

2013 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 Xiao Li, Director Wei Bin, Director Chen Ying, Independent Director Qi Daqing, Independent Director Zhang Liping, Independent Director Hua Sheng and Independent Director Elizabeth Law attended the board meeting in person. Deputy Chairman Qiao Shibo was not able to attend the board meeting in person due to business engagements and had authorised Director Wei Bin to represent him and vote on behalf of him at the board meeting. Director Sun Jianyi was not able to attend the board meeting in person due to business engagements and had authorised Director Yu Liang to represent him and vote on behalf of him at the board meeting.

The Company's proposal on dividend distribution for the year 2013: Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB4.1 (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

2013 was the final year of Vanke's third 10-year development plan, giving way to the start of the Company's fourth stage of 10-year development in 2014. Macro development of China's property industry in the past decade had enabled various property developers to make magnificent accomplishments. Vanke has grown from a minor company with less than RMB10 billion annual sales to the world's largest property developer. Enlisted as one of the Top 500 private enterprises in China published by All-China Federation of Industry & Commerce in August 2013, Vanke ranked the ninth in terms of operating revenue, and second in terms of tax payment.

Looking back at the Company's last 10 years, we still firmly believe that the fundamental of Vanke's achievements is its perseverance with integrity and down-to-earth approach. Shortcuts may lead to temporary success, but a corporation can only sustain long-term prosperity by upholding its integrity and down-to-earth approach.

Espousing integrity means honouring commitment and respecting the law, as well as abiding by basic business principles. The existence of a corporation is to create value for society. This includes better addressing customers' needs, generating return for shareholders, providing employees with career development opportunities, as well as embracing the nature and environment, and protecting the interests of stakeholders.

It is rather difficult to have an accurate future forecast. The market has yet to reach a consensus on its prospects, and many have taken a more pessimistic view. Dreams nurtured in the mobile internet era are like spectacular fireworks, bright and dazzling. In the face of a future that cannot be predicted with certainty, it is obviously dangerous to remain arrogant and indifferent based on past success. However, overreaction without a focus, or giving up one's initiative may also put a corporation on a wrong track.

In the past year, we have devoted much of our resources to learn about the mobile internet. We can only understand new ideas by embracing them with an open mind, and only with true understanding, can we determine to what extent we should be involved.

We believe the Internet will change the world, and organisations that cannot adapt to this change will be eliminated. But in our opinion, identifying the "invariable" behind the change is more important than realising the change itself.

We believe providing quality services to customers and creating value for customers are enduring business principles, and the Internet brings us closer to our customers by delivering more effective tools which help us to better understand the minute details of customers' requirements and to swiftly adapt to the change in their needs.

We believe that good product price-performance remains the core of competitiveness, and it will become more obvious and significant in the future with improved transparency in the industry chain and increased accessibility and availability of information.

We concur that perfection is a key characteristic of the Internet era, and it can be achieved only through staying focus. Professionalism is what Vanke has been pursuing since its establishment.

We can still see that the process of urbanisation in China is far from completion. Although the arrival of the Internet age is opening a new chapter in world's history, China's urbanisation and modernisation are having no less significant impact on the world's development. We should therefore attach equal significance to such progress.

As the saying goes, one should be settling down and be able to make some accomplishment at the age of 30. Vanke, on its 30th anniversary, is still a young company, despite the fact that we have been labelled as a traditional company in a traditional industry. We do not intend to argue against this as it is our firm belief that clothing, food, housing and transportation are the basic necessities of mankind. These basic needs succeed from generation to generation, and as time goes by they would only have to be better satisfied.

When a new age begins, traditional corporations should try to improve their existing operations by understanding the new rules, looking for new partners, and leveraging new instruments, rather than depart from their familiar domain.

And this is exactly our approach.

II. 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. Statutory 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):
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)

	2013	2012	Change	2011
Revenue	127,453,765	96,859,914	31.59%	67,709,396
Share of profits less losses of associates and joint ventures	999,398	889,787	12.32%	643,988
Profit before income tax	27,847,233	25,697,537	8.37%	19,490,060
Income tax expense	(9,549,684)	(10,034,949)	-4.84%	(7,890,454)
Profit for the year	18,297,549	15,662,588	16.82%	11,599,606

Profit attributed to non-controlling shareholders	(3,179,000)	(3,111,406)	2.17%	(1,974,731)
Profit attributed to Equity shareholders of the Company	15,118,549	12,551,182	20.46%	9,624,875
Basic earnings per share	1.37	1.14	20.17%	0.88
Diluted earnings per share	1.37	1.14	20.17%	0.88
Dividend per share	0.41	0.18	127.78%	0.13

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

Items	Net profit for 2013
As determined pursuant to PRC accounting standards	15,118,549
As restated in conformity with IFRS	15,118,549

IV. Directors' Report

1. Management Discussion and Analysis

Changes in market environment, and the Company's perspective

During the year under review, sales area and sales amount of commodity housing in the country amounted to 1,157,000,000 sq m and RMB6.77 trillion respectively, representing year-on-year increases of 17.5% and 26.6% respectively. While the annual growth rates were higher than those of the previous year, growth rate of sales area of commodity housing for the first, second, third, and fourth quarter of 2013 was 41.2%, 23.8%, 14.9% and 7.2% respectively, indicating a decelerating quarterly growth rate, which was mainly due to the comparative figures of 2012.

During the year under review, the area of new residential properties sold in the 14 major cities (Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi, and Suzhou) increased by 12.5% year-on-year. Approved pre-sales area of new housing was 20.4% higher than that of 2012. Since May 2013, the ratio of 3-month moving average sales area of commodity housing to approved pre-sales area of new housing in the 14 cities had stayed below 1. Except for certain cities, sufficient new housing supply had led to relatively rational supply-demand relationship in most of the major cities. As at the end of 2013, new housing inventory in the abovementioned cities amounted to 128,000,000 sq m, up from 116,000,000 sq m as at the end of 2012. The duration for the market to absorb housing inventory was 10.4 months. Relatively sufficient inventory had facilitated smooth operation of the market.

During the year under review, investment in residential property development in China recovered from a slump in 2012. Completed residential development investment showed a year-on-year increase of 19.4%, representing an 8 percentage points increase from the growth rate of 2012. However, when compared with the average annual growth rate of 23.9% in the past 10 years, the increase in residential development investment in 2013 was relatively small. The floor area of new housing starts had stopped falling (which started in 2012) and posted a year-on-year growth of 11.6%. However, in absolute terms, the floor area of new housing starts in 2013 was merely close to that of 2011, indicating a rebound from the fall in 2012.

During the year under review, the land market in the third and fourth-tier cities of China was stagnant, while some popular cities had seen relatively competitive land auctions. In the 16 cities, namely Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Beijing, Tianjin, Shenyang, Dalian, Wuhan, Chengdu, and Chongqing, the site area supplied and sold grew by 9.1% and 15.8% respectively from those of the previous year. Land transactions continued to be active in major cities where property developers enlarged their market coverage, leading to approximately 40.6% of land lots changed hands with a price premium, up by 14.5 percentage points from that of 2012. There is the need for the land market of certain popular cities to return to rationality.

2013 operating results and analysis

During the year under review, the Company achieved stable growth in operating results by adhering to its end-user oriented product positioning and proactive sales promotion.

In 2013, the Company realized a sales area of 14,899,000 sq m and a sales amount of RMB170.94 billion, representing year-on-year increases of 15.0% and 21.0% respectively. The sales amount remained an industry

record high.

By geographical segment, the Company realised a sales area of 4,299,000 sq m and a sales amount of RMB52.39 billion in the Guangshen Region surrounding the Pearl River Delta; a sales area of 3,397,000 sq m and a sales amount of RMB46.05 billion in the Shanghai Regionsurrounding the Yangtze River Delta; a sales area of 4,054,000 sq m and a sales amount of RMB45.40 billion in the Beijing Region surrounding the Bohai Rim; a sales area of 3,149,000 sq m and a sales amount of RMB27.10 billion in Chengdu Region, which comprises core cities of Central and Western Region.

A majority of the Company's products were small and medium sized ordinary commodity housing units, with 91.5% of units below 144 sq m. Satisfactory sales momentum was maintained during the year under review, and the subscription rate of projects in their launching month remained at approximately 60%.

In 2013, the Company realised a booked area of 12.31 million sq m and booked revenue of RMB124.97 billion, representing increases of 36.9% and 31.0% year-on-year respectively. In 2013, the Company's revenue amounted to RMB127.45 billion and net profit was RMB15.12 billion, representing increases of 31.59% and 20.5% year-on-year respectively.

The average booked price of the Company's property business was RMB10,152 per sq m, representing a 4.3% drop from that of 2012. The booked gross profit margin of the property business was 23.69%, down by 3.72 percentage points year-on-year. The booked net profit margin was 12.76%, down by 1.16 percentage points from that of 2012. Apart from the overall market trend, certain factors also contributed to the decline in profit margins, including increase in the proportion of booked furnished units among overall total. This change resulted in lower profit margins but a higher rate of return, which was a manifestation of increased efficiency. The units sold in the second half of 2011 during market adjustment began to be recognised during the year under review also contributed to the profit margin adjustment. The Company had mitigated the impact of decreasing profit margins by increasing operating efficiency, and maintained its return on equity at a record high. In 2013, the Company's fully diluted return on equity was 19.66%, which remained the same as that of 2012.

As at the end of 2013, the Company had a total area of 14,374,000 sq m sold but not yet booked stated in the consolidated statements, as construction had yet to be completed. These unbooked resources had a contract amount of approximately RMB162.33 billion. The area and contract amount were 6.1% and 13.0% higher than those at the beginning of 2013 respectively. Sufficient area sold but not yet booked provides a solid foundation for realizing the Company's future performance.

Up to the end of 2013, the Company's inventories included RMB17.71 billion of completed properties (properties ready for sale), accounting for 5.37%; RMB187.28 billion of properties under development (including properties sold but not yet booked), accounting for 56.80%; RMB124.37 billion of properties held for development (corresponding to the Company's projects under planning), accounting for 37.72%. The inventory structure remained healthy.

The Company's actual floor area of new starts and completed area in 2013 reached 21,310,000 sq m and 13,030,000 sq m respectively, representing year-on-year increases of 48.7% and 33.1% and representing 128.9% and 101.0% of the plan set at the beginning of the year respectively. The actual floor area of new starts and completed area during the second half of the year accounted for 56.9% and 66.9% of the full year plan respectively.

In recent years, variation in housing market across cities widened. The Company used the PIE (ie, population, infrastructure, and employment) model to conduct thorough assessment of investment risk in order to make rational choices on which region to invest. During the year under review, the Company continued to focus on the mainstream market, intensified penetration of its existing markets, and appropriately replenished quality project resources in cities with promising development prospects. Due to severe struggle for land in popular cities, the Company continued to uphold its principle of "rather forgoing an opportunity than making a wrong acquisition" for land acquisition, and insisted on a prudent investment approach to avoid acquiring overvalued sites.

In 2013, the Company acquired 104 new development projects, with a site area attributable to Vanke's equity holding of approximately 7,570,000 sq m, representing a planned GFA of approximately 21,480,000 sq m. Approximately 66% of the aforesaid projects were acquired via collaboration or alliance. The average land premium basing on floor area of the newly acquired projects was approximately RMB3,516 per sq m. As at the

end of the year under review, the GFA of the Company's projects under planning attributable to Vanke's equity holding amounted to approximately 44,950,000sq m, which remained sufficient to meet the Company's development needs within the next two to three years. During the year under review, the Company extended its reach to such cities as Quanzhou, Zhengzhou, Changzhou, Zhangzhou, Nanning, etc., thereby further optimizing its market coverage.

As at the end of 2013, the Company's liabilities (excluding receipts in advance) as a percentage of total assets amounted to 45.54%. The Company's net gearing ratio was 30.7%, which was down by approximately 10.8 percentage points from 41.5% of the interim period of 2013 and continued to stay at a relatively low level compared to industry average. The Company's debt structure had been further improved. Approximately 42.5% of the Company's interest-bearing liabilities were short-term liabilities, representing a decrease of 7.2 percentage points from 49.7% of 2012.

Owing to its persistence with proactive sales promotion and prudent investment approach, the Company continued to maintain a sound cash position. As at the end of the year under review, the cash and cash equivalents including the pledged deposit held by the Company amounted to RMB44.36 billion, which was RMB6.76 billion more than that of 2013 interim period.

Review on the Company's management in 2013

In 2013, faced with a complicated external environment and intensified competition, the Company insisted on achieving qualitative growth, through steady expansion in scale of operation and continued rise in operation efficiency.

Furnished units delivered by the Company in 2013 accounted for approximately 90% of total delivery, basically realising the delivery of only furnished units.

Despite a record high number of furnished units delivered in the industry, the Company had strictly upheld its philosophy of "quality comes first". It continued to step up efforts to promote quality within the company, optimise quantitative assessment of construction site safety, and pushed ahead with enhanced scientific project management. Furthermore, through providing drinking water at construction sites and improving sanitary facilities, the Company had created a safe working and living environment for workers, thereby raising workers' quality awareness. During the year under review, the Company initiated the promotion of delivery inspection checklist, inviting customers to participate in the supervision of property quality, which in turn facilitated continued improvement in the Company's quality management. In accordance with the results of a customer satisfaction survey compiled by an independent third party, customer satisfaction on property quality improved year-on-year in 2013 amid an increased number of furnished units delivered during the year.

The Company has created a set of principles for prefabrication, namely "enhancing quality, increasing efficiency, and reducing reliance on workers". Pursuant to the established development strategy, the Company will actively transform the results of prefabrication technology into practical application in the areas of precast concrete external walls, fabricated interior walls, and interior and external walls without plaster between 2013 and 2015. Among the Company's mainstream products which newly commencing construction in 2013, prefabrication application in the aforementioned three areas reached 8.3%, 38.8% and 29.1% respectively.

During the year under review, the Company's three-star green residential area ranked first in China, with 16 new three-star green projects, comprising a total gross floor area of 1,727,000 sq m, of which 1,414,000 sq m were residential projects, accounting for 34% of China's total three-star green residential area added in 2013. In order to intensify the promotion and application of green buildings, the Company has in recent years developed energy-saving residential properties meeting local conditions and mainstream family needs by combining technology and standards required for three-star projects with local weather conditions and lifestyle. Moreover, this type of housing has lower technology requirement and is highly promotional. During the year under review, the Company's one-star and two-star green projects significantly increased from those of the previous year.

In recent years, the Company launched "Fortune Community Programme", and has been constantly rolling out innovative services to enhance customers' living experience. To meet the needs of home owners in the internet age, the Company collaborated with partners to provide convenient parcel services to residents through the provision of "Vanke-Yunda National Postal Services Cooperation", "Vanke-Tmall Self Pick-up Cooperation", and China Unicom's database services. It is the vision of Vanke Property Services to be "the designer of benchmarks for property management, the defender of the maintenance and enhancement of assets value, a facilitator of a

harmonic community environment, and a pioneer in information technology application in the industry". After two years of restructuring, Vanke Property Services consolidated its shareholding structure to become a relatively independent unit within the Company and further fine-tune its internal organisation. Leveraging its credibility among customers, Vanke Property Services succeeded in renewing contracts with 30% of its existing customers after adjusting various service fees according to market conditions. The Company managed to maintain its leading position in providing quality property management services. During the year under review, Vanke Property Services was ranked the first among the "2013 China's Top 200 Comprehensive Property Management Enterprises" by China Property Management Institute, elected as "China's Property Management Top Brand Enterprise in 2013" by China Index Academy and ranked the first among "China's Top 100 Property Management Enterprises in 2013". To meet customer's needs, Vanke Property Services continue to introduce services with significant results. During the year under review, Vanke Property Services realised operating profits of RMB35,230,000 and RMB26,36,000 from home transaction intermediary services and household decoration merchandising services respectively.

During the year under review, the Company focused on commercial properties in support of residential communities. To this, the Company worked on three product lines, namely shopping centres in the central districts, community's central commercial district and community's commercial precincts. By catering market needs, the Company continued to enrich and fine-tune its commercial property portfolio. Results of the Company's efforts to tap into non-residential property development began to emerge, as reflected in the relatively good market reception of Beijing Jinyu Vanke Plaza (Vmall), Shenzhen Vanke Plaza and Suzhou Vanke Midtown as at the end of 2013.

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

During the year under review, the Company extended its reach to overseas market for the first time and landed on the Hong Kong, US and Singapore markets through collaboration with local renowned property developers, including the joint development of Tsuen Wan Project in Hong Kong with New World Development Company Limited, joint development of Lumina Project in San Francisco, the US with Tishman Speyer, and joint development of The Glades Project in Singapore with Keppel Land. The main objective of the Company's international business ventures for now is to strengthen its understanding of overseas mature markets, learn from the experience of top-notch overseas counterparts, thereby enhancing the Company's expertise and management level.

During the year under review, three internationally renowned rating agencies, namely Standard & Poor's, Moody's Investors Service and Fitch Ratings assigned the Company long-term corporate credit ratings of BBB+, Baa2 and BBB+ respectively. In addition, Standard & Poor's gave the Company a Greater China regional scale rating of "cnA+". The Company's stable operation practice, prudent financial management, as well as high corporate credibility established over the years have gained wide recognition among international investors, and provided the Company favourable conditions for development of overseas financing channels. In March 2013, the Company completed the issuance of its first overseas US dollar bonds. The annual coupon rate of these US\$800 million bonds, with a 5-year term, was only 2.625%. In July, the Company's overseas subsidiary successfully established US\$2 billion medium term notes programme. Key characteristics of the medium term notes programme include its diversity in currency and maturity, and offering a flexible and quick way for fund-raising. The Company could, according to its capital requirements and market condition, flexibly determine the actual issuesize and time. During the year under review, pursuant to the medium term notes programme, the Company's overseas subsidiary issued SGD140 million four-year bonds, RMB1,000 million five-year bonds, RMB1,000 million three-year bonds with annual coupon rates of 3.275%, 4.5% and 4.05% respectively.

People are the most valuable asset. The Company has been committed to providing employees with adequate development opportunities and creating a favourable work environment. In 2013, the Company set up a management academy, with the aim of going beyond an industry's boundary, by encouraging cross-industry learning. In addition, employee well-being has been used as a key indicator to assess management efficiency. Through health promotion activities, the Company encouraged employees to engage in healthy activities. During the year under review, the Company organized a series of activities such as "run for fun" in various regions. While

strengthening team cohesion, the Company also tried to demonstrate to the public a positive, sunny and happy corporate culture. According to the Best Employers study in 2013 by Aon Hewitt, the world's leading human resources management consulting firm, the Company won the title of Best Employer in 2013, indicating that the Company was recognized by society for its efforts in employer brand building, talent selection and talent training.

The Company has gained social recognition for its corporate governance. At 2013 China Central Television ("CCTV") China Listed Companies Summit, Vanke won the title of "CCTV 50 Index • Best 10 Companies in Corporate Governance" and was selected as the index sample stock of "CCTV Finance and Economics 50 Indexes • 2013 Annual Sample Stocks" for its excellent performance in corporate governance. Vanke also listed on Fortune China's "All-Star List of 2013 Most Praised PRC Enterprises", and ranked the first under the real estate developer category. The Company also appeared on Forbes's 2013 list of Asia-Pacific's Best Listed Companies.

The Company was also praised for its investor relations management. The Board received the Best Board of Directors Award from "Directors & Boards". The Company's Secretary to the Board received again the Gold Medal Secretary to the Board Award from "New Fortune", the Golden Bull Award for the Best Secretary to the Board from China Securities Journal, as well as the Most Innovative Secretary to the Board Award from "Directors & Boards".

Development Prospects in 2014

In 2014, under the guiding principle of "enhancing efficiency while improving overall results", the Company will increase operating efficiency with "quality" being its top priority. While strengthening its competitiveness in traditional business, the Company will continue to nurture and enhance its new business capabilities, in order to lay a solid foundation for its next 10-year development.

Vanke will not compromise its quality. Providing customers with excellent quality products is the fundamental and prerequisite for the Company to gain customers' trust and strengthen product competitiveness. The Company will continue to push ahead with full-scale application and improvement of precise measurement, delivery assessment and delivery inspection checklist, and will facilitate the implementation of "RMB100 Billion Plan" (engineers overseas training programme). The Company will intensify the application of engineering technology and management system that were introduced from overseas, optimise the quality inspection system for checking suppliers' products, to ensure continued increase in Vanke's product reputation amid a larger operation scale.

In terms of the Company's existing projects, the floor area of new starts and area to be completed in 2014 are expected to reach 22,380,000 sq m and 14,800,000 sq m respectively. The Company will continue to adhere to its "cash is king" strategy. It will also strengthen dynamic resource management during the entire cycle, insist on proactive sales strategy, and push ahead with inventory clearance to maintain a reasonable inventory structure.

The Company's product positioning will continue to focus on the mainstream market. It will adhere to its philosophy of "Building quality housing for ordinary people" and "Building affordable and liveable homes". The Company will keep enhancing its product quality to reach industry's best standards, and keep lifting product's price-performance, while adapting to changes in market and customer needs, thereby increasing market competitiveness.

With respect to new project development, the Company insists on adopting a prudent approach. It will make reasonable investment by conducting scientific research and analysis, and will not acquire supreme land lot. In addition, the Company will identify suitable opportunities for acquiring sufficient land lots that will meet the needs for sustainable development in future. For newly acquired projects, the Company will deepen cooperation on development, by exploring a light asset-based operational model of "participating in project management with minority shareholding".

"Participating in project management with minority shareholding" is a further deepening of the Company's collaboration model for project development. This means the Company engages in project management and operation and does not have a controlling interest of the project. The project can use the Company's brand and product series, and share the Company's credit and procurement resources.

Such light asset model is conducive to enhancing the Company's return on equity, through leveraging its management skills and brand awareness. In other words, the Company can support a large scale of operation and market share with the same asset size. This also implies the Company can rid itself of the reliance on equity financing to sustain its growth, thereby improving its ability to generate better return to shareholders by increasing

dividend payout.

The Company has significantly raised its dividend payout in its proposal on dividend distribution for 2013. The dividend payout ratio (cash dividend as a percentage of consolidated net profit for the year) almost doubled year-on-year, representing year-on-year increase of 127.8% in dividends per share. In future, the Company intends to steadily raise its dividend payout ratio from the current year's 29.87%.

To support business development needs, the Company will expand its source of financing by keeping an eye on innovative financing methods and strengthening cooperation with domestic and overseas funds. It aims to lower capital cost by continued exploration of various financing methods including residential development fund and cross-border Renminbi loan.

According to the objectives of the three-year development plan for prefabrication, the Company planned to achieve the following percentage of prefabrication among its mainstream products in 2014: precast concrete external walls will account for 20%, fabricated interior walls 60%, and interior and external walls without plaster 50%.

The Company is determined to push ahead with its green strategy. It will ensure all projects meeting the basic requirements of one-star green architecture certification, encourage frontline companies to initiate customer value-oriented green product innovation, and launch new three-star project pilot program in different regions.

