Amounts due from associates (note (b))	5,642,821	6,026,183
Amounts due from jointly controlled entities (note (b))	3,465,502	4,128,234
Prepayments (note (c))	33,373,612	20,116,219
Gross amount due from customers for contract work (note (d))	<u>1,835,204</u>	<u>44,747</u>
	<u>56,988,250</u>	<u>40,071,647</u>

All of the trade and other receivables, apart from receivables of RMB1,146 million (2011: RMB845 million), are expected to be recovered within one year.

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:

	2012 RMB'000	2011 RMB'000
Within 1 year	1,653,991	1,315,122
1 to 2 years	154,308	128,307
2 to 3 years	55,874	17,560
Over 3 years	22,376	9,078
	<u>1,886,549</u>	<u>1,470,067</u>

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 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 jointly controlled entities as at 31 December 2012 include an amount of RMB5,713 million (2011: RMB5,625 million) which are interest bearing at market rate, unsecured and repayable on demand. The interest income from these associates and jointly controlled entities amounted to RMB384 million (2011: RMB331 million) in 2012. The remaining amounts due from associates and jointly controlled entities are unsecured, interest free and repayable on demand.
- (c) The balance includes prepayments for leasehold land of RMB22,326 million (2011: RMB10,366 million).
- (d) The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/to customers for contract work at 31 December 2012, is RMB2,213 million (2011: RMB1,518 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

	2012 RMB'000	2011 RMB'000
Cash at bank and on hand	<u>51,120,224</u>	<u>33,614,112</u>

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).

	2012 RMB'000	2011 RMB'000
Current		
Secured		
- Bank loans (note (a))	3,358,380	1,636,415
- Borrowings from financial institutions (note (b))	2,690,400	1,600,000
- Corporate bonds (note (c))	2,985,306	-
	<u>9,034,086</u>	<u>3,236,415</u>
Unsecured		
- Bank loans (note (a))	10,247,981	11,946,031
- Borrowings from financial institutions (note (b))	13,378,980	8,387,830
- Corporate bonds (note (c))	2,896,312	-
	<u>26,523,273</u>	<u>20,333,861</u>
	<u>35,557,359</u>	<u>23,570,276</u>
Non-current		
Secured		
- Bank loans (note (a))	5,055,824	4,635,821
- Borrowings from financial institutions (note (b))	-	3,062,067
- Corporate bonds (note (c))	-	2,960,450
	<u>5,055,824</u>	<u>10,658,338</u>
Guaranteed		
- Bank loans (note (a))	190,000	-
- Borrowings from financial institutions (note (b))	320,000	320,000
	<u>510,000</u>	<u>320,000</u>
Unsecured		
- Bank loans (note (a))	10,190,210	8,324,630
- Borrowings from financial institutions (note (b))	20,280,036	4,629,444
- Corporate bonds (note (c))	-	2,889,947
	<u>30,470,246</u>	<u>15,844,021</u>
	<u>36,036,070</u>	<u>26,822,359</u>

23 Bank loans and borrowings from financial institutions (continued)

At 31 December, non-current interest-bearing loans and borrowings and corporate bonds were repayable as follows:

	2012 RMB'000	2011 RMB'000
After 1 year but within 2 years	27,286,992	19,865,824
After 2 years but within 5 years	8,749,078	6,956,535
	<u>36,036,070</u>	<u>26,822,359</u>

Notes:

(a) Bank loans

The secured bank loans are secured over certain properties held for development and properties under development with aggregate carrying value of RMB11,079 million (2011: RMB3,469 million) or pledged by the shares of interest in certain subsidiaries of the Group.

(b) Borrowings from financial institutions

	2012 RMB'000	2011 RMB'000
Current		
Proceeds	16,326,322	9,987,830
Transaction costs	(256,942)	-
	<u>16,069,380</u>	<u>9,987,830</u>
Non-current		
Proceeds	20,760,429	8,071,886
Transaction costs	(160,393)	(60,375)
	<u>20,600,036</u>	<u>8,011,511</u>

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.