While a city's development imposes more stringent requirements on a corporation's property development and operation capability, it also provides greater room for the corporation's growth. In addition to consolidating its traditional business, the Company will continue to improve the platform for serving residential communities, closely monitor opportunities in new market segments, intensify study and exploration on businesses such as retirement communities and industrial park. It will actively explore and cultivate capabilities for new business development, thereby continuing to fuel the Company's growth.

Internationalisation is one of the long-term development strategies that Vanke needs to consider. With respect to existing overseas projects, the Company will further improve its operation management mechanism. While keeping overseas investment exposure under control, the Company will continue to identify opportunities for possible cooperation, explore and fully leverage capital and business resources available in overseas markets. Furthermore, the Company will seek to enhance its expertise and revolutionise business model.

High-calibre people are key to management efficiency and business development. Vanke will continue to strengthen development of its human resources system, fine-tune talents successive plan and improve organizational effectiveness. In future, the Company will continue to build an open learning platform, by gathering learning resources from different areas. Through learning from and exchanging ideas with other outstanding enterprises, a corporation's creativity will be ignited, thereby building a leadership that fits for the age of change.

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 2013, the Company's sales area and sales amount were 14,899,000 sq m and RMB170.94 billion respectively, representing year-on-year increases of 15.0% and 21.0% respectively.

In 2013, the total sales of commodity housing in the PRC amounted to RMB8,142,830 million. Based on the aforesaid amount, the Company accounted for 2.09% of the domestic market in 2013.

During the year under review, the booked area, booked revenue and booked cost of the Company's property projects were 12,310,000 sq m, RMB124.98 billion and RMB91.55 billion respectively, representing increases of 36.9%, 31.0%, and 41.8% respectively when compared with those of the previous year. The operating profit margin of the property business for the year was 26.56%, down by 0.85 percentage points from that of the previous year.

Unit: RMB'000

Sector		Revenue		Cost of sales		Operating profit margin	
		Amount	Change	Amount	Change	Value	Change
1. Core businesses		126,362,091	31.32%	92,708,768	41.92%	23.57%	Down by 3.70 percentage points
Include:	Property development	124,977,415	30.98%	91,545,210	41.71%	23.69%	Down by 3.72 percentage points
	Property management	1,384,676	71.54%	1,163,558	65.89%	12.95%	Up by 2.84 percentage points
2. Other businesses		1,091,674	71.62%	105,584	-17.82%	91.18%	Up by 11.38 percentage points
Total		127,453,765	31.59%	92,814,352	41.80%	24.15%	Down by 3.46 percentage points

* Core business tax and surcharge and the land appreciation taxes 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 Region	41,930,663	33.55%	6,636,488	41.60%	3,963,547	32.20%
Shanghai Region	26,307,805	21.05%	3,033,298	19.02%	1,942,960	15.78%
Beijing Region	32,035,545	25.63%	2,709,930	16.99%	3,457,700	28.09%
Chengdu Region	24,703,402	19.77%	3,571,466	22.39%	2,945,738	23.93%
Total	124,977,415	100.00%	15,951,181	100.00%	12,309,945	100.00%

(2) Operation and operating results of the Company's major wholly-owned subsidiaries

Unit: RMB'000

Name of company	Equity interest	Revenue in 2013	Net profit in 2013	Total assets at the end of 2013	Major projects developed in 2013
Vanke (Chongqing) Real Estate Co., Ltd.	100%	4,735,323	891,600	9,769,580	Jincheng (锦程), Palace of Pleasure, Wonder Town, Chongqing,
Fuzhou Vanke Real Estate Co., Ltd.	100%	2,745,739	409,710	2,685,820	Jinyu Rongjun (金城榕郡), Fuzhou
Wuhan Vanke New Milestone Real Estate Co., Ltd.	100%	2,454,792	301,230	2,960,060	Vanke Golden City, Wuhan
Qingdao Vanke Property Co., Ltd.	100%	2,373,219	291,500	2,091,580	Vanke Ecological Town, Qingdao
Shenzhen Vanke Taolin Investment and Development Co., Ltd.	100%	1,677,761	402,140	1,773,540	Qianlin Shanju, Shenzhen

Nanjing The Paradiso Property Co., Ltd.	100%	1,571,229	233,920	3,392,340	The Paradiso, Nanjing
Beijing Vanke Company Limited	100%	1,465,948	443,470	18,515,150	Blue Mountain, Beijing, , Beijing Vanke Home (万科红), and Beijing Vanke Lan (万科蓝)
Hangzhou Liangzhu New Town Development Co., Ltd.	100%	1,461,101	230,710	3,319,570	Hangzhou Liangzhu New Town
Taiyuan Vanke Real Estate Co., Ltd.	100%	1,406,804	191,230	1,299,520	Jinyu International, Taiyuan
Chengdu Vanke Jinjiang Property Co., Ltd.	100%	1,344,884	219,690	1,101,360	Jinrun Huafu, Chengdu

(3) Implementation of the business plan

The Company focused on mainstream customers – end-users, and actively promoted sales to achieve satisfactory performance. In 2013, the Company's sales area and sales amount reached 14,899,000 sq m and RMB170.94 billion respectively, representing year-on-year increases of 15.0% and 21.0% respectively.

At the beginning of the year, the Company's planned floor area of new starts and area to be completed for the full year were 16,530,000 sq m and 12,900,000 sq m respectively. In 2013, the actual floor area of new starts amounted to 21,310,000 sq m, representing an increase of 28.9% from that planned at the beginning of the year. The actual completed area achieved by the Company amounted to 13,030,000 sq m, representing an increase of 1.0% from that planned at the beginning of the year.

Development of the Company's major projects in 2013

Unit: sq m							
Project Name	Location	Equity interest	Site area	Planned GFA	Area of construction work commenced in 2013	Area of construction work done in 2013	Accumulated area of construction work not done as at the end of 2013
Guangshen Region							
Vanke Centre, Shenzhen	Yantian	100%	61,730	80,201	-	34,608	34,608
Vega Villa, Shenzhen	Yantian	100%	253,990	30,028	10,420	-	19,608
Shenzhen One City	Yantian	50%	137,250	354,695	166,398	-	-
Antuoshan Project, Shenzhen	Nanshan	100%	48,804	219,967	-	-	-
Liuxiandong (留仙洞), Shenzhen	Nanshan	100%	394,044	1,335,510	-	-	-
Respecte Chateau, Shenzhen	Baoan	100%	65,364	165,648	-	40,073	165,648

Ravine Village, Shenzhen	Baoan	60%	158,639	47,270	-	-	-
Philippe Castle, Shenzhen	Baoan	100%	77,045	264,075	41,182	43,237	43,237
Golden Paradise, Shenzhen	Pingshan New District	100%	104,801	323,624	-	49,269	131,455
The Village, Shenzhen	Longgang	100%	421,916	595,982	-	48,939	514,737
Tianyu(天誉), Shenzhen	Longgang	100%	62,577	355,364	260,270	67,312	67,312
Qianlin Shanju, Shenzhen	Longgang	100%	198,597	380,547	-	56,270	380,547
Home, Shenzhen	Longgang	100%	31,337	155,951	-	63,907	155,951
Home III, Shenzhen	Longgang	50%	43,713	178,241	114,684	-	-
Shuijing Project, Buji, Shenzhen	Longgang	60%	164,982	456,405	110,582	-	-
Park Avenue, Shenzhen	Longgang	65%	75,326	345,026	-	-	143,006
Bayifu (八意府), Shenzhen	Longgang	100%	28,894	115,040	-	47,580	47,580
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	-	119,595	119,595
Jinyu Huating, Huizhou	Huicheng	100%	151,298	327,550	13,872	79,047	218,837
Watercity (双城水岸), Dongguan	Tangxia Town	100%	596,786	414,759	116,394	106,186	190,311
Spring Dew Mansion, Dongguan	Tangxia Town	51%	128,144	256,287	-	18,777	18,777
Golden City, Dongguan	Tangxia Town	100%	32,002	96,006	96,006	-	-
Wonderland (四季花城), Dongguan	Tangxia Town	100%	51,263	92,273	92,273	-	-
Jinyu Songhu (金域松湖), Dongguan	Songshan Lake	51%	135,049	381,000	-	125,176	210,781
Hongxinuoya, Dongguan	Songshan Lake	100%	349,951	267,450	-	49,589	267,450
Songhu Centre (松湖中心), Dongguan	Songshan Lake	34%	95,506	73,872	-	23,509	23,509
Songhu Centre II, Dongguan	Songshan Lake	25%	30,084	30,084	11,219	18,865	18,865
Vanke Building, Dongguan	Nanchang	100%	4,771	42,937	-	-	-
King Metropolis, Dongguan	Nancheng	51%	189,934	493,827	-	149,154	380,159
Feilishan (翡丽山), Dongguan	Nancheng	50%	249,534	374,302	158,681	-	50,717
Xiangshu Lishe(香树丽舍), Dongguan	Nanchang	51%	43,851	109,626	109,626	-	-
Vanke Centre, Dongguan	Guancheng	55%	53,887	215,547	215,547	-	-
Jinyu Huating, Dongguan	Guancheng	55%	9,185	29,393	29,393	-	-
Zitai, Dongguan	Humen Town	100%	60,570	151,426	-	68,628	151,426
Gold Milestone, Dongguan	Humen Town	100%	17,374	69,495	69,495	-	-
Dream Town, Humen, Dongguan	Humen Town	80%	349,805	784,136	-	-	-
Chang'an Vanke Centre, Dongguan	Chang'an Town	100%	75,653	249,658	101,196	31,182	46,572
Jiyu International, Dongguan	Houjie Town	100%	88,788	257,486	-	86,337	86,337
Houjie Plaza, Dongguan	Houjie Town	67%	32,002	113,856	113,856	-	-
Dream Town, Dongguan	Changping	100%	635,971	442,460	-	70,170	357,792

Changping, Dongguan	Town						
Vanke Luhu, (万科麓湖) Dongguan	Dalingshan Town	100%	146,674	117,341	-	35,862	117,341
Songhu Chuanqi (松湖传奇), Dongguan	Liaobu Town	100%	68,431	150,548	150,548	-	-
The Paradiso, Guangzhou	Baiyun	50%	144,657	433,584	-	95,173	406,461
Fengejing Huayuan (峰境花园), Guangzhou	Baiyun	100%	24,052	93,803	93,803	-	-
Jinyu Huating, Guangzhou	Haizhu	100%	9,117	85,682	-	-	41,444
Jiangyan Road Project, Guangzhou	Haizhu	68%	16,831	52,765	52,765	-	-
Le Bonheur, Guangzhou	Liwan	100%	38,111	135,689	-	28,597	135,689
Land Lot AF020122, Xinlongsha, Guangzhou	Liwan	100%	7,141	30,706	-	-	-
Vanke Fuqian Garden, Guangzhou	Nansha	95%	134,760	269,520	-	200,819	269,520
Racho Santa Fe, Guangzhou	Huadu	49%	210,252	126,172	-	18,034	94,119
Huashan Project, Guangzhou	Huadu	50%	126,941	279,270	-	-	-
Donghui Town, Guangzhou	Luogang	55%	177,588	444,943	214,093	111,973	111,973
Donghui Town (Expanding), Guangzhou	Luogang	33%	109,748	271,463	-	-	-
Golden Dream (金色梦想), Guangzhou	Luogang	51%	115,671	289,178	202,188	-	-
Jinse Yuefu, Guangzhou	Huangpu	100%	24,506	63,591	-	63,591	63,591
Land Lot AT030548 Gaotang New Area of Tianhe Software Park, Guangzhou	Tianhe	100%	30,995	82,962	82,962	-	-
Huangge Avenue Project, Guangzhou	Nansha	100%	156,555	250,488	-	-	-
Xinguang City Garden (新光城市花园), Guangzhou	Panyu	100%	364,651	591,662	236,226	55,395	181,629
Dream Town, Qingyuan	Qingcheng	100%	1,219,450	2,438,901	60,085	153,326	354,190
Vanke Huafu, Qingyuan	Qingcheng	100%	79,336	316,002	80,901	50,675	72,413
The Paradiso, Foshan	Nanhai	55%	221,035	568,957	66,283	73,007	342,107
Jinse Xigu Huayuan (金色溪谷花园), Foshan	Nanhai	49%	66,533	81,080	-	47,307	75,453
Land Lot B21, Finance District C, Foshan	Nanhai	100%	30,984	130,000	-	-	-
Land Lot B23-24 Finance District C, Foshan	Nanhai	100%	188,996	793,784	-	-	-
Land Lot A32 Finance District C, Foshan	Nanhai	100%	25,178	146,000	-	-	-
Respecte Chateau Plaza (金色领域广场), Foshan	Nanhai	50%	47,254	354,404	95,610	-	-
Binfen Siji (缤纷四季), Foshan	Shunde	100%	156,840	429,527	-	97,663	286,326
Crystal City, Foshan	Shunde	49%	284,036	710,092	187,465	101,724	232,872
Qinyuan, Foshan	Shunde	100%	80,571	241,712	-	25,525	171,024
Tianaowan Project, Foshan	Shunde	50%	30,382	74,359	-	57,256	57,256
F06 Project, Foshan	Shunde	50%	113,224	452,880	-	-	-
Binfen Xiyuan (缤纷西)	Shunde	100%	43,748	153,000	48,022	-	-

园), Foshan							
Vanke Plaza, Foshan	Chancheng	88%	114,429	555,819	15,191	-	-
Dream Town, Foshan	Chancheng	100%	337,544	776,350	264,543	9,890	296,376
Jinyu International, Foshan	Chancheng	51%	89,009	373,820	175,184	11,710	11,710
Zhubin Garden (珠宾花园), Zhuhai	Xiangzhou	100%	109,917	146,497	-	-	109,873
Jinyu Gangwan (金城港湾), Zhuhai	Xiangzhou	50%	78,000	196,358	-	-	-
Glamorous City, Zhuhai	Doumen	100%	137,061	274,122	-	-	-
City Garden, Zhuhai	Jinwan	51%	63,233	189,684	-	51,863	51,863
Jinyue Huating (金悦华庭), Zhongshan	Tanzhou Town	100%	32,103	127,789	-	93,376	93,376
Spring Dew Mansion, Zhongshan	Eastern District of Zhongshan	100%	76,387	175,133	-	49,046	100,092
Golden Home (金色家园), Zhongshan	Dongfeng Town	100%	255,623	789,453	174,265	86,642	141,613
Le Bonheur, Zhongshan	Huoju	65%	251,900	469,359	70,333	-	-
Qingxi Road Project, Zhongshan	Shiqi	75%	143,852	429,779	-	-	-
Heart of Lake, Xiamen	Huli	100%	95,098	199,710	48,561	20,589	54,797
Joying Gold, Xiamen	Xiang'an	100%	54,441	109,000	-	-	106,092
King Metropolis, Xiamen	Jimei	100%	102,427	446,842	73,646	90,109	141,454
Vanke Plaza, Xiamen	Jimei	100%	137,934	710,000	22,670	-	-
Dream Town, Haicang, Xiamen	Haicang	40%	189,752	517,690	166,310	-	-
Dream Town, Quanzhou	Fengze	60%	136,741	478,591	156,465	-	-
Jinyu Zhongyang(金城中央), Shishi, Quanzhou	Shishi	70%	82,769	211,503	-	-	-
Dream Town, Zhangzhou	Xiangcheng	60%	235,606	805,195	-	-	-
Jinyu Rongjun (金城榕郡), Fuzhou	Jinan	100%	166,736	383,296	21,396	59,110	324,098
King Metropolis, Fuzhou	Cangshan	100%	16,168	37,614	-	-	34,399
Vanke Plaza, Fuzhou	Taijiang	100%	93,360	443,107	29,503	259,346	259,346
Jinyu Garden (金城花园), Fuzhou	Taijiang	60%	25,397	130,795	-	-	-
Dream Town, Yongtai, Fuzhou	Yongtai County	51%	392,000	418,919	-	-	-
The Paradiso, Fuzhou	Minhou County	51%	213,602	687,507	99,046	-	-
Dream Town, Putian	Licheng	80%	250,708	530,972	140,600	148,303	148,303
King Metropolis, Changsha	Yuhua	60%	238,066	512,778	-	128,728	337,298
Project Gaozheng, Changsha	Yuhua	60%	40,360	170,945	-	-	-
Chengji Xinyuan Project, Changsha	Yuhua	40%	351,380	960,664	-	57,570	57,570
Expanded Land Lot 205, Jingtou Yintai (京投银泰 205 扩容地块), Changsha	Yuhua	40%	108,857	326,572	-	-	-
The Paradiso, Changsha	Furong	100%	120,208	358,888	-	-	102,956
City Garden, Changsha	Yuelu	100%	40,461	138,032	-	11,927	138,032
Golden Paradise, Changsha	Yuelu	78%	43,737	129,437	79,433	-	-

Jinyu Bingjiang, Changsha	Yuelu	58%	58,287	208,359	-	-	-
Heron Hill, Changsha	Yuelu	100%	100,351	298,502	214,353	-	-
Jiyu International, Changsha	Yuelu	51%	159,393	585,845	-	-	-
Meixihu (梅溪湖), Changsha	Yuelu	100%	129,323	311,937	-	-	-
Dream Town, Changsha	Kaifu	70%	206,251	481,034	-	156,606	292,452
Zitai, Changsha	Tianxin	70%	116,486	270,963	34,786	-	-
Vanke Building, Nanning	Liangqing	100%	25,545	117,670	-	-	-
Sanya Forest Holiday Park	Tiandu Town	65%	942,745	470,814	167,293	106,457	161,041
Gaozhiyuan Project, Sanya	Tiandu Town	65%	387,807	349,026	-	-	69,185
Lakeside Holiday Park, Sanya	Hedong	80%	338,410	423,315	75,486	-	-
Guangshen Region subtotal			18,604,289	39,250,665	5,431,109	3,954,609	9,890,151
Shanghai Region							
Wujiefang, Shanghai	Pudong New District	100%	121,463	126,887	-	77,083	77,083
Haishang Chuanqi (海上传奇), Shanghai	Pudong New District	60%	140,981	310,159	-	83,780	83,780
Golden City, Shanghai	Pudong New District	60%	264,646	549,046	-	-	296,741
Feicui Bingjiang Project, Shanghai	Pudong New District	75%	58,550	175,990	-	-	-
Bingjiang Project, Shanghai	Pudong New District	100%	31,617	79,042	-	-	-
Zhangjiang East Land Lot, Shanghai	Pudong New District	45%	79,548	216,569	-	-	-
Zhangjiang West Land Lot, Shanghai	Pudong New District	45%	24,756	74,269	-	-	-
53# Qibao, Shanghai	Minhang	100%	48,932	126,800	-	-	-
New City Garden, Shanghai	Minhang	51%	295,069	401,070	48,467	55,484	214,336
Southern portion of Land Lot No. 03, Shanghai Hongqiao Business District Core District Phase I	Minhang	50%	32,177	110,462	-	-	-
Firenze, Shanghai	Minhang	49%	304,830	199,071	36,386	41,861	161,898
Project No. 11, Hongqiao, Shanghai	Minhang	61%	112,864	177,885	131,714	-	-
Dream Town, Shanghai	Minhang	70%	210,615	501,833	453,083	-	-
Nanzhan Business District Land Lot, Shanghai	Xuhui	51%	107,486	493,447	105,988	-	-
Shangyuan, Shanghai	Qingpu	49%	116,524	142,858	-	-	136,828
Jinse Huating, Shanghai	Songjiang	33%	67,932	108,137	-	57,983	108,137
14# Songjiang Business District, Shanghai	Songjiang	60%	57,734	143,220	103,915	-	-
Respecte Chateau, Shanghai	Jiading	50%	90,013	180,026	82,561	72,617	72,617
The Paradiso, Nantong	Gangzha	55%	99,910	218,650	-	67,932	118,956
Rengang Road Land Lot, Nantong	Chongchuan	100%	53,277	141,700	95,197	-	-
Anpin Street Project, Nanjing	Baixia	100%	27,325	20,340	-	-	-
The Paradiso, Nanjing	Jiangning	100%	272,298	545,280	139,949	120,488	294,595
Longxi Project, Nanjing	Jiangning	100%	36,043	107,606	-	-	-
Respecte Chateau, Nanjing	Qixia	100%	91,751	201,828	-	62,425	62,425

Golden Hill,Nanjing	Pukou	100%	62,291	98,694	44,084	-	-
Jiudouhui, Nanjing	Yuhuatai	80%	126,058	314,741	57,779	-	-
Glamorous City, Zhenjiang	Runzhou	100%	795,100	942,820	126,707	72,676	474,659
Blue Mountain Garden, Zhenjiang	Runzhou	60%	285,683	416,285	22,291	55,366	95,628
Nimble Bay, Suzhou	Industrial District	70%	384,042	835,281	36,397	88,986	731,181
Golden Paradise, Suzhou	Industrial District	92%	47,177	117,936	-	54,343	117,936
Nimble East District, Suzhou	Industrial District	50%	104,486	179,075	179,075	-	-
New Metropolis, Suzhou	New District	55%	89,098	83,220	-	38,618	56,064
Golden Milestone,Suzhou	Jinchang	49%	99,093	247,732	109,467	87,139	87,139
Dream Town, Suzhou	Wuzhong	55%	144,535	361,338	157,691	-	-
Jinyu Pingjiang, Suzhou	Gusu	46%	80,948	189,677	75,539	-	-
VC Small Town, Suzhou	Xiangcheng	51%	138,601	415,804	61,786	-	-
Golf Project, Kunshan	Bacheng Town	100%	433,916	240,701	70,068	-	-
Glamorous Garden, Kunshan	Huaqiao Development District	92%	309,177	773,042	361,902	-	-
Glamorous City, Wuxi	Binhu	60%	962,116	1,346,963	68,910	67,563	1,042,113
The Paradiso, Wuxi	Binhu	100%	154,468	386,170	29,232	-	162,875
Xincheng Road, Wuxi	Binhu	100%	154,119	385,299	-	36,709	36,709
Golden Paradise,Wuxi	New District	100%	224,118	620,713	135,832	111,955	285,832
Dream Town, Changzhou	Wujin	100%	93,994	234,983	-	-	-
Dream Town, Yangzhou	Hanjiang	65%	297,139	313,970	4,255	99,013	99,013
King Metropolis, Yangzhou	Hanjiang	65%	59,835	129,512	110,028	-	-
Dream Town, Xuzhou	Jiuli	100%	396,349	716,021	320,083	-	-
Huaihai WestRoad Project, Xuzhou	Quanshan	85%	226,776	810,587	-	-	-
Liangzhu Cultural Village, Hangzhou	Yuhang	100%	3,108,146	2,361,628	284,868	85,178	974,175
Beichenzhiguang, Hangzhou	Yuhang	50%	115,683	293,409	293,409	-	-
Liangzhu New Town, Hangzhou	Yuhang	33%	56,286	140,715	-	-	-
Xilu, Hangzhou	Xihu	51%	80,140	151,996	151,996	-	-
Land Lot No. 59, Jiangcun, Hangzhou	Xihu	100%	30,403	60,806	-	-	-
Caozhuang, Hangzhou	Jianggan	100%	45,709	89,644	55,350	-	34,294
Park Avenue, Hangzhou	Jianggan	50%	68,564	150,841	150,841	-	-
Zitai, Hangzhou	Jianggan	100%	46,069	110,566	110,566	-	-
Qinjiang New Town, Hangzhou	Jianggan	100%	21,915	76,703	-	-	-
Vanke Dajia Qiantang Mansion, Hangzhou	Jianggan	50%	51,945	135,057	135,057	-	-
Puyuewan, Hangzhou	Binjiang	60%	66,521	166,204	166,204	-	-
Xiaoshan Project, Hangzhou	Xiaoshan	50%	67,425	188,790	-	-	-
Gongwang, Hangzhou	Fuyang	100%	517,900	208,981	-	7,370	82,489
Junwang A+D, Hangzhou	Fuyang	20%	129,874	164,845	-	-	-
Junwang B+C, Hangzhou	Fuyang	20%	138,233	152,231	-	-	-
Golden Paradise,	Xiuzhou New	100%	85,286	137,495	-	123,622	123,622