23 Bank loans and borrowings from financial institutions (continued)

(c) Corporate bonds

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

	2011	
	No.101688 Bonds RMB'000	No.101699 Bonds RMB'000
At 1 January	2,884,022	2,937,122
Transaction costs amortised	5,925	23,328
At 31 December	<u>2,889,947</u>	<u>2,960,450</u>

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.

24 Financial derivatives

	2012 RMB'000	2011 RMB'000
Interest rate swaps	<u>25,761</u>	<u>17,042</u>

25 Trade and other payables

	2012 RMB'000	2011 RMB'000
Trade creditors and bills payable	49,838,127	29,777,063
Other payables and accruals	31,839,905	24,464,680
Amounts due to associates	907,773	869,836
Amounts due to jointly controlled entities	1,919,788	2,680,299
Receipts in advance	130,989,093	111,075,180
Gross amount due to customers for contract work (note 20(d))	34,884	26,538
	<u>215,529,570</u>	<u>168,893,596</u>

Included in trade and other payables is retention payable of RMB451 million (2011: RMB300 million) which are expected to be settled after one year.

Included in other payables and accruals is amounts of RMB23,271 million (2011: RMB17,690 million) representing advance from non-controlling shareholders of subsidiaries and other parties for the respective property development projects.

The amounts due to associates and jointly controlled entities include an amount of RMB959 million (2011: RMB1,230 million) which are interest bearing at market rate, unsecured and repayable on demand. The interest expenses to these associates and jointly controlled entities amounted to RMB74 million (2011: RMB64 million) in 2012. The remaining amounts due to associates and jointly controlled entities are unsecured, interest free and repayable on demand.

26 Income tax in the statement of financial position

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

	2012 RMB'000	2011 RMB'000
CIT and Hong Kong Profits Tax	2,873,002	2,423,046
LAT	5,847,874	5,820,201
	<u>8,720,876</u>	<u>8,243,247</u>

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 31 December 2012 and 2011.

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:

	2012 RMB'000	2011 RMB'000
Tax losses	1,029,526	815,046
Bad debt provision and write-down of inventories	37,553	28,265
Accruals for construction costs	261,683	197,070
Accrual for LAT	1,272,795	1,076,034
Unrealised profits	381,621	20,916
Other temporary differences	236,716	188,911
	<u>3,219,894</u>	<u>2,326,242</u>

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

	2012 RMB'000	2011 RMB'000
Tax losses	966,124	778,467
Deductible temporary differences	89,863	80,653
	<u>1,055,987</u>	<u>859,120</u>

The tax losses expire between 2013 and 2017. The deductible temporary differences will not expire the under 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:

	2012 RMB'000	2011 RMB'000
Fair value adjustments on available-for-sale securities	-	9,124
Fair value adjustments arising from business combinations	958,033	1,010,306
Withholding tax	69,022	85,332
	<u>1,027,055</u>	<u>1,104,762</u>

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

(d) Movements in deferred taxation, net:

	2012 RMB'000	2011 RMB'000
At 1 January	1,221,480	557,054
Net credit to profit or loss (note 9(a))	962,235	673,550
Net credit / (charge) to other comprehensive income (note 10(a))	9,124	(9,124)
At 31 December	<u>2,192,839</u>	<u>1,221,480</u>

27 Provisions

	2012 RMB'000	2011 RMB'000
Balance at 1 January	38,678	41,107
Provisions made during the year	12,346	16,272
Provisions used during the year	(6,732)	(18,701)
Balance at 31 December	<u>44,292</u>	<u>38,678</u>

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:*

	2012 Number '000
Outstanding at the beginning of the year	101,368
Exercised during the year	(343)
Forfeited during the year	(7,858)
Outstanding at the end of the year	<u>93,167</u>
Exercisable at the end of the year	<u>38,153</u>

The weighted average share price at the date of exercise for shares options exercised during the year was RMB9.50.

The options outstanding at 31 December 2012 had an exercise price of RMB8.66 and a weighted average remaining contractual life of 2.2 years.

No share options were exercised in 2011.

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

	Exercise price * RMB	2012 Number '000
25 April 2012 to 24 April 2014	8.66	38,153
25 April 2013 to 24 April 2015	8.66	27,507
25 April 2014 to 22 April 2016	8.66	<u>27,507</u>
		<u>93,167</u>

* 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 further adjusted to RMB8.66 after declaration of dividend of RMB0.13 per share during the year in accordance with the terms and conditions of the share option scheme.

30 Capital, reserves and dividends

(a) Share capital:

	2012 RMB'000	2011 RMB'000
Authorised, issued and fully paid:		
A shares of RMB1 each	9,680,598	9,680,255
B shares of RMB1 each	1,314,955	1,314,955
	<u>10,995,553</u>	<u>10,995,210</u>

Included in the A shares are 18,402,673 shares (2011: 18,426,384 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. All 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 first exercise period on 12 July 2012. During the reporting period, there were a total of 342,900 share options exercised by 23 beneficiaries. The Company's total number of shares thus increased by 342,900 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 year ended 31 December 2012, the Company transferred RMB561,387,000 (2011: 437,289,000), being 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 year ended 31 December 2012, the directors proposed to transfer RMB2,806,937,000 (2011: RMB2,623,732,000), being 50% (2011: 60%) 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 year ended 31 December 2012 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) Dividend payable to equity shareholders of the Company attributable to the year

	2012 RMB'000	2011 RMB'000
Dividend to be proposed at the Company's forthcoming annual general meeting of RMB0.18 per share (2011: RMB0.13 per share)	<u>1,979,200</u>	<u>1,429,377</u>

The dividend to be proposed at the Company's forthcoming annual general meeting has not been recognised as a liability at the end of the reporting period.

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

	2012 RMB'000	2011 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.13 per share (2011: RMB0.10 per share)	<u>1,429,377</u>	<u>1,099,521</u>

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 Company. 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 31 December 2012 and 2011 is calculated as follows:

	2012 RMB'000	2011 RMB'000
Bank loans and borrowings from financial institutions	71,593,429	50,392,635
Less: Cash and cash equivalents	(51,120,224)	(33,614,112)
Pledged deposits	(1,171,318)	(625,403)
Net debt	<u>19,301,887</u>	<u>16,153,120</u>
Total equity	<u>82,138,195</u>	<u>67,832,539</u>
Gearing ratio	<u>23.5%</u>	<u>23.8%</u>

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 ongoing 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 jointly controlled entities, 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, 27.87% (2011: 15.80%) 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:

	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

31 Financial risk management and fair values (continued)

(b) Liquidity risk (continued)

	2011				
	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	44,542,238	49,385,740	26,075,856	15,112,360	8,197,524
Corporate bonds	5,850,397	6,513,333	368,000	6,145,333	-
Trade creditors and accruals	61,684,798	61,728,874	61,025,998	461,086	241,790
Financial derivatives	17,042	17,042	17,042	-	-
Interest payable	272,299	272,299	272,299	-	-
Other non-current liabilities	11,798	11,798	-	-	11,798
Total	112,378,572	117,929,086	87,759,195	21,718,779	8,451,112

(c) Interest rate risk

The Group's interest rate risk arises primarily from its cash and bank loans and borrowings from financial institutions. Cash 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 23 and 25 to the consolidated financial statements.

Sensitivity analysis

At 31 December 2012, 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 RMB81 million (2011: RMB50 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 2011.

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 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:

	2012 RMB'000	2011 RMB'000
United States Dollars	1,305,831	967,212
Hong Kong Dollars	333,206	12,681
Japanese Yen	-	1,384

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:

	2012 RMB'000	2011 RMB'000
United States Dollars	3,972,044	4,503,506

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 RMB522 million (2011: RMB370 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

31 December 2012

In millions of RMB

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Liabilities				
Interest rate swaps	26	-	-	26

31 December 2011

In millions of RMB

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets				
Available-for-sales equity securities	-	-	436	436
Liabilities				
Interest rate swaps	(17)	-	-	(17)

32 Commitments

- (a) *Capital commitments outstanding at 31 December 2012 not provided for in the financial statements were as follows:*