Jiaxing	District						
Golden Dream, Jiaxing	Xiuzhou New District	100%	80,987	144,699	-	-	-
Haishang Chuanqi (海上传奇), Jiaxing	Economic. Development. Zone	100%	31,945	66,904	66,904	-	-
Yunluwan, Ningbo	Jiangbei	100%	314,208	394,764	58,635	-	75,367
Golden City, Ningbo	Yinzhou	100%	95,242	171,425	-	92,824	171,425
Jinyu International, Ningbo	Yinzhou	55%	41,080	73,940	73,940	-	-
Legend On Midtown(金域传奇), Ningbo	Yinzhou	55%	43,752	100,630	-	-	-
Dream Town, Ningbo	Zhenhai	49%	226,777	491,525	93,510	138,239	138,239
Dream Town East, Ningbo	Zhenhai	49%	70,795	127,431	-	-	-
Jiangdong Mansion, Ningbo	Jiangdong	100%	66,833	133,666	133,666	-	-
Park Avenue, Ningbo	Gaoxin	82%	48,004	105,609	105,609	-	-
Longwan Golden, Wenzhou	Longwan	60%	125,219	179,733	-	90,424	90,424
Legend On Midtown (金域传奇), Wenzhou	Longwan	51%	45,864	128,396	128,396	-	-
Jinyu Zhongyang (金域中央), Wenzhou	Ouhai	60%	53,765	144,939	144,939	-	-
Golden Mingjun, Hefei	Shushan	50%	107,326	401,670	-	133,563	401,670
King Metropolis, Hefei	Shushan	50%	115,628	412,101	124,904	106,736	203,984
Dream Town, Hefei	Binhu	55%	107,220	375,272	96,368	116,058	116,058
Blue Mountain Garden, Hefei	Binhu	55%	165,584	463,635	118,121	-	-
Forest Park, Hefei	Luyang	100%	516,459	1,394,439	251,893	-	-
Dream Town, Wuhu	Jiujiang	100%	274,404	493,926	21,804	112,238	112,238
Haishang Chuanqi Garden, Wuhu	Yijiang	49%	121,895	367,711	-	-	-
Qingshan Lake Mingdi (青山湖名邸), Nanchang	Qingshan Lake	50%	97,061	133,693	-	54,648	133,076
Jinse Minjun (金色名俊), Nanchang	Qingshan Lake	50%	16,888	50,381	-	-	-
Dew Garden, Nanchang	Qingyunpu	50%	97,109	144,011	-	83,345	144,011
The Paradiso, Nanchang	Xihu	50%	21,818	75,338	-	75,338	75,338
Dream Town, Nanchang	Gaoxin	33%	299,708	417,362	196,366	69,435	69,435
Haishang Chuanqi (海上传奇), Nanchang	Gaoxin	50%	163,213	355,802	105,718	-	-
Cuidieyuan (粹叠园), Nanchang	Honggutan	50%	80,120	184,276	-	-	-
Shanghai Region subtotal			16,474,463	27,635,928	6,237,450	2,641,039	7,762,390
Beijing region							
Ruyuan C1, Beijing	Haidian	50%	85,099	187,218	67,182	-	-
Ruyuan C3, Beijing	Haidian	50%	33,745	79,306	-	43,457	43,457
No. 5 Park Front Boutique Apartment, Beijing	Chaoyang	60%	37,917	97,044	-	-	97,044
Beijing Hills	Chaoyang	100%	55,885	155,330	-	43,276	155,330
The Metropolis (大都会), Beijing	Chaoyang	100%	5,329	36,465	-	27,998	36,465
No. 77 Beihe Yanjia (北河沿甲), Beijing	Dongcheng	100%	4,103	14,372	-	-	14,372
Hongshi Jiayuan (红狮家园), Beijing	Fengtai	100%	59,800	180,152	-	34,143	180,152

Vanke Lan (万科蓝), Beijing	Fengtai	100%	14,449	36,084	-	-	-
Xihuafu, Beijing	Fengtai	50%	233,209	629,170	120,986	-	-
Land Lots 010, 014, 015, 017, 019 Park Avenue, Beijing	Tongzhou	50%	88,767	210,738	-	-	-
Land Lot 007 Park Avenue, Beijing	Tongzhou	35%	34,657	103,971	-	-	-
Land Lots 005, 008, 009 Park Avenue, Beijing	Tongzhou	50%	61,717	123,434	-	-	-
Jinyu Vanke City, Beijing	Changping	49%	178,908	485,234	-	22,116	417,142
King Metropolis, Beijing	Changping	50%	198,007	559,214	79,719	-	192,966
Changyang Bandao, Beijing	Fangshan	50%	437,179	853,165	256,093	156,484	423,109
Yunwan Jiayuan, Beijing	Fangshan	50%	61,567	157,984	-	23,908	23,908
Xingfuhui (幸福汇), Beijing	Fangshan	68%	71,912	137,777	73,156	763	35,553
New Milestone, Beijing	Fangshan	20%	77,834	142,612	82,969	59,643	59,643
Golden Paradise, Beijing	Fangshan	40%	65,967	156,993	64,095	-	-
Jinyu Park (金域公园), Beijing	Fangshan	51%	27,528	55,056	-	-	-
Changyang Tiandi (长阳天地), Beijing	Fangshan	38%	112,673	208,351	-	-	-
Changyang Bandao, Central Town (长阳半岛·中央城), Beijing	Fangshan	35%	63,950	156,384	-	-	-
Spring Dew Mansion, Beijing	Daxing	50%	67,651	173,215	128,613	-	-
Eastern Metropolis, Beijing	Daxing	50%	57,826	144,564	144,564	-	-
Vanke Cheng (万科橙), Beijing	Daxing	50%	43,446	155,207	101,412	-	-
Shoukai Vanke Centre (首开万科中心), Beijing	Daxing	50%	41,092	126,996	-	-	-
Tianzhu Joying City (天竺悦城), Beijing	Shunyi	56%	17,985	31,051	-	-	-
Baoshui District Project, Tianzhu, Beijing	Shunyi	97%	25,112	44,716	-	-	-
Gaoliying Project, Beijing	Shunyi	35%	187,830	170,568	-	-	-
Huanqingcheng, Langfang	Xianghe County	50%	130,045	221,077	-	-	-
Stratford, Tangshan	Lunan	100%	153,527	104,445	-	27,772	97,485
Windsor Castle(温莎堡), Tangshan	Lunan	100%	47,007	47,635	24,095	-	-
King Metropolis, Tangshan	Lubei	60%	78,977	166,159	-	87,350	87,350
The Paradiso, Tangshan	Lubei	40%	53,440	154,503	-	-	-
New Milestone, Tianjin	Fenghuang New City	48%	88,848	264,659	-	-	-
Holiday Views (假日风景), Qinhuangdao	Haigang	48%	75,526	188,816	-	105,753	105,753
Beidaihe Town (北戴河小镇), Qinhuangdao	Beidaihe	50%	238,561	278,286	48,403	-	-
Waterfront, Tianjin	Dongli	100%	2,708,886	1,763,059	30,426	45,731	898,212
A Glamorous City, Tianjin	Dongli	100%	176,773	258,579	-	25,521	251,881

New Milestone, Tianjin	Dongli	51%	136,524	206,863	-	52,466	206,863
Jinse Yazhu (金色雅筑), Tianjin	Dongli	49%	90,792	173,937	-	20,853	173,937
King Metropolis, Tianjin	Dongli	51%	221,217	360,069	28,419	-	-
Holiday Dew Garden, Tianjin	Xiqing	100%	229,201	343,101	19,274	94,130	306,702
Jin'ao International, Tianjin	Xiqing	100%	58,577	160,080	-	71,234	160,080
Wonderland, Tianjin	Xiqing	51%	409,701	502,892	69,971	-	-
Binhai Modern, Tianjin	Development District	100%	6,538	43,473	-	-	-
Park Residence, Tianjin	Development District	60%	32,270	48,709	-	-	25,424
Harbor (海港城), Tianjin	Binhai New District	51%	149,483	372,910	116,221	54,836	152,251
Jinlu (锦庐), Tianjin	Binhai New District	95%	90,604	127,095	64,779	-	47,355
East Coast, Tianjin	Binhai New District	51%	255,311	377,516	-	-	-
Jinyu International, Tianjin	Binhai New District	51%	108,389	189,160	39,637	-	-
Shilinyuan (仕林苑), Tianjin	Jinnan	40%	63,582	114,474	-	25,251	25,251
Park Residence, Meijiang (梅江柏翠园), Tianjin	Hexi	80%	62,205	124,410	-	-	-
Dream Town, Shenyang	Heping	49%	361,320	868,373	-	73,225	783,358
Rotterdam, Shenyang	Heping	100%	120,333	360,999	55,894	67,084	67,084
The Paradiso, Shenyang	Hunnan New District	100%	226,356	601,439	87,489	106,843	414,396
Tomorrow City, Shenyang	Hunnan New District	70%	199,319	597,957	79,335	89,725	89,725
Park Residence, Shenyang	Shenhe	55%	83,229	290,681	-	14,775	121,872
Chunheli, Shenyang	Shenhe	82%	81,378	431,232	43,374	19,643	76,484
Whistler (惠斯勒小镇), Shenyang	Dongling	70%	285,599	286,141	-	60,703	60,703
Blue Mountain, Shenyang	Dadong	60%	78,367	235,102	-	102,224	235,102
Spring Dew Mansion (Long Mansion), Shenyang	Tiexi	70%	66,547	178,598	-	85,420	85,420
Spring Dew Mansion (Run Mansion), Shenyang	Tiexi	100%	57,030	150,315	-	-	-
Lakeside Grand View (香湖盛景) North, Shenyang	Yuhong	49%	190,156	342,360	85,780	31,050	92,046
Lakeside Grand View (香湖盛景) South, Shenyang	Yuhong	51%	135,464	304,520	-	-	8,816
Park Avenue, Shenyang	Yuhong	100%	169,774	407,374	134,642	-	-
Holiday Views, Shenyang	Huanggu	100%	200,000	475,936	-	-	-
The Paradiso, Fushun	Development District	100%	300,150	1,034,003	-	68,840	113,279
Jinyu International(金域国际), Fushun	Shuncheng	100%	72,560	316,582	101,429	-	-
Yinkou Harbor(营口海港城), Shenyang	Bayujuan	100%	138,990	399,449	73,888	-	-
Whistler Town, Anshan	Tiedong	100%	422,171	713,400	63,539	74,591	263,494
Dream Town, Anshan	Gaoxin	100%	167,664	375,002	-	109,286	316,813
Jinyu International, Anshan	Tiexi	51%	225,715	677,000	67,520	-	-

Ravine Village, Dalian	Ganjingzi	100%	363,716	380,922	-	32,174	380,922
A Glamorous City, Dalian	Ganjingzi	100%	218,498	443,186	-	65,628	443,186
Spring Dew Mansion,, Dalian	Ganjingzi	100%	118,506	229,822	49,319	-	-
Xishan Project, Dalian	Ganjingzi	55%	90,404	91,308	-	-	-
Blue Mountain, Dalian	Ganjingzi	100%	125,100	214,470	134,095	-	-
Dalianmen Project, Dalian	Ganjingzi	100%	19,131	37,627	-	-	-
Habor, Dalian	Puwan New District	55%	581,172	968,300	27,886	101,621	101,621
Cherry Blossom Garden, Dalian	High-Tech Industrial Zone	71%	192,248	363,349	-	-	-
Dream Town, Dalian	Jinzhou	100%	284,806	620,607	145,390	-	-
Chenghua East Project, Dalian	Shahekou	100%	35,757	64,260	-	-	-
Blue Mountain, Changchun	Erdao	100%	228,670	501,678	50,555	131,541	266,931
Whistler Town (惠斯勒小镇), Changchun	Jingyue	50%	399,715	484,714	68,672	31,803	111,629
Dream Town, Changchun	Jingyue	51%	350,965	1,068,964	100,022	124,574	124,574
Park Residence, Changchun	Chaoyang	100%	267,981	503,349	7,174	53,553	165,142
Sulpture Park Project, Changchun	Nanguan	50%	121,109	343,058	45,291	-	-
Dream Town, Jinlin	Gaoxin	65%	728,139	2,001,721	112,811	148,898	427,316
Songhua Lake Project, Jinlin	Fengman	100%	531,598	681,890	-	-	-
A Glamorous City, Qingdao	Chengyang	80%	200,289	341,136	-	-	341,136
City Garden, Qingdao	Chengyang	80%	130,873	231,482	-	48,904	231,482
Rose Lane (玫瑰里), Qingdao	Chengyang	51%	340,069	540,307	171,210	-	-
Chunyang Garden (春阳花园), Qingdao	Chengyang	51%	86,493	183,142	68,262	-	-
Taohuayuan (桃花源), Qingdao	Chengyang	80%	129,032	230,194	-	-	-
Aureate City, Qingdao	Shibei	100%	61,873	173,945	-	-	173,945
Dream Town, Qingdao	Shibei	55%	154,607	392,904	87,705	112,311	229,093
Vanke Centre, Fuzhou Road, Qingdao	Shibei	100%	38,775	123,703	123,703	-	-
Vanke Centre, Shandong Road, Qingdao	Shibei	70%	18,646	70,486	70,486	-	-
Blue Mountain, Qingdao	Shibei	100%	68,153	208,462	17,778	67,805	145,712
Zitai, Qingdao	Shibei	100%	68,562	204,603	-	-	-
Ecological Town, Qingdao	Licang	100%	141,346	261,571	-	247,960	247,960
Qingdao Town	Huangdao	34%	933,293	702,304	-	63,255	63,255
Dongjun, Qingdao	Jimo	55%	196,446	430,183	17,010	-	-
Dream Town, Pingdu, Qingdao	Pingdu	51%	59,308	197,931	25,771	-	-
Pingdu New City, Qingdao	Pingdu	51%	75,701	97,496	-	-	-
Haiyuntai, Yantai	Zhifu	100%	311,614	444,000	-	47,840	113,986
Holiday Views, Yantai	Fushan	70%	190,281	362,813	-	74,438	153,787
Holiday Dew Garden, Yantai	Fushan	70%	65,733	152,466	-	-	-

Yulongshan (御龙山), Yantai	Zhifu	51%	341,943	615,200	106,278	-	-
Dream Town, Yantai	Development District	51%	241,167	627,813	87,713	-	-
Jiyu International(金域国际), Jinan	Gaoxin	63%	127,759	408,346	116,976	-	-
Dream Town, Jinan	Lixia	50%	191,418	478,545	138,390	-	-
New Milestone, Jinan	Licheng	100%	113,132	316,728	-	-	-
Zitai, Taiyuan	Yingze	51%	95,687	334,330	85,072	136,224	136,224
Jinyu International, Taiyuan	Wanbolin	100%	49,407	169,679	-	169,679	169,679
Blue Mountain, Taiyuan	Wanbolin	51%	198,392	693,540	48,425	-	-
Transportation Company Land Lot (公交公司地块), Taiyuan	Wanbolin	100%	37,060	177,415	-	-	-
Spring Dew Mansion, Jinzhong	Yuci	51%	218,143	476,596	109,824	105,910	105,910
Beijing Region subtotal			21,241,967	39,897,286	4,368,722	3,690,212	11,079,767
Chengdu Region							
A Glamorous City, Chengdu	Chenghua	60%	308,501	761,258	-	96,773	712,816
Vanke Diamond Plaza, Chengdu	Chenghua	85%	15,404	92,422	-	-	-
Vanke Huamao Plaza, Chengdu	Chenghua	51%	29,720	214,137	207,600	-	-
Jinse Yuefu Music Plaza, (金色乐府音乐广场), Chengdu.	Chenghua	60%	152,852	759,036	304,088	-	-
Jinyu Xiling (金域西岭), Chengdu	Jinniu	60%	79,331	361,100	-	92,620	361,100
Golden Domain, Chengdu	Qingyang	100%	49,628	244,459	-	118,673	190,524
Jinrun Huafu, Chengdu	Jinjiang	100%	52,895	267,928	-	119,942	236,427
Golden Hairong, Chengdu	Wuhou	49%	54,970	234,125	-	-	141,161
Wulong Mountain Garden, Chengdu	Xindu	100%	345,168	356,503	35,820	130,793	251,541
Jinyu Tixiang, Chengdu	Xindu	100%	111,166	331,161	146,209	-	-
Jinyu Mingdi (金域名邸), Chengdu	Gaoxin	50%	48,345	145,034	59,774	-	-
No. 5 Park Front Boutique Apartment, Chengdu	Gaoxin	50%	87,822	263,464	30,483	-	-
Golden City, Chengdu	Longquanyi	55%	72,102	288,410	202,758	-	-
Aureate City, Chengdu	Longquanyi	55%	47,245	141,642	141,642	-	-
Haiyue Huicheng, Chengdu	Shuangliu	90%	104,307	524,843	-	143,609	206,007
Jinrun Huafu, Nanchong	Gaoping	60%	182,012	518,004	48,855	2,732	2,732
King Metropolis, Wuhan	Wuchang	100%	59,790	191,300	-	34,701	140,020
Hanyang International, Wuhan	Hanyang	70%	166,817	568,974	99,813	104,983	104,983
Dream Town, Wuhan	Jianghan	100%	65,901	299,337	-	90,973	231,798
Huanzi Lake Project, Wuhan	Jianghan	100%	7,388	36,683	32,684	-	-
Hankou Chuanqi (汉口传奇), Wuhan	Jianghan	50%	42,385	228,430	228,430	-	-
Stratford, Wuhan	East Lake High-Tech Development Zone	100%	230,894	349,607	-	161,401	349,607

Liantou Vanke Ecological Town, Wuhan	East Lake High-Tech Development Zone	50%	199,709	299,563	-	-	-
Luxuriant Scenery (城花璟苑), Wuhan	East Lake High-Tech Development Zone	50%	89,665	409,600	156,049	-	-
Jiayuan (嘉园), Wuhan	East Lake High-Tech Development Zone	50%	67,259	324,100	-	-	-
Jincheng (锦程), Wuhan	East Lake High-Tech Development Zone	100%	38,286	202,620	-	-	-
The Paradiso, Wuhan	Economic and Technological Development Zone	100%	213,440	533,600	246,384	87,072	229,368
Golden City, Wuhan	Hongshan	100%	273,850	896,484	200,540	394,393	446,823
Changzheng Village Project, Wuhan	Hongshan	100%	282,235	871,721	108,964	-	-
Chongqing Youcheng Ecological Garden	Yubei	51%	229,581	344,372	-	23,022	328,210
Jincheng (锦程), Chongqing	Yuzhong	100%	105,406	533,486	-	395,325	533,486
Wonder Town, Chongqing	Northern New District	100%	41,448	145,067	-	-	145,067
Palace of Pleasure, Chongqing	Northern New District	100%	137,996	376,737	-	151,884	215,449
Dream Town, Chongqing	Northern New District	55%	278,167	647,378	286,838	-	-
Yuewan, Chongqing	Jiangbei	45%	435,499	649,158	215,193	-	-
Gailanxi, Chongqing	Jiangbei	100%	129,535	652,785	-	-	-
Ertang Project, Chongqing	Nan'an	49%	241,314	845,611	-	-	-
Joying Gold, Chongqing	Shapingbei	80%	175,000	700,000	331,677	-	-
Vanke Xijiu (万科西九), Chongqing	Jiulongpo	50%	26,515	145,688	69,481	-	-
Vanke Xicheng (万科西城), Chongqing	Jiulongpo	100%	60,276	271,207	142,921	-	-
Jinyu Qujiang (金域曲江), Xi'an	Qujiang New District	55%	152,667	390,176	4,768	164,140	332,249
Land Lot 7#Dream Town, Xi'an	Chang'an	85%	186,849	619,806	5,429	193,426	293,752
Land Lot 3#Dream Town, Xi'an	Chang'an	60%	113,231	352,802	61,329	-	-
Land Lot 8#Dream Town, Xi'an	Chang'an	100%	172,666	504,464	-	-	-
King Metropolis, Xi'an	Weiyang	51%	106,667	372,461	77,233	-	-
Daminggong Project, Xi'an	Weiyang	70%	69,052	221,603	-	-	-
Joying Gold, Xi'an	Lianhu	80%	193,571	664,643	92,146	-	-
Joying Gold DK1, Xi'an	Lianhu	100%	36,708	146,831	-	-	-
Jiyu International, Xi'an	Gaoxin	100%	23,831	150,132	-	-	-
Eastern Metropolis, Xi'an	Chanba Ecological District	100%	175,387	686,388	-	-	-
Vanke Meijing Longmen Longtang, Zhengzhou	Guancheng	51%	79,457	351,529	134,224	-	-
Meiming Science and Technology Industrial Park (美铭科技产业	Gaoxin	51%	130,818	457,863	-	-	-

园), Zhengzhou							
Vanke Meijing Dream Town, Zhengzhou	Gaoxin	51%	190,319	542,359	188,887	-	-
Vanke Meijing Glamorous City, Zhengzhou	Aviation Port Area	51%	182,560	468,407	-	-	-
King Metropolis, Guiyang	Xiaohe	51%	351,800	581,217	-	-	255,392
Metropolis(大都会), Guiyang	Xiaohe	51%	181,235	761,187	138,181	-	-
Nimble Bay, Guiyang	Yunyan	100%	81,246	200,705	43,245	-	7,802
Joy City(悦城), Guiyang	Yunyan	51%	85,341	262,728	85,262	-	-
Dream Town, Guiyang	Yunyan	30%	348,117	910,910	347,884	-	-
No. 5 Park Front Boutique Apartment, Guiyang	Yunyan	70%	10,927	98,132	26,646	-	-
Dew Garden (润园), Baisha, Kunming	Panlong	100%	192,104	247,394	40,097	72,502	75,887
Yunshangcheng, Kunming	Wuhua	23%	34,293	177,468	-	12,772	12,772
Respecte Chateau (金色领域), Kunming	Gaoxin	67%	105,484	423,175	63,430	39,416	150,270
A Glamorous City, Kunming	Guandu	55%	417,919	1,662,861	343,747	-	-
Park Avenue, Kunming	Guandu	50%	290,724	580,438	-	-	-
King Metropolis, Urumqi	Xinshi	82%	77,425	245,780	106,771	115,004	115,004
Nanshan Villa, Urumqi	Urumqi County	100%	32,298	14,900	5,018	-	-
Jinyu International, Urumqi	Shayibake	100%	24,150	60,376	60,376	-	-
Jinyu Tixiang, Urumqi	Shayibake	100%	20,078	50,196	-	-	-
Rancho Santa Fe, Urumqi	Shayibake	60%	204,628	204,628	148,761	-	-
Central Park, Urumqi	Shuimogou	100%	80,698	201,745	-	-	-
Chengdu Region subtotal			9,692,074	28,640,338	5,269,637	2,746,156	6,070,247
Total			66,012,793	135,424,217	21,306,918	13,032,016	34,802,555

3. Major Suppliers and Customers

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

In 2013, the Company continued to expand the scope of sourcing and deepen relationship with its partners to further increase the proportion of centralised procurement and strategic collaborations, with an aim 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 RMB2.91 billion, representing an increase of 9.12% from that of 2012 and accounting for 2.86% of the total purchase for the year, which was 0.75 percentage point lower than that of 2012's.