	2012 RMB'000	2011 RMB'000
Construction and development contracts	45,734,215	32,200,196
Land agreements	20,991,522	7,963,627
	<u>66,725,737</u>	<u>40,163,823</u>

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

- (b) *At 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	2012 RMB'000	2011 RMB'000
Within 1 year	45,839	31,478
After 1 year but within 2 years	39,489	18,877
After 2 years but within 3 years	33,241	16,407
After 3 years	41,087	80,223
	<u>159,656</u>	<u>146,985</u>

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 RMB29,360 million (2011: RMB25,554 million), including guarantees of RMB29,269 million (2011: RMB25,409 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 RMB91 million (2011: RMB145 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)
Jointly controlled entities	(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:

	<i>Loans balance</i>		<i>Interest incurred</i>	
	<i>As at 31 December</i>		<i>Year ended 31 December</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	RMB'000	RMB'000	RMB'000	RMB'000
China Resources SZITIC Trust Co., Ltd. (the "Trust")	5,100,000	1,000,000	370,849	5,289

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 year 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:

	<i>2012</i>	<i>2011</i>
	RMB'000	RMB'000
Short-term employee benefits	139,590	111,379

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

34 Material related party transactions (continued)

(c) Key management personnel remuneration (continued)

The Group also provides non-monetary employee benefits to the key management personnel in the form of purchase discount on sale of the Group's properties to them. Details of such transactions are as follows:

	2012 RMB'000	2011 RMB'000
Sales of properties to the key management personnel	14,859	16,812
Related cost of sales	(7,027)	(9,677)
Gross profit	<u>7,832</u>	<u>7,135</u>
Estimated fair value of the properties sold to the key management personnel	<u>16,372</u>	<u>18,989</u>

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 year is determined by reference to the key performance indicator of Economic Profits in the corresponding year. The short-term employee benefits above include the bonus distributed to the key management personnel amounting to RMB22,041,000 (2011: 15,418,700) arising from the Plan in respect of the Economic Profits in 2011 but exclude the accrued bonus in respect of the Economic Profits in 2012 as the amount has not been determined or distributed 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 31 December 2012, the outstanding options held by the key management personnel amounted to 30,900,000 (2011: 33,000,000).

35 Acquisitions of subsidiaries

During the year, 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 year are summarised as follows:

<i>Date of acquisition</i>	<i>Name of subsidiaries acquired</i>	<i>Percentage of equity interest acquired</i>	<i>Consideration</i>
5 January 2012	Ouweier Air-condition (China) Co., Ltd.	65%	RMB214,500,000
9 January 2012	Xinjiang Dade Property Investment Development Co., Ltd.	100%	RMB39,220,000
16 January 2012	Credible Investment Limited	100%	USD11,962,000
23 April 2012	Wise Grow Group Limited	100%	USD34,780,000

35 Acquisitions of subsidiaries (continued)

<i>Date of acquisition</i>	<i>Name of subsidiaries acquired</i>	<i>Percentage of equity interest acquired</i>	<i>Consideration</i>
23 April 2012	Tian Cheng(Holdings) Investments Limited	100%	USD20,633,000
23 April 2012	Bonus Plus Holdings Limited	83.67%	USD23,583,000
5 May 2012	Guiyang Henghuayuan Property Co., Ltd.	51%	RMB5,100,000
7 May 2012	Dongguan Wandu Property Co., Ltd.	100%	RMB10,000,000
15 June 2012	Changchun Vanke Jingcheng Real Estate Development Co., Ltd.	90%	RMB207,000,000
25 June 2012	Shanxi Zhongdu Property Development Co., Ltd.	75%	RMB9,500,000
10 July 2012	Dongguan Fumin Trade Co., Ltd.	51%	RMB5,100,000
11 July 2012	Guangzhou Yunwaicangchu Co., Ltd.	68%	RMB10,720,000
16 July 2012	Vanke Property (Overseas) Ltd	75%	HKD1,094,520,000
20 July 2012	Jiangxi Haifan Property Co., Ltd.	100%	RMB13,000,000
27 July 2012	Shanxi Zhongkai Property Development Co., Ltd.	75%	RMB9,500,000
3 August 2012	Beijing Wanxin Investment Development Co., Ltd.	50%	RMB300,000,000
20 August 2012	Excel Right Investments Limited	100%	USD50,120,000
14 September 2012	Kunming Wanqi Property Development Co., Ltd.	67%	RMB6,700,000
25 September 2012	Qinhuangdao Tianyangxiangzhu Property Development Co., Ltd.	50% (note 1)	RMB2,500,000
26 September 2012	Dalian Jiuding Property Co., Ltd.	90%	RMB45,000,000
28 September 2012	Dongguan Yongye Property Development Co., Ltd.	40% (note 1)	RMB4,000,000
25 October 2012	Jinan Tiantai Property Co., Ltd.	63%	RMB202,090,000
30 October 2012	Dongguan Kailian Industry Investment Co., Ltd.	67%	RMB6,700,000
1 November 2012	Tianjin Binhaitianrui Investment Co., Ltd.	51%	RMB31,220,000
1 November 2012	Tianjin Junheng Investment Co., Ltd.	51%	RMB31,220,000
22 November 2012	Xuzhou Dingshang Property Co., Ltd.	85%	RMB64,550,000
22 November 2012	Xuzhou Dingxu Property Co., Ltd.	85%	RMB175,440,000
22 November 2012	Xuzhou Dingjun Property Co., Ltd.	85%	RMB92,270,000

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:

	<i>Carrying amount</i> RMB'000	<i>Adjustments</i> RMB'000	<i>Recognised values on acquisitions</i> RMB'000
Current assets	9,241,204	542,905	9,784,109
Non-current assets	2,192,585	108,548	2,301,133
Current liabilities	(6,825,809)	-	(6,825,809)
Non-current liabilities	(1,466,452)	-	(1,466,452)
Non-controlling interests	(788,503)	-	(788,503)
Group's share of net identifiable assets and liabilities	<u>2,353,025</u>	<u>651,453</u>	3,004,478
Goodwill on acquisition			<u>201,690</u>
Total consideration			3,206,168
Consideration to be paid subsequent to 2012			<u>(193,013)</u>
Consideration paid in 2012			3,013,155
Total cash and cash equivalents acquired			<u>(496,602)</u>
			2,516,553
Consideration paid for the acquisitions prior to 2012			<u>20,500</u>
Net cash outflow			<u><u>2,537,053</u></u>

The above subsidiaries contributed an aggregate revenue of RMB1,578 million and profit attributable to the equity shareholders of the Company of RMB138 million to the Group for the year ended 31 December 2012. Should the acquisitions had occurred on 1 January 2012, the consolidated revenue and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2012 would have been RMB97,121 million and RMB12,449 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 a subsidiary

On 12 July 2012, the Group disposed of 50% equity interest in Shenzhen Vanke Binhai Property Company Limited (“Shenzhen Binhai”), which was previously wholly owned by the Group, to an independent party, at a consideration of RMB 5.5 million. Subsequent to the transfer, Shenzhen Binhai became an associate of the Group.

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

	RMB’000
Current assets	(3,146,158)
Interest in an associate	4,875
Other non-current assets	(83)
Current liabilities	3,136,492
Net identifiable assets and liabilities disposed of	(4,874)
Gain on disposal	(626)
Consideration to be received	5,500
Cash disposed of	(42)
Net cash outflow	(42)

No significant variance between the fair value and net book value of Shenzhen Binhai’s net identifiable assets and liabilities was noted at the disposal date. No gain or loss was recognised on the disposal.

37 Non-adjusting post balance sheet events

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 30(c).