(2) The aggregate revenue from the Company's five largest customers as a percentage of 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 or a small number of group purchase transactions generated a relatively high sales amount. Revenue from the five largest customers in 2013 amounted to approximately RMB2.82 billion, accounting for 2.08% of the Company's total revenue of 2013.

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-13	31-Dec-12	Change (+/-)	Reasons for changes
Total Assets	479,474,818	379,094,856	26.48%	Expansion of the operational scale.
Cash and cash equivalents	43,004,149	51,120,224	-15.88%	Increase in expenditure for constructure and acquisition of projects.
Inventories	329,731,930	253,622,152	30.01%	Increase in newly added projects and projects under development
Investment propoities	6,366,655	1,714,136	371.42%	Increase in investment on commercial property.
Trade and other payables	287,930,076	215,529,570	33.59%	Increase in pre-sales and payablesdue to the constructors.
Equity attributable to equity shareholders of the Company	76,895,983	63,825,554	20.48%	Increase in net profit
Item	Year 2013	Year 2012	Change (+/-)	Reasons for changes
Revenue	127,453,765	96,859,914	31.59%	Increase in booked sales
Cost of sales	92,814,352	65,454,228	41.80%	Increase in booked sales
Profit before taxation	27,847,233	25,697,537	8.36%	Increase in operating profit
Income tax	9,549,684	10,034,949	-4.84%	Decrease in gross profit
Profit attributable to equity shareholders of the Company	15,118,549	12,551,182	20.45%	Increase in profit before taxes
Item	Year 2013	Year 2012	Change (+/-)	Reasons for changes
Gearing ratio	78.01%	78.32%	-0.31%	Increase in pre-sales
Current ratio	1.34	1.40	-0.06	Increase in receipts in advance
Quick ratio	0.34	0.41	-0.07	Increase in receipts in advance
Equity ratio	22.00%	21.68%	0.32%	Increase in collaborative projects
Accounts receivable turnover (Day)	6.69	6.21	0.48	Increase in booked sales
Inventory turnover (Day)	1,147	1,293	-146	Increase in inventory turnover
Item	31-Dec-13	31-Dec-12	Change (+/-)	Reasons for changes
Total Assets	479,474,818	379,094,856	26.48%	Expansion of the operational scale.
Cash and cash equivalents	43,004,149	51,120,224	-15.88%	Increase in expenditure for constructure and acquisition of projects.
Inventories	329,731,930	253,622,152	30.01%	Increase in newly added projects and projects under development
Investment propoities	6,366,655	1,714,136	371.42%	Increase in investment on commercial property.
Trade and other payables	287,930,076	215,529,570	33.59%	Increase in pre-sales and payablesdue to the constructors.
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Item	Year 2013	Year 2012	Change (+/-)	Reasons for changes
Gearing ratio	78.01%	78.32%	-0.31%	Increase in pre-sales
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Quick ratio	0.34	0.41	-0.07	Increase in receipts in advance
Equity ratio	22.00%	21.68%	0.32%	Increase in collaborative projects

Accounts receivable turnover (Day)	6.69	6.21	0.48	Increase in booked sales
Inventory turnover (Day)	1,147	1,293	-146	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 2013 are as follows:

Unit: RMB'000

Total amount of proceeds raised, net	9,936,600			Funds used for investment during the year	2,300				
Total amount of proceeds with changed usage	0			Total accumulated funds used				9,833,800	
Percentage of total 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	Is there significant change in feasibility	
Everest Town (former Science City H3 Project), Guangzhou	No	600,000		600,000	100%	145,110	Yes	No	
The Paradiso (former Jinshazhou Project), Guangzhou	No	800,000		800,000	100%	1,027,800	Yes	No	
The Dream Town (former Nanzhuang Project), Foshan	No	900,000		900,000	100%	525,630	Yes	No	
Zhuhai Hotel Project, Xiangzhou District, Zhuhai	No	650,000		650,000	100%	884,230	Yes	No	
West Spring Butterfly Garden (former Jiangcun Project), Hangzhou	No	700,000		700,000	100%	1,820,520	Yes	No	
Liangzhu Project, Yuhang District, Hangzhou	No	1,700,000		1,700,000	100%	944,360	Yes	No	
Golden Town Project, Yinzhou District, Ningbo	No	1,636,600		1,636,600	100%	880,480	Yes	No	
Wujiefang, Pudong, Shanghai	No	1,200,000		1,200,000	100%	229,230	Yes	No	
Jinse Yazhu (former Zhonglin Project), Shanghai	No	700,000		700,000	100%	272,810	Yes	No	
Anpin Street Project, Baixia District, Nanjing	No	650,000	2,300	547,200	84%	-	Yes	No	
Stratford (former Huangjiayu Project), Nanjing	No	400,000		400,000	100%	52,300	No	No	
Total	No	9,936,600	2,300	9,833,800	99%	6,782,470	-	No	
Remarks on delay and failure to achieve estimated income (by project)	<p>(1) 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 accordingly.</p> <p>(2) Stratford Project in Nanjing was basically sold out, with properties delivered in 2010. Accumulative net margin amounted to 8.68%. The project had achieved brand effect but the income generated from the project did not reach the estimated level stated in the prospectus.</p> <p>The income of other projects financed by the raised proceeds exceeded or is expected to exceed the estimated level. The overall return from the projects financed by the raised proceeds will be higher than the estimated level stated in the prospectus.</p>								

Remarks on reasons and procedures for changes (by project)	No changes
Application of the balance of the proceeds	As of 31 December 2013, the Company had applied RMB9,833.80 million of the proceeds in accordance with the prospectus. The amount represented 98.97% of the net proceeds of RMB9,936.60 million. The balance of the proceeds of RMB102.80 million will be applied in accordance with the progress of project development.

(2) Use of capital not from the capital market

A. Equity investment

During the year under review, the Company's new additional investment amounted to RMB12,401 million, which were used as follows:

1) During the year under review, the Company promoted and established 28 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	Shanghai Wanjiu Luhe Property Co., Ltd. 上海万九绿合置业有限公司	RMB	1,800,000,000.00	918,000,000.00	Property development
2	Wenzhou Vanke Zhongliang Property Co., Ltd. 温州万科中梁置业有限公司	RMB	500,000,000.00	300,000,000.00	Property development
3	Changzhou Vanke Real Estate Co., Ltd. 常州万科房地产有限公司	RMB	500,000,000.00	500,000,000.00	Property development
4	Hangzhou Wanzhou Property Co., Ltd. 杭州万洲置业有限公司	RMB	450,000,000.00	228,357,823.57	Property development
5	Qingdao Vanke Real Estate Development and Construction Co., Ltd. 青岛万科房地产开发建设有限公司	RMB	430,000,000.00	219,300,000.00	Property development
6	Qingdao Vanke Yinshengtai Property Co., Ltd. 青岛万科银盛泰置业有限公司	RMB	380,000,000.00	304,000,000.00	Property development and interior decoration works
7	Beijing Shoukai Vanke Property Co., Ltd. 北京首开万科置业有限公司	RMB	360,000,000.00	36,000,000.00	Property development
8	Nanning Vanke City Real Estate Co., Ltd. 南宁市万科城房地产有限公司	RMB	200,000,000.00	200,000,000.00	Property development
9	Nanning Wanrong Real Estate Co., Ltd. 南宁市万荣房地产有限公司	RMB	200,000,000.00	200,000,000.00	Property development
10	Hangzhou Wanjue Property Co., Ltd. 杭州万爵置业有限公司	RMB	200,000,000.00	200,000,000.00	Property development
11	Suzhou Wanjin Real Estate Co., Ltd. 苏州万金房地产有限公司	RMB	200,000,000.00	102,000,000.00	Property development
12	Qingdao Xinduxin Property Co., Ltd. 青岛新都心置业有限公司	USD	164,000,000.00	1,008,962,600.00	Property development
13	Hangzhou WanTing Property Co., Ltd. 杭州万霆置业有限公司	RMB	150,000,000.00	90,000,000.00	Property development
14	Jiaxing Wanlian Real Estate Development Co., Ltd. 嘉兴万联房地产开发有限公司	RMB	150,000,000.00	150,000,000.00	Property development
15	Ningbo Wanjiang Property Co., Ltd. 宁波万江置业有限公司	USD	137,000,000.00	491,073,284.00	Property development
16	Quanzhou Vanke Beifeng Real Estate Co., Ltd. 泉州市万科北峰房地产有限公司	RMB	120,000,000.00	72,000,000.00	Property development
17	Nanning Vanke Investment Co., Ltd. 南宁市万科投资有限公司	RMB	120,000,000.00	120,000,000.00	Property investment
18	Zhengzhou Vanke Meijing Real Estate Development Co., Ltd. 郑州万科美景房地产开发有限责任公司	RMB	100,000,000.00	51,000,000.00	Property development
19	Nanning Vanke Wuxiang Real Estate Co., Ltd. 南宁市万科五象房地产有限公司	RMB	100,000,000.00	100,000,000.00	Property development
20	Shanghai Wanzhijiang Real Estate Development Co., Ltd. 上海万之江房地产开发有限公司	RMB	100,000,000.00	90,000,000.00	Property development
21	Ningbo Wanqi Property Co., Ltd. 宁波万启置业有限公司	USD	76,000,000.00	226,432,195.00	Property development

22	Beijing Tianzhu Vanke Property Co., Ltd. 北京天竺万科置业有限公司	RMB	70,000,000.00	20,370,000.00	Property development
23	Beijing Shoukai VankeHetai Property Co., Ltd. 北京首开万科和泰置业有限公司	RMB	68,000,000.00	34,000,000.00	Property development
24	Chongqing Forest River Garden Property Co., Ltd. 重庆林畔花园置业有限公司	USD	64,288,000.00	60,025,841.21	Property development
25	Qingdao Vanke YinShengtai Investment Co., Ltd. 青岛万科银盛泰投资有限公司	RMB	50,000,000.00	35,000,000.00	Property development, sales and property management
26	Ningbo Wanming Property Co., Ltd. 宁波万明置业有限公司	RMB	50,000,000.00	40,860,000.00	Property development
27	Boshang Asset Management Co., Ltd. 博商资产管理有限公司	RMB	50,000,000.00	50,000,000.00	Asset management and investment management
28	Changsha Vanke Xibu Property Co., Ltd 长沙市万科西部置业有限公司	RMB	30,000,000.00	30,000,000.00	Property development
Total			5,877,381,743.78		

In addition, the Company had established another 92new companies, with a total investment amount of RMB413 million.

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

A. On 18March 2013, the Company acquired 100% equity interests of Beijing Kaide Xinming Real Estate Development Co., Ltd. for a cash consideration of RMB502 million.

B. On 1January 2013, the Company acquired 60% equity interests in Shenzhen Shangmo Development Co., Ltd.for a cash consideration of RMB465 million.

C. On 18January 2013, the Company acquired 80% equity interests in Changsha Vanke Universal Village Property Co., Ltd. for a cash consideration of RMB347 million. Changsha Vanke Universal Village Property Co., Ltd. holds 100% equity interests in Hunan Xiangcheng Yibai Land Co., Ltd. and Changsha Jingtou Yintai Property Management Co., Ltd.

D. On 1 April 2013, the Company acquired 51% equity interests in Hunan Baihui InvestmentCo., Ltd. for a cash consideration of RMB315 million.

E. On 18September 2013, the Company acquired 83% equity interests in Guangzhou Rongda Household Appliances Co., Ltd. for a cash consideration of RMB253 million.

F. On 25 January 2013, the Company acquired 51% equity interests in Beijing Jingtou Yangguang RealEstate Development Co., Ltd. for a cash consideration of RMB136 million.

G. On28January 2013, the Company acquired 100% equity interests in Henan Meijing Zhizhou Real Estate Development Co., Ltd. for a cash consideration of RMB100 million.

During the year under review, the Company acquired another 20companies for a total consideration of RMB435million.

3) During the year under review, the Company increased the capital of 17 subsidiaries by RMB3,438 million, among which, RMB1,200 million was for Zhejiang Zhenan Vanke Real Estate Co., Ltd. (浙江浙南万科房地产有限公司), RMB281 million for Hangzhou Wanhong Property Co., Ltd. (杭州万泓置业有限公司), USD89 million for Vanke Properties (Hong Kong) Co., Ltd. (万科置业地产(香港)有限公司), RMB250 million for Zhejiang Shudou Investment Management Co., Ltd. (浙江墅都投资管理有限公司), RMB230 million for Nanjing Railway Station East Property Co., Ltd. (南京站东置业有限公司), RMB230 million for Nanjing Wanrong Property Co., Ltd.(南京万融置业有限公司), RMB230 million for Tianjin Wanshang Real Estate Investment Co., Ltd. (天津万商地产投资有限公司), RMB174 million for Shanghai Wanrong Property Co., Ltd. (上海万茸置业有限公司) and RMB292 million for other subsidiaries

B. Project investments

During the year under review, the Company acquired 104 new development projects, with a site area attributable to Vanke's equity holding of approximately 7,570,000 sq m, representing a planned GFA of approximately 21,480,000 sq m.

Unit: sq m

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	Shenzhen	Liuxiandong (留仙洞)	Nanshan	100%	394,044	1,335,510	1,335,510	Pre-construction
2	Shenzhen	Bayifu (八意府),	Longgang	100%	28,894	115,040	115,040	Under construction
3	Dongguan	Vanke Centre	Guancheng	55%	53,887	215,547	118,551	Under construction
4	Dongguan	Songhu Chuanqi (松湖传奇)	Liaobu Town	100%	68,431	150,548	150,548	Under construction
5	Dongguan	Jinyu Huating	Guancheng	55%	9,185	29,393	16,166	Under construction
6	Dongguan	Dream Town, Humen	Humen Town	80%	349,805	784,136	627,308	Pre-construction
7	Guangzhou	Land Lot AF020122, Xinlongsha	Liwan	100%	7,141	30,706	30,706	Pre-construction
8	Guangzhou	Huangge Avenue Project	Nansha	100%	156,555	250,488	250,488	Pre-construction
9	Guangzhou	Huashan Project	Huadu	50%	126,941	279,270	139,635	Pre-construction
10	Qingyuan	Dream Town	Qingcheng	100%	493,076	986,153	986,153	Pre-construction
11	Foshan	Land Lot B23-24 Finance District C	Nanhai	100%	188,996	793,784	793,784	Pre-construction
12	Foshan	Land Lot B21, Finance District C	Nanhai	100%	30,984	130,000	130,000	Pre-construction
13	Foshan	Land Lot A32 Finance District C	Nanhai	100%	25,178	146,000	146,000	Pre-construction
14	Foshan	Binfen Xiyuan (缤纷西园)	Shunde	100%	43,748	153,000	153,000	Sold
15	Zhongshan	Qingxi Road Project	Shiqi	75%	143,852	429,779	322,334	Pre-construction
16	Quanzhou	The Dream Town I	Fengze	60%	46,434	162,518	97,511	Under construction
17	Quanzhou	The Dream Town II	Fengze	60%	90,307	316,073	189,644	Pre-construction
18	Zhangzhou	The Dream Town	Xiangcheng	60%	235,606	805,195	483,117	Pre-construction
19	Quanzhou	Jinyu Zhongyang (金域中央), Shishi	Shishi	70%	82,769	211,503	148,052	Pre-construction
20	Fuzhou	The Paradiso	Minhou County	51%	213,602	687,507	350,629	Sold
21	Changsha	Meixihu (梅溪湖)	Yuelu	100%	129,323	311,937	311,937	Under construction
22	Changsha	Expanded Land Lot 205, Jingtou Yintai (京投银泰 205 扩容地块)	Yuhua	40%	108,857	326,572	130,629	Pre-construction
23	Changsha	Jiyu	Yuelu	51%	159,393	585,845	298,781	Under

		International,						construction
24	Changsha	Chengji Xinyuan Project	Yuhua	40%	351,380	960,664	384,266	Under construction
25	Nanning	Vanke Building	Liangqing	100%	25,545	117,670	117,670	Pre-construction
26	Shanghai	Zhangjiang West Land Lot	Pudong New District	45%	24,756	74,269	33,421	Pre-construction
27	Shanghai	Zhangjiang East Land Lot	Pudong New District	45%	79,548	216,569	97,456	Pre-construction
28	Shanghai	Dream Town,	Minhang	70%	129,571	308,670	216,069	Sold
29	Shanghai	Dream Town II, (Land Lot 164)	Minhang	70%	81,044	193,163	135,214	Under construction
30	Nanjing	Longxi Project	Jiangning	100%	36,043	107,606	107,606	Pre-construction
31	Nanjing	Jiudouhui II	Yuhuatai	80%	49,722	132,361	105,889	Pre-construction
32	Suzhou	VC Small Town	Xiangcheng	51%	138,601	415,804	212,060	Sold
33	Changzhou	Dream Town,	Wujin	100%	93,994	234,983	234,983	Pre-construction
34	Kunshan	Glamorous Garden	Huaqiao Development District	92%	130,177	325,442	299,407	Pre-construction
35	Xuzhou	Land Lot P, Huaihai West Project	Quanshan	85%	20,744	76,779	65,262	Pre-construction
36	Xuzhou	Land Lots KLMNO, Huaihai West Project	Quanshan	85%	62,920	252,081	214,268	Pre-construction
37	Xuzhou	Land Lot H2J, Huaihai West Project	Quanshan	85%	13,807	30,131	25,611	Pre-construction
38	Xuzhou	Land Lot A, Huaihai West Project	Quanshan	85%	38,666	150,727	128,118	Pre-construction
39	Hangzhou	Xiaoshan Project	Xiaoshan	50%	67,425	188,790	94,395	Pre-construction
40	Hangzhou	Vanke Dajia Qiantang Mansion	Jianggan	50%	51,945	135,057	67,529	Sold
41	Hangzhou	Qinjiang New Town	Jianggan	100%	21,915	76,703	76,703	Pre-construction
42	Hangzhou	Liangzhu New Town	Yuhang	33%	56,286	140,715	46,436	Pre-construction
43	Jiaxing	Haishang Chuanqi (海上传奇)	Economic Development Zone	100%	31,945	66,904	66,904	Sold
44	Ningbo	Dream Town East	Zhenhai	49%	70,795	127,431	62,441	Pre-construction
45	Ningbo	Legend On Midtown(金域传奇)	Yinzhou	55%	43,752	100,630	55,346	Under construction
46	Ningbo	Park Avenue	Gaoxin	82%	48,004	105,609	86,304	Under construction
47	Wenzhou	Jinyuzhongyang (金域中央)	Ouhai	60%	53,765	144,939	86,963	Sold
48	Wenzhou	Legend On Midtown(金域传奇)	Longwan	51%	45,864	128,396	65,482	Under construction
49	Wuhu	Haishang Chuanqi Garden	Yijiang	49%	121,895	367,711	180,178	Pre-construction
50	Nanchang	Haishang Chuanqi (海上传奇)	Gaoxin	50%	163,213	355,802	177,901	Under construction

51	Nanchang	Cuidieyuan (粹叠园)	Honggutan	50%	80,120	184,276	92,138	Under construction
52	Beijing	Changyang Tiandi (长阳天地)	Fangshan	38%	112,673	208,351	79,173	Pre-construction
53	Beijing	Changyang Bandao Central Town(长阳半岛中央城)	Fangshan	35%	63,950	156,384	54,734	Pre-construction
54	Beijing	Tianzhu Joying City (天竺悦城)	Shunyi	56%	17,985	31,051	17,389	Under construction
55	Beijing	Baoshui District Project, Tianzhu	Shunyi	97%	25,112	44,716	43,375	Pre-construction
56	Beijing	Gaoliying Project	Shunyi	35%	187,830	170,568	59,699	Pre-construction
57	Beijing	Shoukai Vanke Centre (首开万科中心)	Daxing	50%	41,092	126,996	63,498	Pre-construction
58	Beijing	Jinyu Park (金域公园)	Fangshan	51%	27,528	55,056	28,079	Under construction
59	Beijing	Land Lots 010, 014, 015, 017, 019 Park Avenue	Tongzhou	50%	88,767	210,738	105,369	Pre-construction
60	Beijing	Land Lot 007 Park Avenue	Tongzhou	35%	34,657	103,971	36,390	Pre-construction
61	Beijing	Land Lots 005, 008, 009 Park Avenue	Tongzhou	50%	61,717	123,434	61,717	Pre-construction
62	Beijing	No. 77 Beihe Yanjia (北河沿甲)	Dongcheng	100%	4,103	14,372	14,372	Sold
63	Tianjin	Wonderland, Tianjin	Xiqing	51%	409,701	502,892	256,475	Sold
64	Tianjin	Park Residence, Meijiang (梅江柏翠园)	Hexi	80%	62,205	124,410	99,528	Pre-construction
65	Shenyang	Holiday Views	Huanggu	100%	200,000	475,936	475,936	Pre-construction
66	Fushun	The Paradiso	Development District	100%	73,621	294,484	294,484	Under construction
67	Dalian	Dream Town West Project	Jinzhou New District	100%	16,223	43,153	43,153	Pre-construction
68	Dalian	Blue Mountain	Ganjingzi	100%	125,100	214,470	214,470	Under construction
69	Dalian	Dalianmen Project	Ganjingzi	100%	19,131	37,627	37,627	Pre-construction
70	Dalian	Chenghua East Project	Shahekou	100%	35,757	64,260	64,260	Pre-construction
71	Qingdao	Zitai,	Shibei	100%	68,562	204,603	204,603	Pre-construction
72	Qingdao	Taohuayuan	Chengyang	80%	129,032	230,194	184,155	Under construction
73	Qingdao	Phase II Dongjun Project	Jimo	55%	84,102	180,379	99,209	Pre-construction
74	Qingdao	Land Lot C, Rose Lane (玫瑰里)	Chengyang	51%	66,816	104,269	53,177	Pre-construction
75	Yantai	Yulongshan(御龙山)	Zhifu	51%	341,943	615,200	313,752	Under construction
76	Yantai	Dream Town	Development District	51%	241,167	627,813	320,185	Under construction

77	Jinan	New Milestone	Licheng	100%	113,132	316,728	316,728	Pre-construction
78	Jinan	Dream Town	Lixia	50%	191,418	478,545	239,273	Under construction
79	Jinan	Land Lot B, Caoshanling (草山岭)	Gaoxin	63%	89,595	291,816	183,844	Under construction
80	Taiyuan	Transportation Company Land Lot (公交公司地块)	Wanbolin	100%	37,060	177,415	177,415	Pre-construction
81	Tangshan	New Milestone	Fenghuang New City	48%	88,848	264,659	127,036	Under construction
82	Tangshan	Land Lot A-04 The Paradiso	Lubei	40%	27,112	89,135	35,654	Under construction
83	Chengdu	Golden Paradise	Xindu	100%	111,166	331,161	331,161	Under construction
84	Chengdu	Jinse Yuefu Music Plaza (金色乐府音乐广场)	Chenghua	60%	152,852	759,036	455,422	Under construction
85	Wuhan	Jincheng	East Lake High-Tech Development Zone	100%	38,286	202,620	202,620	Pre-construction
86	Wuhan	Jiayuan (嘉园)	East Lake High-Tech Development Zone	50%	67,259	324,100	162,050	Pre-construction
87	Wuhan	Luxuriant Scenery (城花璟苑)	East Lake High-Tech Development Zone	50%	89,665	409,600	204,800	Under construction
88	Chongqing	Vanke Xicheng I (万科西城一期)	Jiulongpo	100%	31,769	142,921	142,921	Under construction
89	Chongqing	Vanke Xicheng II (万科西城二期)	Jiulongpo	100%	28,507	128,286	128,286	Pre-construction
90	Chongqing	Gailanxi	Jiangbei	100%	129,535	652,785	652,785	Pre-construction
91	Chongqing	Ertang Project	Nan'an	49%	241,314	845,611	414,349	Pre-construction
92	Xi'an	Jiyu International	Gaoxin	100%	23,831	150,132	150,132	Pre-construction
93	Xi'an	Eastern Metropolis	Chanba Ecological District	100%	175,387	686,388	686,388	Pre-construction
94	Xi'an	Joying Gold, DK1	Lianhu	100%	36,708	146,831	146,831	Pre-construction
95	Zhengzhou	Vanke Meijing DreamTown	Gaoxin	51%	190,319	542,359	276,603	Sold
96	Zhengzhou	Glamorous City	Aviation Port Area	51%	182,560	468,407	238,888	Pre-construction
97	Zhengzhou	Meijing Longmen Longtang	Guancheng	51%	79,457	351,529	179,280	Sold
98	Zhengzhou	Vanke Meiming Science and Technology Industrial Park (万科美铭科技产业园)	Gaoxin	51%	130,818	457,863	233,510	Under construction
99	Guiyang	No. 5 Park Front Boutique Apartment	Yunyan	70%	10,927	98,132	68,692	Under construction

100	Kunming	Glamorous City	Guandu	55%	417,919	1,662,861	914,574	Sold
101	Kunming	Park Avenue	Guandu	50%	290,724	580,438	290,219	Pre-construction
102	Urumqi	Central Park	Shuimogou	100%	80,698	201,745	201,745	Pre-construction
103	Urumqi	Rancho Santa Fe	Shayibake	60%	204,628	204,628	122,777	Sold
104	Urumqi	King MetropolisII	Xinshi	82%	37,364	130,776	107,236	Under construction
Total					11,158,082	31,018,220	21,477,571	

The total land premium and composite redevelopment cost of the above-mentioned projects attributable to Vanke's equity holding was approximately RMB73.3billion.

From the end of the year under review to the date of publication of this report, the Company had acquired 3 new development projects, with a site area attributable to Vanke's equity holding of approximately 119,000 sq m, representing a planned GFA of approximately 389,000 sq m. Details are as follows:

Unit: sq m

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	Xi'an	Huanyuan Road Central Project	Yanta	100%	65,628	229,698	229,698	Pre-construction
2	Beijing	Qiliqu Land Lot	Changping	50%	68,944	202,777	101,389	Pre-construction
3	Zhengzhou	Glamorous City II	Aviation Port Area	51%	37,820	113,460	57,864	Pre-construction
Total					172,392	545,935	388,951	

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	Tianjin Marine Shipping Co., Ltd.	143,600.00	0.02%	1,302,000.00	-	868,800.00
3698.HK	Huishang Bank	2,499,147,576.48	8.00%	2,460,263,867.93	-	(38,883,708.55)
Total	-	2,499,291,176.48	-	2,461,565,867.93	-	(38,014,908.55)

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

Nil

4) Investment in derivatives

Remarks on risk analysis and management of derivative positions during the year under review (including but	In order to limit the risk associated with the fluctuations of interest rate, the Company entered into an interest rate swap ("IRS")
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not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)	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(572,000). The value of the IRS was determined based on the fair value assessed on 31 December 2013.
Remarks on whether there has been a material change in the accounting policy and accounting measurement principles for the Company's derivatives during the year under review as compared with those of the previous financial year	Nil
Special opinion 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	2,553,798.7	1,828,155.5	(572.0)	1.73
Total	2,553,798.7	1,828,155.5	(572.0)	1.73

6. Project development plan for the current year

As at the end of 2013, the Company had 398 development projects; the total GFA of projects under development attributable to Vanke's equity holding amounted to approximately 26,840,000 sq m, and the total GFA of projects under planning attributable to Vanke's equity holding amounted to approximately 44,950,000 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 projects was approximately 530,000 sq m, representing a GFA attributable to Vanke's equity holding of approximately 2,800,000 sq m.

In view of the Company's existing development projects, the floor area of new starts for the current year is expected to amount to 22,380,000 sq m, representing an increase of 5.0% from the actual area achieved in 2013. 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 2014 will be larger than the above-mentioned plan. The area to be completed in 2014 is expected to amount to 14,800,000 sq m, up by 13.6% from the actual completed area in 2013.

The Group's planned projects in 2014 are as follows:

Unit: sq m

Project	Location	Equity interest	Site area	Planned GFA	Planned area of newly commenced construction in 2014	Planned completed area in 2014	Land bank at the end of 2013
Guangshen Region							
Vanke Centre, Shenzhen	Yantian	100%	61,730	80,201	-	-	-
Vega Villa, Shenzhen	Yantian	100%	253,990	30,028	-	-	-
Shenzhen One City	Yantian	50%	137,250	354,695	-	139,625	-
Antuoshan Project, Shenzhen	Nanshan	100%	48,804	219,967	-	-	219,967
Liuxiandong (留仙洞), Shenzhen	Nanshan	100%	394,044	1,335,510	1,335,510	-	1,335,510

Respecte Chateau, Shenzhen	Baoan	100%	65,364	165,648	-	-	-
Ravine Village, Shenzhen	Baoan	60%	158,639	47,270	-	-	47,270
Philippe Castle, Shenzhen	Baoan	100%	77,045	264,075	-	179,791	-
Golden Paradise, Shenzhen	Pingshan New District	100%	104,801	323,624	-	192,169	-
The Village, Shenzhen	Longgang	100%	421,916	595,982	-	81,245	-
Tianyu(天誉), Shenzhen	Longgang	100%	62,577	355,364	-	17,059	-
Qianlin Shanju, Shenzhen	Longgang	100%	198,597	380,547	-	-	-
Home, Shenzhen	Longgang	100%	31,337	155,951	-	-	-
Home III, Shenzhen	Longgang	50%	43,713	178,241	-	86,300	-
Shuijing Project, Buji, Shenzhen	Longgang	60%	164,982	456,405	212,246	20,117	325,706
Park Avenue, Shenzhen	Longgang	65%	75,326	345,026	114,080	87,940	114,080
Bayifu (八意府), Shenzhen	Longgang	100%	28,894	115,040	-	67,461	-
Langqi Project, Shenzhen	Longgang	100%	41,487	22,380	-	-	22,380
Dajia Island, Shenzhen	Huizhou	100%	364,450	93,340	-	-	93,340
Lunas Del Mar (双月湾), Huizhou	Huidong	67%	704,223	1,068,191	361,078	87,991	825,508
Jinyu Huating, Huizhou	Huicheng	100%	151,298	327,550	-	33,507	-
Watercity (双城水岸), Dongguan	Tangxia Town	100%	596,786	414,759	88,740	49,939	104,048
Spring Dew Mansion, Dongguan	Tangxia Town	51%	128,144	256,287	-	116,634	-
Golden City, Dongguan	Tangxia Town	100%	32,002	96,006	-	35,438	-
Wonderland (四季花城), Dongguan	Tangxia Town	100%	51,263	92,273	-	20,386	-
Jinyu Songhu (金域松湖), Dongguan	Songshan Lake	51%	135,049	381,000	-	170,219	-
Hongxinuoya, Dongguan	Songshan Lake	100%	349,951	267,450	-	-	-
Songhu Centre (松湖中心), Dongguan	Songshan Lake	34%	95,506	73,872	-	25,201	-
Songhu Centre II, Dongguan	Songshan Lake	25%	30,084	30,084	-	-	-
Vanke Building, Dongguan	Nanchang	100%	4,771	42,937	-	42,937	-
King Metropolis, Dongguan	Nancheng	51%	189,934	493,827	-	113,668	-
Feilishan (翡丽山), Dongguan	Nancheng	50%	249,534	374,302	-	35,205	60,152
Xiangshu Lishe(香树丽舍), Dongguan	Nanchang	51%	43,851	109,626	-	42,613	-
Vanke Centre, Dongguan	Guancheng	55%	53,887	215,547	-	-	-
Jinyu Huating, Dongguan	Guancheng	55%	9,185	29,393	-	-	-
Zitai, Dongguan	Humen Town	100%	60,570	151,426	-	-	-
Gold Milestone, Dongguan	Humen Town	100%	17,374	69,495	-	-	-
Dream Town, Humen, Dongguan	Humen Town	80%	349,805	784,136	153,585	-	784,136
Chang'an Vanke Centre, Dongguan	Chang'an Town	100%	75,653	249,658	-	103,711	-
Jiyu International, Dongguan	Houjie Town	100%	88,788	257,486	-	171,149	-
Houjie Plaza, Dongguan	Houjie Town	67%	32,002	113,856	-	-	-
Dream Town, Changping, Dongguan	Changping Town	100%	635,971	442,460	-	-	-

Vanke Luhui, (万科麓湖) Dongguan	Dalingshan Town	100%	146,674	117,341	-	-	-
Songhu Chuanqi (松湖传 奇), Dongguan	Liaobu Town	100%	68,431	150,548	-	-	-
The Paradiso, Guangzhou	Baiyun	50%	144,657	433,584	-	26,046	-
Fengejing Huayuan (峰境 花园), Guangzhou	Baiyun	100%	24,052	93,803	-	-	-
Jinyu Huating, Guangzhou	Haizhu	100%	9,117	85,682	-	-	-
Jiangyan Road Project, Guangzhou	Haizhu	68%	16,831	52,765	-	-	-
Le Bonheur, Guangzhou	Liwan	100%	38,111	135,689	-	-	-
Land Lot AF020122, Xinlongsha, Guangzhou	Liwan	100%	7,141	30,706	30,706	-	30,706
Fuqian Garden, Guangzhou	Nansha	95%	134,760	269,520	-	-	-
Racho Santa Fe, Guangzhou	Huadu	49%	210,252	126,172	-	6,643	-
Huashan Project, Guangzhou	Huadu	50%	126,941	279,270	100,000	-	279,270
Donghui Town, Guangzhou	Luogang	55%	177,588	444,943	-	138,496	-
Donghui Town (Expanding), Guangzhou	Luogang	33%	109,748	271,463	-	83,620	-
Golden Dream (金色梦 想), Guangzhou	Luogang	51%	115,671	289,178	86,990	-	86,990
Jinse Yuefu, Guangzhou	Huangpu	100%	24,506	63,591	-	-	-
Land Lot AT030548 Gaotang New Area of Tianhe Software Park, Guangzhou	Tianhe	100%	30,995	82,962	-	-	-
Huangge Avenue Project, Guangzhou	Nansha	100%	156,555	250,488	100,000	-	250,488
Xinguang City Garden (新光城市花园), Guangzhou	Panyu	100%	364,651	591,662	57,603	114,896	57,603
Dream Town, Qingyuan	Qingcheng	100%	1,219,450	2,438,901	390,077	209,747	1,748,050
Vanke Huaifu, Qingyuan	Qingcheng	100%	79,336	316,002	-	45,861	-
The Paradiso, Foshan	Nanhai	55%	221,035	568,957	-	154,205	-
Jinse Xigu Huayuan (金 色溪谷花园), Foshan	Nanhai	49%	66,533	81,080	-	5,627	-
Land Lot B21, Finance District C, Foshan	Nanhai	100%	30,984	130,000	-	-	130,000
Land Lot B23-24 Finance District C, Foshan	Nanhai	100%	188,996	793,784	125,000	-	793,784
Land Lot A32 Finance District C, Foshan	Nanhai	100%	25,178	146,000	146,000	-	146,000
Respecte Chateau Plaza (金色领域广场), Foshan	Nanhai	50%	47,254	354,404	129,059	-	258,794
Binfen Siji (缤纷四季), Foshan	Shunde	100%	156,840	429,527	-	143,201	-
Crystal City, Foshan	Shunde	49%	284,036	710,092	125,890	102,693	125,890
Qinyuan, Foshan	Shunde	100%	80,571	241,712	-	46,362	-
Tianaowan Project, Foshan	Shunde	50%	30,382	74,359	17,103	17,103	17,103
F06 Project, Foshan	Shunde	50%	113,224	452,880	218,045	-	452,880
Binfen Xiyuan (缤纷西 园), Foshan	Shunde	100%	43,748	153,000	104,978	-	104,978
Vanke Plaza, Foshan	Chancheng	88%	114,429	555,819	374,282	146,210	393,841
Dream Town, Foshan	Chancheng	100%	337,544	776,350	-	75,582	131,738
Jinyu International, Foshan	Chancheng	51%	89,009	373,820	100,442	126,151	116,519

Zhubin Garden (珠宾花园), Zhuhai	Xiangzhou	100%	109,917	146,497	-	-	-
Jinyu Gangwan (金域港湾), Zhuhai	Xiangzhou	50%	78,000	196,358	35,838	-	196,358
Glamorous City, Zhuhai	Doumen	100%	137,061	274,122	98,483	38,691	102,335
City Garden, Zhuhai	Jinwan	51%	63,233	189,684	-	81,066	-
Jinyue Huating (金悦华庭), Zhongshan	Tanzhou Town	100%	32,103	127,789	-	34,413	-
Spring Dew Mansion, Zhongshan	Eastern District of Zhongshan	100%	76,387	175,133	-	-	-
Golden Home (金色家园), Zhongshan	Dongfeng Town	100%	255,623	789,453	51,027	61,314	473,575
Le Bonheur, Zhongshan	Huoju	65%	251,900	469,359	49,404	52,746	399,026
Qingxi Road Project, Zhongshan	Shiqi	75%	143,852	429,779	115,553	-	429,779
Heart of Lake, Xiamen	Huli	100%	95,098	199,710	33,940	15,504	70,285
Joying Gold, Xiamen	Xiang'an	100%	54,441	109,000	-	-	-
King Metropolis, Xiamen	Jimei	100%	102,427	446,842	-	169,325	-
Vanke Plaza, Xiamen	Jimei	100%	137,934	710,000	258,758	-	487,330
Dream Town, Haicang, Xiamen	Haicang	40%	189,752	517,690	105,672	100,099	176,586
Dream Town, Quanzhou	Fengze	60%	136,741	478,591	235,660	-	322,126
Jinyu Zhongyang(金域中央), Shishi, Quanzhou	Shishi City	70%	82,769	211,503	198,716	-	211,503
Dream Town, Zhangzhou	Xiangcheng	60%	235,606	805,195	270,321	-	805,195
Jinyu Rongjun (金域榕郡), Fuzhou	Jinan	100%	166,736	383,296	27,825	-	37,802
King Metropolis, Fuzhou	Cangshan	100%	16,168	37,614	-	-	-
Vanke Plaza, Fuzhou	Taijiang	100%	93,360	443,107	81,019	73,857	94,878
Jinyu Garden (金域花园), Fuzhou	Taijiang	60%	25,397	130,795	-	-	-
Dream Town, Yongtai, Fuzhou	Yongtai	51%	392,000	418,919	223,189	27,311	390,071
The Paradiso, Fuzhou	Minhou County	51%	213,602	687,507	588,461	-	588,461
Dream Town, Putian	Licheng	80%	250,708	530,972	61,964	177,221	61,964
King Metropolis, Changsha	Yuhua	60%	238,066	512,778	-	172,334	-
Project Gaozheng, Changsha	Yuhua	60%	40,360	170,945	40,673	-	170,945
Chengji Xinyuan Project, Changsha	Yuhua	40%	351,380	960,664	128,930	55,891	840,554
Expanded Land Lot 205, Jingtou Yintai (京投银泰205 扩容地块), Changsha	Yuhua	40%	108,857	326,572	23,238	-	326,572
The Paradiso, Changsha	Furong	100%	120,208	358,888	76,204	-	255,932
City Garden, Changsha	Yuelu	100%	40,461	138,032	-	-	-
Golden Paradise, Changsha	Yuelu	78%	43,737	129,437	47,968	43,121	50,004
Jinyu Bingjiang, Changsha	Yuelu	58%	58,287	208,359	174,061	-	208,359
Heron Hill, Changsha	Yuelu	100%	100,351	298,502	84,149	33,098	84,149
Jiyu International, Changsha	Yuelu	51%	159,393	585,845	195,133	-	585,845
Meixihu (梅溪湖), Changsha	Yuelu	100%	129,323	311,937	135,246	-	311,937
Dream Town, Changsha	Kaifu	70%	206,251	481,034	39,447	149,082	39,447
Zitai, Changsha	Tianxin	70%	116,486	270,963	71,507	38,547	236,177
Vanke Building, Nanning	Liangqing	100%	25,545	117,670	117,670	-	117,670

Forest Holiday Park, Sanya	Tiandu Town	65%	942,745	470,814	89,476	1,173	153,217
Gaozhiyuan Project, Sanya	Tiandu Town	65%	387,807	349,026	-	-	279,841
Lakeside Holiday Park, Sanya	Hedong	80%	338,410	423,315	-	60,204	233,894
Guangshen Region subtotal			18,604,289	39,250,665	8,030,946	4,747,745	17,798,548
Shanghai Region							
Wujiefang, Shanghai	Pudong New District	100%	121,463	126,887	-	49,804	-
Haishang Chuanqi (海上传奇), Shanghai	Pudong New District	60%	140,981	310,159	35,340	-	137,149
Golden City, Shanghai	Pudong New District	60%	264,646	549,046	-	-	183,916
Feicui Bingjiang Project, Shanghai	Pudong New District	75%	58,550	175,990	84,465	-	123,679
Bingjiang Project, Shanghai	Pudong New District	100%	31,617	79,042	-	-	79,042
Zhangjiang East Land Lot, Shanghai	Pudong New District	45%	79,548	216,569	52,512	-	216,569
Zhangjiang West Land Lot, Shanghai	Pudong New District	45%	24,756	74,269	70,250	-	74,269
53# Qibao, Shanghai	Minhang	100%	48,932	126,800	126,800	-	126,800
New City Garden, Shanghai	Minhang	51%	295,069	401,070	51,797	62,997	103,213
Southern portion of Land Lot No. 03, Shanghai Hongqiao Business District Core District Phase I	Minhang	50%	32,177	110,462	-	-	-
Firenze, Shanghai	Minhang	49%	304,830	199,071	-	20,254	-
Project No. 11, Hongqiao, Shanghai	Minhang	61%	112,864	177,885	46,171	62,841	46,171
Dream Town, Shanghai	Minhang	70%	210,615	501,833	48,751	100,173	48,751
Nanzhan Business District Land Lot, Shanghai	Xuhui	51%	107,486	493,447	65,122	-	387,459
Shangyuan, Shanghai	Qingpu	49%	116,524	142,858	-	-	-
Jinse Huating, Shanghai	Songjiang	33%	67,932	108,137	-	-	-
14# Songjiang Business District, Shanghai	Songjiang	60%	57,734	143,220	-	61,053	39,305
Respecte Chateau, Shanghai	Jiading	50%	90,013	180,026	-	107,409	-
The Paradiso, Nantong	Gangzha	55%	99,910	218,650	-	99,694	-
Rengang Road Land Lot, Nantong	Chongchuan	100%	53,277	141,700	46,503	-	46,503
Anpin Street Project, Nanjing	Baixia	100%	27,325	20,340	3,000	-	20,340
The Paradiso, Nanjing	Jiangning	100%	272,298	545,280	10,388	110,765	41,661
Longxi Project, Nanjing	Jiangning	100%	36,043	107,606	107,606	-	107,606
Respecte Chateau, Nanjing	Qixia	100%	91,751	201,828	-	138,128	-
Golden Hill, Nanjing	Pukou	100%	62,291	98,694	-	98,694	-
Jiuduhui, Nanjing	Yuhuatai	80%	126,058	314,741	180,077	-	256,962
Glamorous City, Zhenjiang	Runzhou	100%	795,100	942,820	105,864	53,097	281,324
Blue Mountain Garden, Zhenjiang	Runzhou	60%	285,683	416,285	67,594	26,440	301,089