38 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2012

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 2012 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 IAS 1, <i>Presentation of financial statements</i>	
- <i>Presentation of items of other comprehensive income</i>	1 July 2012
IFRS 10, <i>Consolidated financial statements</i>	1 January 2013
IFRS 11, <i>Joint arrangements</i>	1 January 2013
IFRS 12, <i>Disclosure of interests in other entities</i>	1 January 2013
IFRS 13, <i>Fair value measurement</i>	1 January 2013
IAS 27, <i>Separate financial statements (2011)</i>	1 January 2013
IAS 28, <i>Investments in associates and joint ventures</i>	1 January 2013
Revised IAS 19, <i>Employee benefits</i>	1 January 2013
Annual Improvements to IFRSs 2009-2011 Cycle	1 January 2013
Amendments to IFRS 7, <i>Financial instruments: Disclosures</i>	
- <i>Disclosures - Offsetting financial assets and financial liabilities</i>	1 January 2013
Amendments to IAS 32, <i>Financial instruments: Presentation</i>	
- <i>Offsetting financial assets and financial liabilities</i>	1 January 2014
IFRS 9, <i>Financial instruments</i>	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

<i>Name of company</i>	<i>Place of establishment and operation</i>	<i>Paid in capital</i>	<i>Ownership interest</i>	<i>Effective interest</i>	<i>Principal activities</i>
Shenzhen Vanke Real Estate Company Limited	Shenzhen	RMB600,000,000	100%	100%	Property development
Shenzhen Vanke Xizhigu Real Estate Company Limited	Shenzhen	RMB10,000,000	60%	60%	Property development
Shenzhen Vanke City Scenery Property Company Limited	Shenzhen	RMB120,000,000	100%	100%	Property development
Shenzhen Vanke Xingye Property Company Limited	Shenzhen	RMB62,413,230	100%	100%	Property development
Shenzhen Vanke Nancheng Real Estate Company Limited	Shenzhen	RMB10,000,000	100%	100%	Property development
Shenzhen Vanke Daolin Investment Development Company Limited	Shenzhen	RMB20,000,000	100%	100%	Property development
Huizhou Vanke Property Company Limited	Huizhou	RMB10,000,000	100%	100%	Property development
Guangzhou Vanke Real Estate Company Limited	Guangzhou	RMB1,000,000,000	100%	100%	Property development
Foshan Vanke Real Estate Company Limited	Foshan	RMB80,000,000	100%	100%	Property development
Guangzhou Wanxin Property Company Limited	Guangzhou	HKD760,000,000	100%	100%	Property development
Qingyuan Hongmei Investment Company Limited	Qingyuan	RMB280,000,000	95%	100%	Property development
Dongguan Vanke Real Estate Company Limited	Dongguan	RMB300,000,000	100%	100%	Property development
Dongguan Xinwan Property Development Company Limited	Dongguan	RMB10,000,000	51%	51%	Property development
Dongguan Songhuju Property Company Limited	Dongguan	RMB10,000,000	100%	100%	Property development
Dongguan Xintong Industry Investment Company Limited	Dongguan	RMB10,000,000	51%	51%	Property development
Foshan Nanhai District Jinyulanwan Property Company Limited	Foshan	USD190,000,000	55%	55%	Property development
Zhuhai Vanke Real Estate Company Limited	Zhuhai	RMB10,000,000	100%	100%	Property development
Zhuhai Zhubin Property Development Company Limited	Zhuhai	RMB109,000,000	95%	100%	Property development
Xiamen Vanke Real Estate Company Limited	Xiamen	RMB50,000,000	100%	100%	Property development
Fuzhou Vanke Real Estate Company Limited	Fuzhou	RMB20,000,000	100%	100%	Property development
Hainan Vanke Property Development Company Limited	Hainan	RMB10,000,000	100%	100%	Property development