Nimble Bay, Suzhou	Industrial District	70%	384,042	835,281	-	98,457	-
Golden Paradise, Suzhou	Industrial District	92%	47,177	117,936	-	-	-
Nimble East District, Suzhou	Industrial District	50%	104,486	179,075	-	-	-
New Metropolis, Suzhou	New District	55%	89,098	83,220	27,156	-	27,156
Golden Milestone, Suzhou	Jinchang	49%	99,093	247,732	-	68,075	-
Dream Town, Suzhou	Wuzhong	55%	144,535	361,338	91,265	145,457	137,965
Jinyu Pingjiang, Suzhou	Gusu	46%	80,948	189,677	68,266	46,439	114,138
VC Small Town, Suzhou	Xiangcheng	51%	138,601	415,804	108,454	-	354,018
Golf Project, Kunshan	Bacheng Town	100%	433,916	240,701	-	-	162,018
Glamorous Garden, Kunshan	Huaqiao Development District	92%	309,177	773,042	85,698	-	411,140
Glamorous City, Wuxi	Binhu	60%	962,116	1,346,963	78,837	122,945	146,752
The Paradiso, Wuxi	Binhu	100%	154,468	386,170	74,784	39,479	169,688
Xincheng Road, Wuxi	Binhu	100%	154,119	385,299	115,891	72,436	210,535
Golden Paradise, Wuxi	New District	100%	224,118	620,713	92,341	46,121	162,336
Dream Town, Changzhou	Wujin	100%	93,994	234,983	-	-	234,983
Dream Town, Yangzhou	Hanjiang	65%	297,139	313,970	81,950	102,330	97,518
King Metropolis, Yangzhou	Hanjiang	65%	59,835	129,512	-	40,527	19,484
Dream Town, Xuzhou	Jiuli	100%	396,349	716,021	220,872	148,368	395,938
Huaihai West Road Project, Xuzhou	Quanshan	85%	226,776	810,587	286,605	-	810,587
Liangzhu Cultural Village, Hangzhou	Yuhang	100%	3,108,146	2,361,628	-	333,814	882,839
Beichenzhiguang, Hangzhou	Yuhang	50%	115,683	293,409	-	-	-
Liangzhu New Town, Hangzhou	Yuhang	33%	56,286	140,715	69,400	-	140,715
Xilu, Hangzhou	Xihu	51%	80,140	151,996	-	-	-
Land Lot No. 59, Jiangcun, Hangzhou	Xihu	100%	30,403	60,806	-	-	60,806
Caozhuang, Hangzhou	Jianggan	100%	45,709	89,644	-	55,350	-
Park Avenue, Hangzhou	Jianggan	50%	68,564	150,841	-	-	-
Zitai, Hangzhou	Jianggan	100%	46,069	110,566	-	108,664	-
Qinjiang New Town, Hangzhou	Jianggan	100%	21,915	76,703	75,528	-	76,703
Vanke Dajia Qiantang Mansion, Hangzhou	Jianggan	50%	51,945	135,057	-	-	-
Puyuewan, Hangzhou	Binjiang	60%	66,521	166,204	-	-	-
Xiaoshan Project, Hangzhou	Xiaoshan	50%	67,425	188,790	94,395	-	188,790
Gongwang, Hangzhou	Fuyang	100%	517,900	208,981	-	14,516	111,976
Junwang A+D, Hangzhou	Fuyang	20%	129,874	164,845	32,969	-	164,845
Junwang B+C, Hangzhou	Fuyang	20%	138,233	152,231	-	-	152,231
Golden Paradise, Jiaxing	Xiuzhou New District	100%	85,286	137,495	-	-	-
Golden Dream, Jiaxing	Xiuzhou New District	100%	80,987	144,699	-	69,761	74,938
Haishang Chuanqi (海上传奇), Jiaxing	Economic. Development. Zone	100%	31,945	66,904	-	-	-
Yunluwan, Ningbo	Jiangbei	100%	314,208	394,764	49,030	106,003	154,789
Golden City, Ningbo	Yinzhou	100%	95,242	171,425	-	-	-

Jinyu International, Ningbo	Yinzhou	55%	41,080	73,940	-	73,940	-
Legend On Midtown, Ningbo	Yinzhou	55%	43,752	100,630	100,630	-	100,630
Dream Town, Ningbo	Zhenhai	49%	226,777	491,525	-	79,922	136,892
Dream Town East, Ningbo	Zhenhai	49%	70,795	127,431	127,431	-	127,431
Jiangdong Mansion, Ningbo	Jiangdong	100%	66,833	133,666	-	-	-
Park Avenue, Ningbo	Gaoxin	82%	48,004	105,609	-	-	-
Longwan Golden, Wenzhou	Longwan	60%	125,219	179,733	-	-	-
Legend On Midtown, Wenzhou	Longwan	51%	45,864	128,396	-	-	-
Jinyuzhongyang (金域中央), Wenzhou	Ouhai	60%	53,765	144,939	-	142,911	-
Golden Mingjun, Hefei	Shushan	50%	107,326	401,670	-	-	-
King Metropolis, Hefei	Shushan	50%	115,628	412,101	84,087	62,066	84,087
Dream Town, Hefei	Binhu	55%	107,220	375,272	86,605	108,110	86,605
Blue Mountain Garden, Hefei	Binhu	55%	165,584	463,635	114,295	122,624	237,169
Forest Park, Hefei	Luyang	100%	516,459	1,394,439	275,133	-	1,142,546
Dream Town, Wuhu	Jiujiang	100%	274,404	493,926	48,710	106,981	215,714
Haishang Chuanqi (海上传奇), Wuhu	Yijiang	49%	121,895	367,711	-	-	367,711
Qingshan Lake Mingdi (青山湖名邸), Nanchang	Qingshan Lake	50%	97,061	133,693	-	-	-
Jinse Minjun (金色名郡), Nanchang	Qingshan Lake	50%	16,888	50,381	-	-	-
Dew Garden, Nanchang	Qingyunpu	50%	97,109	144,011	-	-	-
The Paradiso, Nanchang	Xihu	50%	21,818	75,338	-	-	-
Dream Town, Nanchang	Gaoxin	33%	299,708	417,362	144,656	133,695	152,514
Haishang Chuanqi (海上传奇), Nanchang	Gaoxin	50%	163,213	355,802	250,084	26,510	250,084
Cuidieyuan (粹叠园), Nanchang	Honggutan	50%	80,120	184,276	184,276	-	184,276
Shanghai Region Subtotal			16,474,463	27,635,928	4,171,588	3,466,850	11,170,355
Beijing Region							
Ruyuan C1, Beijing	Haidian	50%	85,099	187,218	120,036	27,520	120,036
Ruyuan C3, Beijing	Haidian	50%	33,745	79,306	-	31,820	-
No. 5 Park Front Boutique Apartment, Beijing	Chaoyang	60%	37,917	97,044	-	-	-
Beijing Hills	Chaoyang	100%	55,885	155,330	-	-	-
The Metropolis (大都会), Beijing	Chaoyang	100%	5,329	36,465	-	-	-
No. 77 Beihe Yanjia (北河沿甲), Beijing	Dongcheng	100%	4,103	14,372	-	-	-
Hongshi Jiayuan (红狮家园), Beijing	Fengtai	100%	59,800	180,152	-	-	-
Vanke Lan (万科蓝), Beijing	Fengtai	100%	14,449	36,084	-	36,084	-
Xihuafu, Beijing	Fengtai	50%	233,209	629,170	255,028	51,533	255,028
Land Lots 010, 014, 015, 017, 019 Park Avenue, Beijing	Tongzhou	50%	88,767	210,738	87,662	-	210,738
Land Lot 007 Park Avenue, Beijing	Tongzhou	35%	34,657	103,971	-	-	103,971
Land Lots 005, 008, 009 Park Avenue, Beijing	Tongzhou	50%	61,717	123,434	44,350	-	123,434

Jinyu Vanke City, Beijing	Changping	49%	178,908	485,234	10,800	68,092	10,800
King Metropolis, Beijing	Changping	50%	198,007	559,214	175,874	87,229	182,688
Changyang Bandao, Beijing	Fangshan	50%	437,179	853,165	-	47,952	-
Yunwan Jiayuan, Beijing	Fangshan	50%	61,567	157,984	-	127,721	6,354
Xingfuhui (幸福汇), Beijing	Fangshan	68%	71,912	137,777	2,295	27,536	2,295
New Milestone, Beijing	Fangshan	20%	77,834	142,612	-	-	-
Golden Paradise, Beijing	Fangshan	40%	65,967	156,993	-	83,158	6,143
Jinyu Park (金域公园), Beijing	Fangshan	51%	27,528	55,056	-	55,056	-
Changyang Tiandi (长阳天地), Beijing	Fangshan	38%	112,673	208,351	193,590	-	208,351
Changyang Bandao • Central Town (长阳半岛 • 中央城)	Fangshan	35%	63,950	156,384	42,452	-	156,384
Spring Dew Mansion, Beijing	Daxing	50%	67,651	173,215	-	44,660	-
Eastern Metropolis, Beijing	Daxing	50%	57,826	144,564	-	-	-
Vanke Cheng (万科橙), Beijing	Daxing	50%	43,446	155,207	53,795	-	53,795
Shoukai Vanke Centre (首开万科中心), Beijing	Daxing	50%	41,092	126,996	126,996	-	126,996
Tianzhu Joying City (天竺悦城), Beijing	Shunyi	56%	17,985	31,051	31,051	-	31,051
Baoshui District Project, Tianzhu, Beijing	Shunyi	97%	25,112	44,716	44,716	-	44,716
Gaoliying Project, Beijing	Shunyi	35%	187,830	170,568	47,113	-	170,568
Huanqingcheng, Langfang	Xianghe County	50%	130,045	221,077	100,000	-	221,077
Stratford, Tangshan	Lunan	100%	153,527	104,445	-	6,960	-
Windsor Castle, Tangshan (唐山温莎堡)	Lunan	100%	47,007	47,635	-	24,095	23,540
King Metropolis, Tangshan	Lubei	60%	78,977	166,159	-	41,922	22,635
The Paradiso, Tangshan	Lubei	40%	53,440	154,503	89,135	65,368	89,135
New Milestone, Tianjin	Fenghuang New City	48%	88,848	264,659	253,987	-	264,659
Holiday Views (假日风景) Qinghuangdao	Haigang	48%	75,526	188,816	-	83,063	-
Beidaihe Town (北戴河小镇) Qinghuangdao	Beidaihe	50%	238,561	278,286	-	-	229,883
Waterfront, Tianjin	Dongli	100%	2,708,886	1,763,059	199,200	97,625	735,041
A Glamorous City, Tianjin	Dongli	100%	176,773	258,579	-	5,447	-
New Milestone, Tianjin	Dongli	51%	136,524	206,863	-	-	-
Jinse Yazhu (金色雅筑), Tianjin	Dongli	49%	90,792	173,937	-	-	-
King Metropolis, Tianjin	Dongli	51%	221,217	360,069	73,800	35,683	295,967
Holiday Dew Garden, Tianjin	Xiqing	100%	229,201	343,101	-	22,522	-
Jin'ao International, Tianjin	Xiqing	100%	58,577	160,080	-	-	-
Wonderland, Tianjin	Xiqing	51%	409,701	502,892	112,575	-	432,921
Binhai Modern, Tianjin	Development District	100%	6,538	43,473	-	-	-
Park Residence, Tianjin	Development District	60%	32,270	48,709	-	23,285	-
Harbor (海港城), Tianjin	Binhai New District	51%	149,483	372,910	-	104,438	39,962
Jinlu (锦庐), Tianjin	Binhai New District	95%	90,604	127,095	-	59,473	-

East Coast, Tianjin	Binhai New District	51%	255,311	377,516	-	23,157	354,359
Jinyu Internationl,Tianjin	Binhai New District	51%	108,389	189,160	39,634	48,523	100,885
Shilinyuan (仕林苑), Tianjin	Jinnan	40%	63,582	114,474	-	86,701	-
Park Residence, Meijiang (梅江柏翠园), Tianjin	Hexi	80%	62,205	124,410	121,935	-	124,410
Dream Town, Shenyang	Heping	49%	361,320	868,373	-	85,015	-
Rotterdam , Shenyang	Heping	100%	120,333	360,999	54,827	59,975	163,365
The Paradiso, Shenyang	Hunnan New District	100%	226,356	601,439	34,716	64,838	34,716
Shenyang Tomorrow City	Hunnan New District	70%	199,319	597,957	67,969	167,348	252,463
Park Residence, Shenyang	Shenhe	55%	83,229	290,681	27,250	17,805	91,829
Chunheli, Shenyang	Shenhe	82%	81,378	431,232	42,158	107,176	208,142
Whistler (惠斯勒小镇), Shenyang	Dongling	70%	285,599	286,141	-	-	225,438
Blue Mountain , Shenyang	Dadong	60%	78,367	235,102	-	-	-
Spring Dew Mansion (Long Mansion), Shenyang	Tiexi	70%	66,547	178,598	-	93,178	-
Spring Dew Mansion (Run Mansion), Shenyang	Tiexi	100%	57,030	150,315	40,917	36,086	95,049
Lakeside Grand View (香湖胜景) North, Shenyang	Yuhong	49%	190,156	342,360	55,715	43,653	116,565
Lakeside Grand View (香湖胜景) South, Shenyang	Yuhong	51%	135,464	304,520	-	-	295,704
Park Avenue, Shenyang	Yuhong	100%	169,774	407,374	66,249	101,280	272,732
Holiday Views, Shenyang	Huanggu	100%	200,000	475,936	101,405	-	475,936
The Paradiso, Fushun	Development District	100%	300,150	1,034,003	29,660	37,381	883,582
Jinyu International(金城国际), Fushun	Shuncheng	100%	72,560	316,582	47,986	-	215,153
Yinkou Habor(营口海港城), Shenyang	Bayujuan	100%	138,990	399,449	63,616	-	258,097
Whistler Town, Anshan	Tiedong	100%	422,171	713,400	13,000	-	386,367
Dream Town, Anshan	Gaoxin	100%	167,664	375,002	22,601	-	58,189
Jinyu Internationl, Anshan	Tiexi	51%	225,715	677,000	-	-	542,724
Ravine Village, Dalian	Ganjingzi	100%	363,716	380,922	-	-	-
A Glamorous City, Dalian	Ganjingzi	100%	218,498	443,186	-	-	-
Spring Dew Mansion,, Dalian	Ganjingzi	100%	118,506	229,822	-	92,761	11,515
Xishan Project, Dalian	Ganjingzi	55%	90,404	91,308	-	41,364	-
Blue Mountain, Dalian	Ganjingzi	100%	125,100	214,470	24,875	-	80,375
Dalianmen Project, Dalian	Ganjingzi	100%	19,131	37,627	34,077	-	37,627
Habor, Dalian	Puwan New District	55%	581,172	968,300	5,273	46,299	727,172
Cherry Blossom Garden, Dalian	High-Tech Industrial Zone	71%	192,248	363,349	53,195	76,911	257,904
Dream Town, Dalian	Jinzhou	100%	284,806	620,607	138,358	-	475,217
Chenghua East Project, Dalian	Shahekou	100%	35,757	64,260	64,260	-	64,260
Blue Mountain, Changchun	Erdao	100%	228,670	501,678	-	61,686	85,296
Whistler (惠斯勒),	Jingyue	50%	399,715	484,714	91,912	45,619	225,345

Changchun							
Dream Town, Changchun	Jingyue	51%	350,965	1,068,964	-	17,192	788,165
Park Residence, Changchun	Chaoyang	100%	267,981	503,349	-	42,707	223,785
Sulpture Park Project, Changchun	Nanguan	50%	121,109	343,058	64,232	-	297,767
Dream Town, Jinlin	Gaoxin	65%	728,139	2,001,721	-	109,066	1,216,130
Songhua Lake Project, Jinlin	Fengman	100%	531,598	681,890	121,379	83,379	681,890
A Glamorous City, Qingdao	Chengyang	80%	200,289	341,136	-	-	-
City Garden, Qingdao	Chengyang	80%	130,873	231,482	-	-	-
Rose Lane (玫瑰里), Qingdao	Chengyang	51%	340,069	540,307	21,755	18,083	369,097
Chunyang Garden, Qingdao (青岛春阳花园)	Chengyang	51%	86,493	183,142	114,880	-	114,880
Taohuayuan(桃花源), Qingdao	Chengyang	80%	129,032	230,194	230,194	-	230,194
Aureate City, Qingdao	Shibei	100%	61,873	173,945	-	-	-
Dream Town, Qingdao	Shibei	55%	154,607	392,904	-	37,869	125,943
Vanke Centre, Fuzhou Road, Qingdao	Shibei	100%	38,775	123,703	-	30,003	-
Vanke Centre, Shandong Road, Qingdao	Shibei	70%	18,646	70,486	-	-	-
Blue Mountain, Qingdao	Shibei	100%	68,153	208,462	-	40,824	-
Zitai, Qingdao	Shibei	100%	68,562	204,603	124,598	-	204,603
Ecological Town, Qingdao	Licang	100%	141,346	261,571	-	-	-
Qingdao Town	Huangdao	34%	933,293	702,304	149,084	125,031	517,800
Qingdao Dongjun	Jimo	55%	196,446	430,183	78,603	115,627	250,196
Pingdu Dream Town, Qingdao	Pingdu	51%	59,308	197,931	96,286	75,076	96,286
Pingdu New City, Qingdao	Pingdu	51%	75,701	97,496	97,496	-	97,496
Haiyuntai, Yantai	Zhifu	100%	311,614	444,000	-	-	255,301
Holiday Views, Yantai	Fushan	70%	190,281	362,813	-	56,888	145,452
Holiday Dew Garden, Yantai	Fushan	70%	65,733	152,466	-	152,466	-
Yulongshan (御龙山), Yantai	Zhifu	51%	341,943	615,200	39,127	13,120	508,922
Dream Town, Yantai	Development District	51%	241,167	627,813	77,806	-	540,100
Jiyu International(金域国际), Jinan	Gaoxin	63%	127,759	408,346	72,625	116,530	188,736
Dream Town, Jinan	Lixia	50%	191,418	478,545	340,155	-	340,155
New Milestone, Jinan	Licheng	100%	113,132	316,728	219,146	-	316,728
Zitai, Taiyuan	Yingze	51%	95,687	334,330	-	115,344	-
Jinyu International, Taiyuan	Wanbolin	100%	49,407	169,679	-	-	-
Blue Mountain, Taiyuan	Wanbolin	51%	198,392	693,540	87,287	-	552,019
Transportation Company Land Lot, Taiyuan	Wanbolin	100%	37,060	177,415	177,415	-	177,415
Spring Dew Mansion, Jinzhong	Yuci	51%	218,143	476,596	155,873	81,383	260,849
Beijing Region subtotal			21,241,967	39,897,286	5,573,984	3,825,586	19,788,493
Chengdu Region							
A Glamorous City, Chengdu	Chenghua	60%	308,501	761,258	-	48,442	-

Vanke Diamond Plaza, Chengdu	Chenghua	85%	15,404	92,422	-	92,422	-
Vanke Huamao Plaza, Chengdu	Chenghua	51%	29,720	214,137	-	-	-
Jinse Yuefu Music Plaza (金色乐府音乐广场), Chengdu	Chenghua	60%	152,852	759,036	130,082	-	454,948
Jinyu Xiling (金城西岭), Chengdu	Jinniu	60%	79,331	361,100	-	-	-
Golden Domain, Chengdu	Qingyang	100%	49,628	244,459	-	53,935	-
Jinrun Huafu, Chengdu	Jingjiang	100%	52,895	267,928	-	31,501	-
Golden Hairong, Chengdu	Wuhou	49%	54,970	234,125	-	92,964	-
Wulong Mountain Garden, Chengdu	Xindu	100%	345,168	356,503	-	104,962	-
Jinyu Tixiang, Chengdu	Xindu	100%	111,166	331,161	58,842	-	184,952
Jinyu Mingdi (金城名邸), Chengdu	Gaoxin	50%	48,345	145,034	-	-	85,260
No. 5 Park Front Boutique Apartment, Chengdu	Gaoxin	50%	87,822	263,464	-	-	232,981
Golden City, Chengdu	Longquanyi	55%	72,102	288,410	85,652	-	85,652
Aureate City, Chengdu	Longquanyi	55%	47,245	141,642	-	-	-
Haiyue Huicheng, Chengdu	Shuangliu	90%	104,307	524,843	-	128,752	-
Jinrun Huafu, Nanchong	Gaoping	60%	182,012	518,004	105,000	41,777	364,267
King Metropolis, Wuhan	Wuchang	100%	59,790	191,300	-	51,280	-
Hanyang International, Wuhan	Hanyang	70%	166,817	568,974	158,590	162,519	195,761
Dream Town, Wuhan	Jiangnan	100%	65,901	299,337	-	29,973	-
Huanzi Lake Project, Wuhan	Jiangnan	100%	7,388	36,683	3,999	-	3,999
Hankou Chuanqi (汉口传奇), Wuhan	Jiangnan	50%	42,385	228,430	-	-	-
Stratford, Wuhan	East Lake High-Tech Development Zone	100%	230,894	349,607	-	-	-
Liantou Vanke Ecological Town, Wuhan	East Lake High-Tech Development Zone	50%	199,709	299,563	-	-	299,563
Luxuriant Scenery (城花璟苑), Wuhan	East Lake High-Tech Development Zone	50%	89,665	409,600	119,822	-	253,551
Jiayuan (嘉园), Wuhan	East Lake High-Tech Development Zone	50%	67,259	324,100	67,746	-	324,100
Jincheng (锦程), Wuhan	East Lake High-Tech Development Zone	100%	38,286	202,620	202,620	-	202,620
The Paradiso, Wuhan	Economic and Technological Development Zone	100%	213,440	533,600	-	53,164	-
Golden City, Wuhan	Hongshan	100%	273,850	896,484	-	249,011	-
Changzheng Village Project, Wuhan	Hongshan	100%	282,235	871,721	130,108	-	762,757
Youcheng Ecological Garden, Chongqing	Yubei	51%	229,581	344,372	-	16,162	-
Jincheng (锦程), Chongqing	Yuzhong	100%	105,406	533,486	-	-	-

Wonder Town, Chongqing	Northern New District	100%	41,448	145,067	-	-	-
Palace of Pleasure, Chongqing	Northern New District	100%	137,996	376,737	-	161,288	-
Dream Town, Chongqing	Northern New District	55%	278,167	647,378	36,241	318,923	67,905
Yuewan, Chongqing	Jiangbei	45%	435,499	649,158	82,548	84,398	351,266
Gailanxi, Chongqing	Jiangbei	100%	129,535	652,785	133,569	-	652,785
Ertang Project, Chongqing	Nan'an	49%	241,314	845,611	152,514	-	845,611
Joying Gold, Chongqing	Shapingbei	80%	175,000	700,000	143,184	-	368,323
Vanke Xijiu (万科西九), Chongqing	Jiulongpo	50%	26,515	145,688	73,571	26,137	76,207
Vanke Xicheng (万科西城), Chongqing	Jiulongpo	100%	60,276	271,207	77,151	-	128,286
Jinyu Qujiang (金域曲江), Xi'an	Qujiang New District	55%	152,667	390,176	-	21,532	-
Land Lot 7#Dream Town, Xi'an	Chang'an	85%	186,849	619,806	160,830	127,236	175,823
Land Lot 3#Dream Town, Xi'an	Chang'an	60%	113,231	352,802	93,968	89,674	150,157
Land Lot 8#Dream Town, Xi'an	Chang'an	100%	172,666	504,464	95,600	-	504,464
King Metropolis, Xi'an	Weiyang	51%	106,667	372,461	69,204	226,203	70,714
Daminggong Project, Xi'an	Weiyang	70%	69,052	221,603	52,710	-	155,063
Joying Gold, Xi'an	Lianhu	80%	193,571	664,643	15,576	-	448,567
Joying Gold DK1, Xi'an	Lianhu	100%	36,708	146,831	45,000	-	146,831
Jiyu International, Xi'an	Gaoxin	100%	23,831	150,132	-	-	150,132
Eastern Metropolis, Xi'an	Chanba Ecological District	100%	175,387	686,388	165,544	-	686,388
Vanke Meijing Longmen Longtang, Zhengzhou	Guancheng	51%	79,457	351,529	184,703	-	217,305
Meiming Science and Technology Industrial Park (美铭科技产业园), Zhengzhou	Gaoxin	51%	130,818	457,863	58,803	-	457,863
Vanke Meijing Dream Town, Zhengzhou	Gaoxin	51%	190,319	542,359	240,226	-	353,473
Vanke Meijing, Glamorous City, Zhengzhou	Aviation Port Area	51%	182,560	468,407	118,721	-	468,407
King Metropolis, Guiyang	Xiaohe	51%	351,800	581,217	58,608	64,777	261,048
Metropolis(大都会), Guiyang	Xiaohe	51%	181,235	761,187	145,776	39,046	579,108
Nimble Bay, Guiyang	Yunyan	100%	81,246	200,705	28,544	59,525	85,226
Joy City(悦城), Guiyang	Yunyan	51%	85,341	262,728	63,585	-	105,841
Dream Town, Guiyang	Yunyan	30%	348,117	910,910	192,190	-	563,026
No. 5 Park Front Boutique Apartment, Guiyang	Yunyan	70%	10,927	98,132	-	-	-
Dew Garden (润园), Baisha, Kunming	Panlong	100%	192,104	247,394	83,257	42,741	85,327
Yunshangcheng, Kunming	Wuhua	23%	34,293	177,468	-	10,685	-
Respecte Chateau (金色领域), Kunming	Gaoxin	67%	105,484	423,175	133,035	79,194	133,035
A Glamorous	Guandu	55%	417,919	1,662,861	402,064	183,720	1,319,114

City,Kunming							
Park Avenue,Kunming	Guandu	50%	290,724	580,438	253,971	-	580,438
King Metropolis, Urumqi	New District	82%	77,425	245,780	24,005	-	24,005
Nanshan Villa, Urumqi	Urumqi County	100%	32,298	14,900	9,883	5,018	9,883
Jinyu International, Urumqi	Shayibake	100%	24,150	60,376	-	-	-
Jinyu Tixiang, Urumqi	Shayibake	100%	20,078	50,196	50,196	-	50,196
Rancho Santa Fe,Urumqi	Shayibake	60%	204,628	204,628	56,163	64,448	56,163
Central Park, Urumqi	Shuimogou	100%	80,698	201,745	40,000	-	201,745
Chengdu Regionsubtotal			9,692,074	28,640,338	4,603,401	2,761,409	13,980,136
Total			66,012,793	135,424,217	22,379,919	14,801,590	62,737,532

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:

- a) There may be changes in the macro-economic condition and the property market or changes in the sale of an individual project;
- b) Project approval requirements may be tightened by new 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 construction progress of projects, which in turn may affect the schedule for completion;
- e) Impact of other unpredictable significant events on the construction progress of projects.