39 Principal subsidiaries (continued)

<i>Name of company</i>	<i>Place of establishment and operation</i>	<i>Paid in capital</i>	<i>Ownership interest</i>	<i>Effective interest</i>	<i>Principal activities</i>
Shanghai Vanke Investment and Management Company Limited	Shanghai	RMB204,090,000	100%	100%	Property development
Shanghai Hengda Property Shareholding Company Limited	Shanghai	RMB141,348,200	99.8%	100%	Property development
Shanghai Vanke Baobei Property Company Limited	Shanghai	RMB10,000,000	100%	100%	Property development
Shanghai Meilanhuafu Property Company Limited	Shanghai	RMB700,000,000	100%	100%	Property development
Shanghai Dijie Property Company Limited (note)	Shanghai	RMB20,000,000	50%	55%	Property development
Shanghai Xiangda Real Estate Development Company Limited	Shanghai	RMB1,783,000,000	75%	75%	Property development
Shanghai Vanke Real Estate Company Limited	Shanghai	RMB800,000,000	100%	100%	Property development
Shanghai Luolian Property Company Limited	Shanghai	RMB470,000,000	100%	100%	Property development
Nantong Vanke Real Estate Company Limited	Nantong	RMB8,000,000	100%	100%	Property development
Nanjing Vanke Property Company Limited	Nanjing	RMB150,000,000	100%	100%	Property development
Nanjing Hengyue Property Company Limited	Nanjing	RMB10,000,000	100%	100%	Property development
Nanjing Jinyu Blue Bay Property Company Limited	Nanjing	RMB90,000,000	100%	100%	Property development
Yangzhou Wanwei Property Company Limited	Yangzhou	RMB550,000	65%	66.7%	Property development
Wuxi Vanke Real Estate Company Limited	Wuxi	RMB300,000,000	60%	60%	Property development
Wuxi Wansheng Real Estate Development Company Limited	Wuxi	USD49,200,000	100%	100%	Property development
Wuxi Dongcheng Real Estate Company Limited	Wuxi	USD149,400,000	100%	100%	Property development
Jiangsu Sunan Vanke Real Estate Company Limited	Suzhou	RMB30,000,000	100%	100%	Property development
Suzhou Vanke Zhongliang Property Company Limited	Suzhou	RMB230,000,000	51%	51%	Property development
Suzhou Vanke Property Company Limited	Suzhou	USD42,500,000	100%	100%	Property development
Hangzhou Wankun Property Development Company Limited	Hangzhou	RMB350,000,000	51%	51%	Property development
Hangzhou Vanke Property Company Limited	Hangzhou	RMB320,000,000	100%	100%	Property development
Hangzhou Vanke Junyuan Property Company Limited	Hangzhou	USD455,095,000	100%	100%	Property development
Fuyang Vanke Real Estate Development Company Limited	Hangzhou	RMB300,000,000	100%	100%	Property development
Ningbo Vanke Real Estate Company Limited	Ningbo	RMB150,000,000	100%	100%	Property development

39 Principal subsidiaries (continued)

<i>Name of company</i>	<i>Place of establishment and operation</i>	<i>Paid in capital</i>	<i>Ownership interest</i>	<i>Effective interest</i>	<i>Principal activities</i>
Ningbo Jiangbei Vanke Property Development Company Limited	Ningbo	RMB675,000,000	100%	100%	Property development
Hefei Vanke Property Company Limited	Hefei	RMB200,000,000	100%	100%	Property development
Wuhu Vanke Wanjia Property Company Limited	Wuhu	RMB30,000,000	100%	100%	Property development
Beijing Vanke Enterprises Shareholding Company Limited	Beijing	RMB2,000,000,000	100%	100%	Property development
Beijing Chaoyang Vanke Property Development Company Limited	Beijing	RMB200,000,000	60%	60%	Property development
Beijing Vanke Zhongliang Jiarifengjing Real Estate Development Company Limited (note)	Beijing	RMB830,000,000	50%	60%	Property development
Tangshan Vanke Property Development Company Limited	Tangshan	RMB200,000,000	100%	100%	Property development
Tianjin Vanke Real Estate Company Limited	Tianjin	RMB390,000,000	100%	100%	Property development
Tianjin Wanbin Real Estate Development Company Limited	Tianjin	RMB455,000,000	60%	60%	Property development
Tianjin Zhongtian Wanfang Investment Company Limited	Tianjin	RMB30,000,000	100%	100%	Property development
Tianjin Wanzhu Investment Company Limited	Tianjin	RMB30,000,000	100%	100%	Property development
Tianjin Wanfu Investment Company Limited	Tianjin	RMB192,000,000	100%	100%	Property development
Shenyang Vanke Real Estate Development Company Limited	Shenyang	RMB100,000,000	100%	100%	Property development
Shenyang Vanke Tianqinwan Property Company Limited	Shenyang	USD99,980,000	55%	55%	Property development
Shenyang Vanke Hunnan Jinyu Property Development Company Limited	Shenyang	RMB1,022,520,000	100%	100%	Property development
Shenyang Vanke Jinyu Blue Bay Property Development Company Limited	Shenyang	RMB578,150,000	100%	100%	Property development
Fushun Vanke Property Development Company Limited	Fushun	RMB10,000,000	100%	100%	Property development
Dalian Vanke Real Estate Development Company Limited	Dalian	RMB32,000,000	100%	100%	Property development
Dalian Vanke City Real Property Company Limited	Dalian	USD42,000,000	100%	100%	Property development
Anshan Vanke Property Development Co., Ltd.	Anshan	USD5,173,000	100%	100%	Property development
Changchun Vanke Real Estate Company Limited	Changchun	RMB50,000,000	100%	100%	Property development
Yantai Vanke Property Development Company Limited	Yantai	RMB30,000,000	100%	100%	Property development
Taiyuan Vanke Real Estate Company Limited	Taiyuan	RMB60,000,000	100%	100%	Property development
Qingdao Vanke Real Estate Company Limited	Qingdao	RMB20,000,000	100%	100%	Property development
Qingdao Vanke Yinshengtai Real Estate Development Co., Ltd.	Qingdao	RMB100,000,000	80%	80%	Property development
Qingdao Da Shan Real Estate Development Company Limited	Qingdao	RMB100,000,000	100%	100%	Property development