VIII. Work Report of the Board of Directors

(1) The Board held a total of four board meetings during 2013

A. On 26 February 2013, the Ninth Meeting of the Sixteenth Board was held to consider and approve the following resolutions: the resolution regarding the appropriation and write-off of the provision for diminution in asset value for the year 2012; the audited financial report for the year 2012; the special remarks on the deposit and use of proceeds raised from previous fund-raising exercises during 2012; the internal control self-assessment report for the year 2012; the proposal on profit appropriation and dividend distribution for the year 2012; the resolution regarding the reappointment of certified public accountants for the year 2013; the resolution regarding the Company's 2012 annual report and its summary; the corporate social responsibility report for the year 2012; the resolution regarding continued cooperation with CRH; the resolution regarding nomination of director candidates; and the resolution regarding the convention of the 2012 annual general meeting. The announcement regarding the relevant resolutions was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and IRasia.com, Hong Kong, respectively, on 28 February 2013.

B. On 19 April 2013, the Tenth Meeting of the Sixteenth Board was held to consider and approve the following resolutions: the 2013 first quarterly report and financial statements; resolution regarding the fulfilment of the conditions of the second exercise period for A-Share Stock Option Incentive Scheme; and the election of Director Wei Bin as member of Audit Committee and Director Chen Ying as member of Investment and Decision-making Committee in a by-election. The related announcement was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and IRasia.com, Hong Kong, respectively, on 23 April 2013.

C. On 5 August 2013, the Eleventh Meeting of the Sixteenth Board was held to consider and approve the 2013 interim report, its summary and its financial report, and the resolution regarding no dividend distribution and no transfer of capital reserve to share capital for the 2013 interim period. The announcement regarding the relevant resolutions was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and IRasia.com, Hong Kong, respectively, on 7 August 2013.

D. On 28 October 2013, the Twelfth Meeting of the Sixteenth Board was held to consider and approve the 2013 third quarterly report and financial statements. The related report was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and IRasia.com, Hong Kong, respectively, on 10

October 2013.

(2) In 2013, the Board conducted 8 votings by electronic communication

- A. On 11 January 2013, the resolution regarding proposal for change of listing location of domestically listed foreign shares of the Company and listing & trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction; the resolution regarding submission to the Company's shareholders' meeting to authorize the Board and its authorized persons to handle all matters relating to the change of listing location of domestically listed foreign shares and listing & trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction; the resolution regarding confirmation of the persons authorised by the Board; the resolution regarding the Company becoming an overseas listed joint stock limited company; the resolution regarding China Vanke Co., Ltd.'s Articles of Association (A+H); the resolution regarding the validity period of the relevant resolutions in relation to change of listing location of domestically listed foreign shares of the Company and listing & trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction; and the resolution regarding the convention of the first extraordinary general meeting in 2013 were submitted to the board for consideration and approval through voting by electronic communication.
- B. On 21 January 2013, the resolution regarding minor adjustment to the Company's incentive scheme was submitted to the board for consideration and approval through voting by electronic communication.
- C. On 7 May 2013, the resolution regarding adjustment to the exercise price of the A-share stock options was submitted to the board for consideration and approval through voting by electronic communication.
- D. On 27 June 2013, the resolution regarding guarantee provided by Vanke Property (Hong Kong) Company Limited to Vanke Property (Overseas) Limited was submitted to the board for consideration and approval through voting by electronic communication.
- E. On 12 July 2013, the resolution regarding medium-term note program was submitted to the board for consideration and approval through voting by electronic communication.
- F. On 28 October 2013, the resolution regarding investment in Huishang Bank Corporation Limited's initial public offering of H shares as a cornerstone investor was submitted to the board for consideration and approval through voting by electronic communication.
- G. On 17 December 2013, the resolution regarding cooperation with CRH to make a joint bid for property project was submitted to the board for consideration and approval through voting by electronic communication.
- H. On 25 December 2013, the resolution regarding the appointment of Mr Chen Wei as executive vice president was submitted to the board for consideration and approval through voting by electronic communication.

Pursuant to relevant requirements, the progress and important facts of the related issues were published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and IRasia.com, Hong Kong, on 19 January 2013, 14 May 2013, 31 October 2013, and 4 January 2014 respectively.

(3) The Board's implementation of the resolutions approved at shareholders' meetings

A. Implementation of the proposal on change of listing location of the Company's domestically listed foreign shares ("B shares") for listing on the main board of The Stock Exchange of Hong Kong Limited ("SEHK") by way of introduction

The Company's 2013 first extraordinary general meeting approved the resolutions regarding the proposal on the change of listing location of the Company's B shares for listing and trading on the main board of SEHK by way of introduction. Pursuant to the resolutions approved at the shareholder meeting, the Company made applications to China Securities Regulatory Commission and SEHK, and obtained a confirmation letter regarding the processing of the application for administrative licence issued by China Securities Regulatory Commission on 7 February. On 15 February, the Company received a confirmation letter from the SEHK. The relevant applications are still under review. On 3 March 2014, the Company received the "Reply regarding approval of China Vanke Co., Ltd's listing on the main board of The Stock Exchange of Hong Kong Limited" (Zhengjian Xu Ke [2014] No. 239) issued by China Securities Regulatory Commission ("CSRC"). CSRC approved the Company's conversion of its B shares to

overseas listed foreign shares for listing on the main board of The Stock Exchange of Hong Kong Limited.

B. The implementation of the proposal on dividend distribution for the year 2012

In accordance with the resolutions passed at the 2012 (25th) annual general meeting, the Board had proceeded with the implementation of the proposal on dividend distribution for 2012. The dividend distribution proposal for 2012 is as follows: Based on the total share capital of the Company at the close of market on the record date, for every 10 existing shares held, a cash dividend of RMB1.8 (including tax). At the time of distribution, the actual cash dividend paid to individual shareholders and securities investment fund investors of A shares and individual shareholders of B shares on the basis of every 10 existing shares held was RMB1.71, after a withholding income tax at a 5% rate was deducted. When a shareholder transfers his/her shares, China Securities Depository and Clearing Corporation Limited will, according to the Notice from the Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission Regarding Policies of Implementation of Differential Individual Income Tax on Bonus Shares and Dividends of Listed Companies (Cai Shui [2012] No. 85), withhold the outstanding amount of tax that has not been withheld and paid in accordance with the actual tax amount to be paid by the shareholder, which is calculated basing on the holding period of the shares, and such outstanding balance will be paid by the Company on behalf of the shareholder. An actual amount of RMB1.62 cash dividend, after deducting a withholding income tax at a 10% rate, was paid to non-resident enterprise shareholders of A and B shares (including qualified foreign institutional investors of A shares) on the basis of every 10 existing shares held. The record date for A shares was 15 May 2013, and ex-dividend date was 16 May 2013, while the last trading day of B shares was 15 May 2013, ex-dividend date was 16 May 2013, and the record date was 20 May 2013. The exchange rate for B share's cash dividend was HK\$1 = RMB0.8081, being the median price of the exchange rate of Hong Kong dollars for Renminbi published by the People's Bank of China on the first working day (21 March 2013) after the approval of the dividend distribution proposal at the Company's 2012 annual general meeting.

Based on the Company's total number of shares of 11,007,782,059 on the record date for dividend distribution for 2012, the actual amount of cash dividends paid by the Company amounted to RMB1,981,400,770.62.

C. Continued cooperation with CRH

The Company's 2012 (25th) annual general meeting authorised the Board to decide on, within RMB12.7 billion (i.e. not more than 20% of the Company's audited net assets value as at the end of 2012) the continuous cooperation with China Resources (Holdings) Co., Ltd and its connected companies (collectively "CRH"), including entering into a loan agreement with China Resources Bank of Zhuhai Co., Ltd., using the funds under China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited, and joint investment with China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited. The validity of the authorization is two years from the date of passing of the relevant resolution at the shareholder meeting.

During the year under review, no new cooperative projects under the scope of authorisation were implemented.

(4) Specialised Committees' Performance of Duties

The three specialised committees, namely 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 accountants, execution of standardization of internal control, guarantees, etc. The audit committee also communicated with the auditors on several occasions.

The audit committee actively facilitated the audit process in 2013. Since the end of the year under review, the audit committee had held one committee meeting and communication meeting, supervised the auditors to strictly follow the audit schedule, reviewed the financial statements and provided feedback. It also resolved on the appointment of accountants, internal control self-assessment report, and dividend distribution.

The audit committee concluded the audit performed by KPMG Huazhen(Special General Partnership) in 2013 as follows:

I. Preparation before auditing

i. Determination of audit schedule

The audit for 2013 took seven months to complete, starting from internal control auditing, which commenced at the beginning of August 2013. Details of the work schedule are as follows:

- 1) August to September 2013: 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 2013: Pre-audit. KPMG selected key cities to perform pre-audit according to the level of importance and new projects acquired in 2013;
- 3) 13 January 2014: KPMG started to perform their annual audit in Vanke's office. On 3 March, the first draft of the 2013 Auditor's Report was presented to the audit committee for review; the Auditor's Report was presented on 5 March.

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 2014, 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 headquarter 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 3 March 2014, KPMG submitted to the audit committee the drafts of 2013 Auditors' Report and Internal Control Audit Report. On 5 March 2014, the Board meeting approved the financial statements and the work performed by KPMG for the Company's 2013 audit completed.

III. Audit results

KPMG has issued its unqualified opinion for the 2013 Auditors' Report and Internal Control Audit Report.

The audit committee is of the opinion that the audit performance of KPMG Huazhen (Special General Partnership) on the Company's 2013 financial statements is satisfactory.

The audit committee resolved to propose to the Board for approval of the reappointment of KPMGHuazhen(Special General Partnership) 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 two meetings and conducted one voting by electronic communication. The committee had reviewed the resolutions including minor adjustment to the Company's incentive scheme and the appointment of Chen Wei as executive vice president, and deliberated on the remuneration and incentive programmes for senior management. Since 2014, the remuneration and nomination committee had held one meeting for the discussion about the candidates for a new board of directors, directors and officers' liability insurance, adjustment to economic profits-bonus plan. 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 held one meeting for the discussion of the Board's authorization of project development and financing, as well as cooperation with CRH. The investment and decision-making committee had maintained regular contact with the management, thereby having full understanding of different business activities carried out under the scope of authorisation.

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 2013 according to the PRC Accounting Standards for Business Enterprises are as follows:

Unit: RMB

	The Group	The Company
Profit after taxation available for appropriation	39,825,247,201.93	8,090,250,689.93
Include: Net profit for 2013	15,118,549,405.78	7,795,895,844.62
Profit available for appropriation at the beginning of the year	26,688,098,566.77	2,275,755,615.93
Allocation of dividend for 2012	(1,981,400,770.62)	(1,981,400,770.62)

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 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 after hearing different shareholders' opinions, the Board submitted to the shareholder meeting the following profit appropriation proposal for the year 2013:

1. to appropriate 10% of the net profit of the Company to statutory surplus reserve;
2. to appropriate 30% of the net profit of the Company to discretionary surplus reserve;
3. to appropriate 60% 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 2013 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 2013	7,795,895,844.62	100%	51.57%
Transfer to statutory surplus reserve	779,589,584.46	10%	5.16%
Transfer to discretionary surplus reserve	2,338,768,753.39	30%	15.47%
Transfer to 2013 dividend distribution fund	4,677,537,506.77	60%	30.94%
Profit available for appropriation at the beginning of the year	294,354,845.31	0	0
Distribution of cash dividend for	4,516,137,256.79	57.93%	29.87%

2013*			
Retained profit for appropriation for the following financial year	455,755,095.29	-	-

*Calculated based on the total number of shares of the Company at the end of 2013

The Company's 2013 dividend distribution proposal: Based on the number of shares on the record date for dividend distribution, a cash dividend of RMB4.1 (including tax) will be distributed for every 10 existing shares held.

Based on the Company's total number of shares of 11,014,968,919 at the end of 2013, the total amount of cash dividends for distribution for 2013 will be RMB4,516,137,256.79.

In future, the Company intends to steadily raise its dividend payout ratio from the current year's 29.87%.

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 2013 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 shareholder meeting for consideration.

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

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

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

Unit: RMB

Year	Cash dividend (including 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
2012	1,981,400,770.62	5,613,873,212.56	12,551,182,392.23	35.29%	15.79%	30,056,422,494.32
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
Accumulated cash dividends in the past 3 years as a percentage to the Group's average consolidated net profits in the past three years					45.93%	

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

On 11 May 2012, the Company's 2011 annual general meeting resolved to authorise the Board to decide on, within RMB10.59 billion, the continuous cooperation with China Resources (Holdings) Co., Ltd and its connected companies (collectively "CRH"), including entering into a loan agreement with China Resources Bank of Zhuhai Co., Ltd., using the funds under China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited, and joint investment with China Resources SZITIC Trust Co., Ltd. and Harvest Capital Partners Limited. The validity of the authorization is one year.

During the year under review, 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. Both parties would jointly develop Shanghai Hongqiao Project No. 11. Harvest Capital Partners Limited and China Resources SZITIC Trust Co., Ltd. respectively hold 51% and 49% equity interests in Shenzhen Huawei Yongsheng Management Co., Ltd. (深圳市華威永盛企業管理有限公司), which is a general partner of Huawei Xincheng.

On 20 March 2013, the Company's 2012 annual general meeting resolved to authorise the Board to decide on the continuous cooperation with CRH. The validity of the authorization was adjusted to two years, while the aggregate authorised amount was adjusted to no more than RMB12.7 billion per year (i.e. not more than 20% of the Company's audited net assets value as at the end of 2012). During the year under review, no new cooperative projects under the scope of authorisation were implemented.

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

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 with China Securities Regulatory Commission without objection, 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 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 and the implementation procedures of 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.

On 16 May 2013, the Company implemented the proposal on dividend distribution for the year 2012, and distributed a cash dividend of RMB1.8 (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 of the exercise price of the A-share stock options. The adjusted exercise price was RMB8.48.

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

Pursuant to the authority granted by the first extraordinary general meeting in 2011, the Board confirmed the fulfilment of the vesting conditions for the first and second exercise periods for the Company's A-Share Stock Option Incentive Scheme. Under the Company's stock option incentive scheme, beneficiaries make their own decisions with respect to the exercising of their stock options. On 12 July 2012, the first exercise period of the Stock Option Incentive Scheme commenced. The beneficiaries of the Scheme could exercise 40% of their options during the exercisable period between 12 July 2012 and 24 April 2014. On 29 May 2013, the second exercise period of the Stock Option Incentive Scheme commenced. The beneficiaries of the Scheme could exercise 30% of their options during the period between 29 May 2013 and 24 April 2015.

During the year under review, a total of 19,415,801 stock options were exercised, resulting in a corresponding increase of 19,415,801 A shares of the Company. On the other hand, 2,813,112 stock options were cancelled due to the resignation of certain beneficiaries. As at the end of the year under review, there were 70,938,299 stock options granted but not yet exercised.

(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 RMB35.81 million amortised by the Company for the first, second and third exercise period was included in the costs and expenses, while the Company's capital surplus reserves increased by RMB35.81 million. 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 2013, 9 April 2013, 20 April 2013, 10 May 2013, 21 May 2013, and 12 July 2012 respectively.

5. Change of listing location of the Company's B shares for listing on the main board of SEHK by way of introduction

On 19 January 2013, the Company announced the proposal on the change of listing location of China Vanke Co., Ltd.'s domestically listed foreign shares for listing and trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction. The proposal was approved at the Company's 2013 first extraordinary general meeting on 4 February. With regard to the application for the proposed change, the Company obtained a confirmation letter on 7 February regarding the processing of the application for administrative licence issued by China Securities Regulatory Commission. On 15 February, the Company received a confirmation letter from the SEHK. The relevant applications are still under review. On 3 March 2014, the Company received the "Reply regarding approval of China Vanke Co., Ltd's listing on the main board of The Stock Exchange of Hong Kong Limited" (Zhengjian Xu Ke [2014] No. 239) issued by China Securities Regulatory Commission ("CSRC"). CSRC approved the Company's conversion of its B shares to overseas listed foreign shares for listing on the main board of The Stock Exchange of Hong Kong Limited.

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

6. 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)	Principal of the guarantee(% of equity interest held by Vanke)	Guarantee Amount	Details of the guarantee	Guarantee Period	Remarks
1	Shenzhen Vanke Real Estate Co., Ltd. (100%)	Dongguan Xinwan Real Estate Development Co., Ltd. (51%)	RMB25.5 million	Provided a guarantee for a bank loan of RMB50 million in proportion to the Company's equity holding	From 11 January 2013 to 11 January 2015	Discharged
2	Guangzhou Vanke Real Estate Co., Ltd. (100%)	Guangzhou Wanshang Real Estate Co., Ltd. (33%)	RMB11.22 million	Provided a guarantee for a bank loan of RMB34 million in proportion to the Company's equity holding	From 16 January 2013 to 5 December 2015	
3	Ningbo Vanke Real Estate Development Ltd. (100%)	Ningbo Zhongwan Property Co., Ltd (49% held by Vanke, 15% of which were held through Ningbo Vanke Real Estate Development Ltd)	RMB375,000	Provided a guarantee for a bank loan of RMB2.5 million in proportion to the Company's equity holding	From 25 January 2013 to 5 December 2014	
4	Beijing Vanke Company Limited (100%)	Beijing Uni-construction Vanke Real Estate Development Co., Ltd. (50%)	RMB500 million	Provided a guarantee for a loan of RMB1 billion in proportion to the Company's equity holding	From 17 May 2013 to 17 May 2016	

5	Beijing Vanke Company Limited (100%)	Beijing Kaide Xinming Real Estate Development Co., Ltd. (100%)	RMB207 million	Provided a guarantee for a loan of RMB207million in proportion to the Company's equity holding	From 30 September 2011 to 30 September 2013	The guarantee obligations undertaken by the original shareholder of the principal and continued by the Company now discharged
6	Vanke Real Estate (Hong Kong) Company Limited (100%)	Bestgain Real Estate (Hong Kong) Limited(100%)	US\$894.50 million	Provided a guarantee for the principal and interest of US\$800 million bonds	From 13 March 2013 to 13 March 2018	
7	Vanke Property (Overseas) Limited (75%)	WK Property Financial Limited(75%)	HK\$521.5 million	Provided a guarantee for a bank credit line of HK\$600 million	From 28 March 2013 to 28 December 2015	As at the end of the year under review, actual loan amounted to HK\$521.5 million
8	Vanke Property (Hong Kong) Company Limited (100%)	Wkdeveloper Sig I Private Limited (100%)	SGD135.51 million	Provided a guarantee for a transaction amount of SGD135.51 million	From 16 April 2013 to withdrawal from the project or liquidation date of the project	
9	Vanke Properties (Hong Kong) Company (100%)	Glorious Pacific Limited (太荣有限公司) (100%)	RMB9.14 million	Provided a guarantee for a bank credit line of RMB206.78 million	From 4 January 2012 to 4 January 2014	As at the end of the year under review, new additional loan amounted to RMB9.14 million
10	Vanke Real Estate (Hong Kong) Company Limited (100%)	City Choice Limited (邦才有限公司)	US\$300 million +HK\$585 million	Provided a guarantee for a bank loan of US\$375million	From 12 September 2013 to 12 March 2017	
11	Vanke Real Estate (Hong Kong) Company Limited (100%)	Bestgain Real Estate Lyra Limited (100%)	SGD158.34 million	Provided a guarantee for the principal and interest of SGD140 million bonds	From 6 November 2013 to 6 November 2017	
12	Vanke Real Estate (Hong Kong) Company Limited (100%)	Bestgain Real Estate Lyra Limited (100%)	RMB1,225 million	Provided a guarantee for the principal and interest of RMB1,000 million bonds	From 4 December 2013 to 4 December 2018	
13	Shenzhen Vanke Real Estate Co., Ltd. (100%)	Shenzhen Vanke Binhai Real Estate Co., Ltd. (50%)	RMB50 million	Provided a guarantee for a bank loan of RMB100 million in proportion to the Company's equity holding	From 6 December 2013 to 5 December 2016	
14	Vanke Real Estate (Hong Kong) Company Limited (100%)	Bestgain Real Estate Lyra Limited (100%)	RMB1,121.5 million	Provided a guarantee for the principal and interest of RMB1,000 million bonds	From 16 December 2013 to 16 December 2016	
15	Shenzhen Vanke Real Estate Co., Ltd. (100%)	Vanke Qianhai Mansion Development Management Co., Ltd. (100%)	RMB480 million	Provided a guarantee for a bank loan of RMB480 million in proportion to the Company's equity holding	From 16 December 2013 to 16 December 2016	

During the year under review, new guarantees (including counter guarantees) provided by the Company and its majority-owned subsidiaries amounted to RMB13,188 million, and the amount of guarantees discharged was RMB10,002 million. As at the end of the year under review, the outstanding amount of guarantees provided by the Company was RMB14,320 million, accounting for 18.62% of the equity attributable to shareholders of the

Company as at the end of 2013. The outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries for other majority-owned subsidiaries was RMB14,174million, while the outstanding amount of guarantees provided by the Company and its majority-owned subsidiaries for associated and joint venture companies was RMB146 million.