39 Principal subsidiaries (continued)

<i>Name of company</i>	<i>Place of establishment and operation</i>	<i>Paid in capital</i>	<i>Ownership interest</i>	<i>Effective interest</i>	<i>Principal activities</i>
Chengdu Vanke Real Estate Company Limited	Chengdu	RMB80,000,000	100%	100%	Property development
Chengdu Vanke Guobin Property Company Limited	Chengdu	USD140,000,000	60%	60%	Property development
Chengdu Vanke Guanghua Property Company Limited	Chengdu	USD131,428,571	100%	100%	Property development
Chengdu Vanke Jinjiang Property Company Limited	Chengdu	RMB10,000,000	100%	100%	Property development
Chengdu Vanke Huadong Real Estate Company Limited	Chengdu	RMB77,680,000	90%	100%	Property development
Chengdu Vanke Chenghua Property Company Limited	Chengdu	RMB554,479,142	85%	85%	Property development
Wuhan Vanke Real Estate Company Limited	Wuhan	RMB150,000,000	100%	100%	Property development
Wuhan Vanke Tiancheng Real Estate Company Limited	Wuhan	USD12,100,000	100%	100%	Property development
Wuhan Guohao Property Company Limited	Wuhan	RMB10,000,000	100%	100%	Property development
Wuhan Wangjiadun Modern City Property Company Limited	Wuhan	RMB200,000,000	100%	100%	Property development
Chongqing Yu Development Coral Property Company Limited	Chongqing	RMB20,000,000	51%	51%	Property development
Vanke (Chongqing) Real Estate Company Limited	Chongqing	RMB100,000,000	100%	100%	Property development
Xi'an Vanke Real Estate Company Limited	Xi'an	RMB20,000,000	100%	100%	Property development
Guiyang Vanke Real Estate Company Limited	Guiyang	RMB100,000,000	100%	100%	Property development
Kunming Vanke Property Development Co., Ltd.	Kunming	RMB20,000,000	100%	100%	Property development
Xinjiang Vanke Real Estate Company Limited	Urumchi	RMB100,000,000	100%	100%	Property development
Zhengzhou Vanke Real Estate Company Limited	Zhengzhou	RMB100,000,000	100%	100%	Property development
Xuzhou Vanke Property Development Company Limited	Xuzhou	RMB100,000,000	100%	100%	Property development
Jinan Wanzhu Property Development Co., Ltd.	Jinan	RMB10,000,000	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.