During the year under review, the Company did not provide guarantee to shareholders, de facto controller and its connected parties.

(3) During the year under review, the Company did not have any entrustment of financial management.

(4) 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.

7. 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 determining the provision of guarantees are legal and reasonable, without prejudice to the interests of the Company and its shareholders.

8. 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 horizontal competition between the investment projects of the Company and that of CRNC and its subsidiaries, and in the event of any disagreements or disputes arising from horizontal competition. CRNC had fulfilled its undertaking.

9. Details on the Company’s investor relations activities

In 2013, the Company maintained close contact with its investors. During the year, the Company received around 570 investor visits, participated in 69 large-scale investor meetings organized by both domestic and international corporations. The Company also organised four investor meetings and three online presentations. In addition, via telephone, e-mail and the Internet, the Company communicated with and gathered opinions from investors, disseminated information about the Company, thereby maintaining long-term trust between the Company and its investors.

In 2013, the Company was enlisted among Forbes’ ranking of Asia-Pacific’s Best 50 Biggest Listed Companies, and received the 2013 Top 100 Brand Capital Value award from China Center for Market Value Management of Listed Companies. The Company’s secretary to the Board received the 9th Session of the Gold Medal Secretary to the Board Award from “New Fortune”, the Golden Bull Award for the Best Secretary to the Board from China Securities Journal, the Most Innovative Secretary to the Board Award of the Ninth Session of the Gold Roundtable Awards from “Directors & Boards”, and the title of 2013 Best Secretary to the Board of Listed Companies in China from Moneyweek.

Details on the Company’s investor meetings in 2013 are set out as follows:

Type of meeting	Date	Location	Approach	Types of investors	Issues discussed and information provided
BNP meeting	2013.1	Hong Kong	Face to	Investors including securities companies, funds,	(I) Major issues

			Face	etc	discussed: (1) The Company's daily operations; (2)The Company's development strategies; (3)The Company's opinion on the changes in the industry. (II) Major information provided: Published information including the Company's regular reports.
Nomura Securities meeting	2013.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Credit Suisse meeting	2013.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Barclaysmeeting	2013.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Guotai Junanmeeting	2013.1	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
CLSAmeeting	2013.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Annual results presentation	2013.2	Hong Kong, Shenzhen (Shanghai,Beijing)	Face to Face	Investors including securities companies, funds, individual investors, etc	
CLSAmeeting	2013.2	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Credit Suisse meeting	2013.3	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
JP Morganmeeting	2013.3	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
CLSAmeeting	2013.3	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Barclaysmeeting	2013.3	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Credit Suisse meeting	2013.3	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
SWSmeeting	2013.3	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
CICCmeeting	2013.4	Beijing	Face to Face	Investors including securities companies, funds, etc	
DBS Vickers meeting	2013.4	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
HSBC meeting	2013.4	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
UBSmeeting	2013.4	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Macquariemeeting	2013.5	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
CLSAmeeting	2013.5	Beijing	Face to Face	Investors including securities companies, funds, etc	
Morgan Stanley meeting	2013.5	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
China Securities meeting	2013.5	Zhengzhou	Face to Face	Investors including securities companies, funds, etc	
Korea Investment & Securities meeting	2013.5	Beijing	Face to Face	Investors including securities companies, funds, etc	
Orient Securities meeting	2013.5	Shanghai	Face to Face	Investors including securities companies, funds, etc	
SWSmeeting	2013.5	Xiamen	Face to Face	Investors including securities companies, funds, etc	
Barclaysmeeting	2013.5	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Guotai Junanmeeting	2013.5	Shanghai	Face to Face	Investors including securities companies, funds, etc	
JP Morganmeeting	2013.6	Beijing	Face to Face	Investors including securities companies, funds, etc	
Guosen meeting	2013.6	Beijing	Face to	Investors including securities companies, funds, etc	

			Face	
CLSAmeeting	2013.6	Hong Kong	Face to Face	Investors including securities companies, funds, etc
China Merchants Securities meeting	2013.6	Shenzhen	Face to Face	Investors including securities companies, funds, etc
CICCmeeting	2013.6	Shenzhen	Face to Face	Investors including securities companies, funds, etc
SWSmeeting	2013.6	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Huatai Securities meeting	2013.6	Nanjing	Face to Face	Investors including securities companies, funds, etc
Haitong Securities meeting	2013.6	Dalian	Face to Face	Investors including securities companies, funds, etc
Citimeeting	2013.6	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Merrill Lynchmeeting	2013.7	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Interim results presentation	2013.8	Hong Kong, Shenzhen (Shanghai, Beijing)	Face to Face	Investors including securities companies, funds, individual investors, etc
CICCmeeting	2013.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Credit Suisse meeting	2013.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Citimeeting	2013.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Standard Chartered meeting	2013.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Guotai Junanmeeting	2013.8	Shenzhen	Face to Face	Investors including securities companies, funds, etc
Guosen Securities meeting	2013.9	Shenzhen	Face to Face	Investors including securities companies, funds, etc
UBS Securities meeting	2013.9	Beijing	Face to Face	Investors including securities companies, funds, etc
Macquariemeeting	2013.9	Beijing	Face to Face	Investors including securities companies, funds, etc
Ping An Securities meeting	2013.9	Shenzhen	Face to Face	Investors including securities companies, funds, etc
China Securities meeting	2013.9	Shenzhen	Face to Face	Investors including securities companies, funds, etc
Dongxing Securities meeting	2013.9	Shanghai	Face to Face	Investors including securities companies, funds, etc
Daiwa Securities meeting	2013.9	Hong Kong	Face to Face	Investors including securities companies, funds, etc
CLSAmeeting	2013.9	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Standard Chartered meeting	2013.9	Singapore	Face to Face	Investors including securities companies, funds, etc
Jefferiesmeeting	2013.10	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Credit Suisse meeting	2013.10	Hong Kong	Face to Face	Investors including securities companies, funds, etc
SWSmeeting	2013.11	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Goldman Sachs meeting	2013.11	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Merrill Lynchmeeting	2013.11	Beijing	Face to Face	Investors including securities companies, funds, etc

Citimeeting	2013.11	Macau	Face to Face	Investors including securities companies, funds, etc
Morgan Stanley meeting	2013.11	Singapore	Face to Face	Investors including securities companies, funds, etc
Daiwa meeting	2013.11	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Orient Securities meeting	2013.11	Beijing	Face to Face	Investors including securities companies, funds, etc
Guotai Junanmeeting	2013.11	Shenzhen	Face to Face	Investors including securities companies, funds, etc
Hong Yuan Securitiesmeeting	2013.12	Shenzhen	Face to Face	Investors including securities companies, funds, etc
CICCmeeting	2013.12	Beijing	Face to Face	Investors including securities companies, funds, etc
Merrill Lynch meeting	2013.12	Hong Kong	Face to Face	Investors including securities companies, funds, etc
Nomura Securities meeting	2013.12	Tokyo	Face to Face	Investors including securities companies, funds, etc
Sinolink Securities meeting	2013.12	Shanghai	Face to Face	Investors including securities companies, funds, etc
China Merchants Securities meeting	2013.12	Shenzhen	Face to Face	Investors including securities companies, funds, etc
Haitong Securities meeting	2013.12	Shanghai	Face to Face	Investors including securities companies, funds, etc
Essence Securities meeting	2013.12	Shenzhen	Face to Face	Investors including securities companies, funds, etc
China Galaxy Securities meeting	2013.12	Beijing	Face to Face	Investors including securities companies, funds, etc
Note: The above-mentioned meetings included one-on-one meetings, small group meetings and large group presentation. The Company received or met with investors from over 50 companies.				
Securities companies	During the year under review	Shenzhen, Dongguan, Guangzhou, Foshan, Sanya, Fuzhou, Xiamen, Changsha, Shanghai, Jiading, Suzhou, Nanjing, Hangzhou, Hefei, Ningbo, Wenzhou, Beijing, Tangshan, Tianjin, Shenyang, Changchun, Dalian, Anshan, Qingdao, Jinan, Taiyuan, Wuhan, Chengdu, Chongqing, Xi'an, Guiyang, Kunming, Zhengzhou, etc.	Small group or one-on-one	Citi, SWS, Guotai Junan, CITIC Securities, Mizuho Securities, UBS Securities, JP Morgan, Deutsche Bank, Morgan Stanley, Naito Securities, China Securities, Dongxing Securities, Nomura Securities, CICC, Barclays, Goldman Sachs Gao Hua, Guosen Securities, CLSA, HSBC, Shanghai Securities, China Galaxy Securities, Credit Suisse, GF Securities, Goldman Sachs, Standard Chartered Bank, Macquarie, BOCI, Everbright Securities, Changjiang Securities, AVIC Securities, Orient Securities, China Merchants Securities, Shanxi Securities, Huatai Securities, Haitong Securities, KGI Securities, Fubon Securities, CIMB securities, BNP, Jefferies, DBS Vickers (HK) Ltd, Kim Eng, etc.
Funds and other investment companies and individual investors	During the year under review	Shenzhen, Dongguan, Guangzhou, Foshan, Sanya, Fuzhou, Xiamen, Changsha, Shanghai, Jiading, Suzhou, Nanjing, Hangzhou, Hefei, Ningbo, Wenzhou, Beijing, Tangshan, Tianjin, Shenyang, Changchun, Dalian, Anshan, Qingdao,	Small group or one-on-one	Ping An Asset, Orient Securities Asset Management, Bosera Funds, Southern Fund, Rongtong Fund, China Int'l Fund, GF Fund, E Fund, China Universal Asset Management (HK) Co., Ltd, Wan Jia Asset, Taikang Asset, China AMC, Harvest Fund, Dacheng Fund, ICBC Credit Suisse Asset, China Life, Invesco Great Wall Fund, Yinhua Fund, Fortis Haitong Fund, Hua An Fund, China Universal Asset Management, Penghua Fund, Huatai-PineBridge Investments, SYWG BNP Paribas Asset Management, UBS SDIC Fund, Handelsbanken, Heqi Investment (禾其投资), Shanxi Taigang Investment Limited (山西太钢投

	<p>Jinan, Taiyuan, Wuhan, Chengdu, Chongqing, Xi'an, Guiyang, Kunming, Zhengzhou, etc.</p>		<p>资有限公司), Orient Asset Management, Baoying Fund, Manulife TEDA Fund, China Merchants Fund, Fullgoal Fund, Norges Bank, SWS MU Fund, Hanwha Asset Management, Shinyoung Securities, Daishin Securities, KTB Asset Management, Hyundai Securities, Leading securities, Shinhan BNP Paribas Asset Management, Samsung Asset Management, Gil Investment Advisory, Gopher Asset Management Company Limited, PICC Asset Management Co., Ltd., Argyle Street Management, Fidelity, Dodge & Cox, Matthews International Capital Management, BEA Union, Templeton, RCM Asia Pacific Limited, Myriad Asset Management, Capital Research, Franklin Templeton Investments (Asia) Limited, Goldman Sachs Asset Management International, Keywise Capital Management (HK) Limited, Lazard Asset Management LLC, Morgan Stanley Investment Management Inc, Pictet Asset Management SA, PLATINUM, Columbia Management, STICHTING, T Rowe Price, Lion Global Investors, Baring Asset Management, Mirae Asset Global, SAC Capital, Geosphere, Capital Land, Invesco, Aberdeen, Alliance Bersntein, ACQ, Wellington Asset mgt, Libra Capital Management (HK) Ltd, Zeal Asset, Standard Pacific, Primero Investment Limited, UG Funds, Chinrock Capital Management, Neuberger Berman, EFMI, Prime Capital, Goldman Sachs Asset Management, Value Partners, Seatown, Henderson Global Investors, JP Morgan Asset, Asuka Corporate Advisory, BT Investment, CIMB-Principal Asset Management Berhad, Ashmore Group, Financiere de l'Echiquier, Emerging Markets, Amundi (HK), Alphinity Investment, Brookside Capital, Comgest, Hillhouse Capital Mgmt Ltd, Sumitomo Mitsui Trust & Banking, Invesco, Lloyd George Investment Management, Harvest Global Investments Limited, SFM HK Management, Kynikos Associates, Temasek, Manulife Asset Management, Opportunity Asset Management, Newfoundland Capital Management, SPX Gestao de Recursos, Caisse De Depot Et Placement Du Quebec, JK Capital Management Ltd, Orion Asset Management, Crosby Advisors, Tradewinds Global Investors, Trilogy Global Advisors, AXA Investment Managers UK Ltd, Legal & General Investment Mgt Ltd, Credit Suisse Hedging-Griffo Servicos, Carnegie AM, Engineers Pension Fund, VKR A/S, BI Asset Management Fondsmaglerselskab, Lundbeck Foundation, GE Asest Management, Hermes Investment Management, Schroders, Harris Associates, Och-Ziff, PSE INVESTMENT, JCP Investment Partners, Future Fund, Victoria 1522, American Century, Luminus Management, Lion Global Investors, Colonial First State Asset, APAC Resources Capital, Tiger Management, LBN Investment, etc.</p>
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10. Corporate bonds and related matters

During 2008, the Company issued two types of corporate bonds, namely secured bonds and unsecured bonds, with issue size of RMB3 billion and RMB2.9 billion respectively. Both of them bore a fixed interest rate with a 5-year maturity and were listed on the Shenzhen Stock Exchange. The stock codes of the Company's secured bonds and unsecured bonds are 112005 and 112006 respectively, and their abbreviations are 08VankeG1 and 08VankeG2 respectively.

The corporate bonds matured during the year under review. The Company paid the principal of and the fifth annual interest on the Bonds. 08VankeG1 and 08VankeG2 were delisted from the Shenzhen Stock Exchange on 29 August 2013.

11. 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.

12. Appointment and termination of certified public accountants

The 2012 annual general meeting resolved to re-appoint KPMG Huazhen (Special General Partnership) as the Company's auditors for the year 2013. The following table shows the details on the appointment of the certified public accountants of the Company:

Type	2013		Years of service	2012	
	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 (Special General Partnership)	RMB8,500,000.00	13 consecutive years	KPMG Huazhen (Special General Partnership)	RMB8,500,000.00
The Group's consolidated financial statements prepared in accordance with the IFRS			21 consecutive years		
Accountant-in-charge	Li Wanwei		5	Li Wanwei	
Accountant-in-charge	Wen Huaxin		3	Wen Huaxin	

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

13. 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 Information on Shareholders

1. Change in Share Capital

(1) Change in the shares of the Company (as at 31 December 2013)

Unit: Share

Class of Shares	31 December 2012		Increase / decrease (+, -)	31 December 2013	
	Quantity	Percentage of shareholding		Quantity	Percentage of shareholding
I. Restricted Shares					
1. State-owned and State-owned legal person shares					
2. Shares held by domestic legal persons					
3. Shares held by domestic natural persons	18,402,673	0.17%	+5,425,588	23,828,261	0.22%
4. Shares held by foreign investors					
Total number of restricted shares	18,402,673	0.17%	+5,425,588	23,828,261	0.22%

II. Non-restricted Shares					
1.RMB-denominated ordinary shares (A shares)	9,662,194,977	87.87%	+13,990,213	9,676,185,190	87.85%
2. Domestic listed foreign shares (B shares)	1,314,955,468	11.96%	0	1,314,955,468	11.94%
Total number of non-restricted shares	10,977,150,445	99.83%	+13,990,213	10,991,140,658	99.78%
III. Total Number of Shares	10,995,553,118	100.00%	+19,415,801	11,014,968,919	100.00%

Note: As there were changes in the Company's senior management staff during 2012, while some of the senior management staff exercised their A-share stock options during the year under review, the Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to regulations, lifted or imposed trading restrictions on shares held by the related senior management staff accordingly. As a result, the number of restricted tradable shares and non-restricted tradable shares of the Company changed 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	Reason for selling restrictions	Date of selling restrictions removal
Wang Shi	5,112,901	0	600,000	5,712,901	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	1,650,000	4,729,684	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	637,500	1,753,245	Senior management staff	
Xie Dong	1,115,745	0	375,000	1,490,745	Senior management staff	
Zhang Jiwen	1,161,712	0	0	1,161,712	Senior management staff	
Mo Jun	1,161,712	0	375,000	1,536,712	Senior management staff	
Xiao Li	1,085,137	0	375,000	1,460,137	Director, senior management staff	
Wang Wenjin	1,007,693	0	660,000	1,667,693	Senior management staff	
Zhou Weijun	778,549	0	408,900	1,187,449	Senior management staff	
Mao Daqing	0	0	600,000	600,000	Senior management staff	
Tan Huajie	0	0	480,000	480,000	Senior management staff	
Du Jing	735,812	735,812	-	0	Former senior management staff	
Total	18,402,673	735,812	6,161,400	23,828,261	—	—

(2) Issue and listing of shares

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

The Company did not issue any shares or derivative securities in the past three years.

Issue of corporate bonds in 2008

On 2 September 2008, approved by Zhengjian Xu Ke [2008] No. 1056 documents of China Securities Regulatory Commission ("CSRC"), the Company issued an announcement 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 08VankeG1 and 08VankeG2 respectively.

In August 2011, the Company decided not to adjust the coupon rate of 08VankeG2. The coupon rate of 08VankeG2 would remain at 7.00% in the last two years of the bond duration. No investors chose to resell 08VankeG2 to the Company.

The corporate bonds matured in September 2013. The Company paid the principal of and the fifth annual interest on the Bonds. 08VankeG1 and 08VankeG2 were delisted from the Shenzhen Stock Exchange on 29 August 2013.

B. During the year under review, owing to 19,415,801 stock options under the A-share stock option incentive scheme being exercised, the Company's A shares increased by 19,415,801 accordingly and the Company's total number of shares also increased by 19,415,801.

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 2013)

(1) Information on shareholders

Unit: share

Total number of shareholders as at the end of 2013	741,806 (including 723,239 A shareholders and 18,567 B shareholders)	Total number of shareholders as at the beginning of March 2014	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	14.70%	1,619,094,766	0	0	0
Liu Yuansheng	Others	1.21%	133,791,208	0	0	0
China Life Insurance Company Limited – Dividend Distribution – Individual Dividend – 005L-FH002 Shen	Others	0.97%	107,073,088	-32,310,395	0	0
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign shareholder	0.95%	104,542,284	8,320,896	0	0
China Minsheng Banking Corp. Ltd - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	Others	0.93%	102,964,303	11,974,911	0	0
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	Others	0.74%	80,987,671	17,009,343	0	0
Bosera Value Growth Securities Investment Fund	Others	0.73%	80,596,744	-11,141,308	0	0
New China Life Insurance Company – Dividend Distribution – Individual Dividend – 018L-FH002 Shen	Others	0.71%	77,728,549	77,728,549	0	0
ICBC - Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	Others	0.68%	74,646,179	-28,452,884	0	0
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	Others	0.68%	74,486,614	-59,523,679	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)
Liu Yuansheng	139,383,483	Ordinary RMB-denominated shares(A shares)
China Life Insurance Company Limited– Dividend Distribution–Individual Dividend– 005L-FH002 Shen	134,010,293	Ordinary RMB-denominated shares(A shares)
HCHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	133,791,208	Ordinary RMB-denominated shares(A shares)
China Minsheng Banking Corp. Ltd - Yinhua Shenzhen 100 Index Classified Securities Investment Fund	103,099,063	Ordinary RMB-denominated shares(A shares)
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	96,221,388	Domestically listed foreign shares(B shares)
Bosera Value Growth Securities Investment Fund	91,738,052	Ordinary RMB-denominated shares(A shares)
New China Life Insurance Company– Dividend Distribution–Individual Dividend– 018L-FH002 Shen	90,989,392	Ordinary RMB-denominated shares(A shares)
ICBC - Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	85,526,491	Ordinary RMB-denominated shares(A shares)
Bank of China – E Fund Shenzhen Stock Exchange 100 Exchange-Traded Fund	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	5,712,901	—	—	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	4,729,684			
3	Ding Changfeng	1,753,245			
4	Wang Wenjin	1,667,693			
5	Mo Jun	1,536,712			
6	Ding Fuyuan	1,513,806			
7	Xie Dong	1,490,745			
8	Xiao Li	1,460,137			
9	Zhou Weijun	1,187,449			
10	Zhang Jiwen	1,161,712			

(3)Controlling shareholders and de facto controllers

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

(4)The single largest shareholder

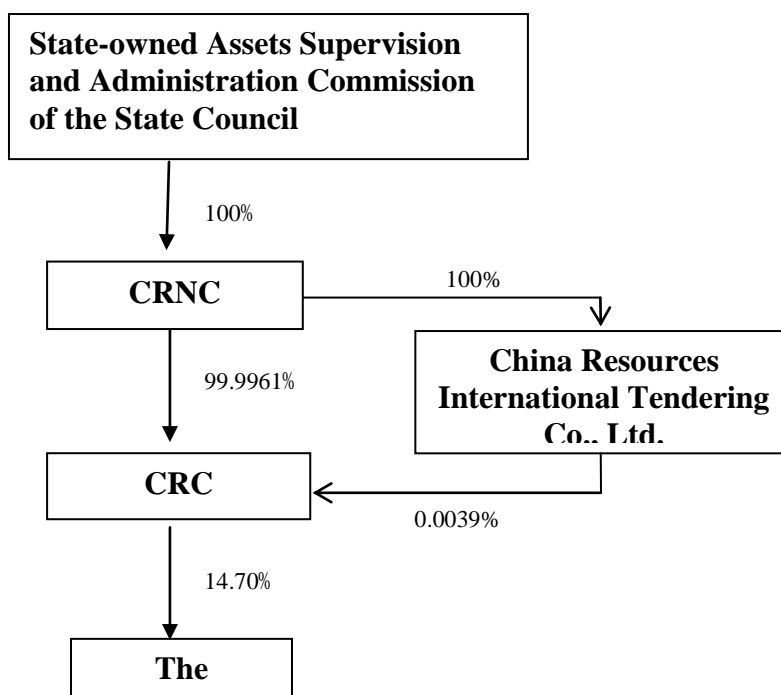
As at the end of the year under review, CRC was the single largest shareholder of the Company, holding an aggregate of 1,619,094,766 A shares of the Company, which represented 14.70% of the total number of the Company's shares.

CRC is a joint stock limited company promoted and established by CRNC in June 2003, with Mr Song Lin as its statutory representative. CRC's major assets include 100% 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 3/F, Stadium of Shenzhen Bay Sports Center, No. 3001 Binhai Road, Nanshan 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 RMB11.694 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 statutory representative of CRNC.

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



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. and Modern Media Holdings Limited respectively.

Chairman Wang Shi has been a visiting scholar of Pembroke College of the University of Cambridge since 2013.

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 Petrochems (Group) Co., Ltd. In 2000, Mr QiaoShibo 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, Limited. and the chairman of China Resources Machinery & Minmetals (Holdings) Co., Ltd. In 2003, Mr Qiao Shibo 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 Pharmaceutical 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 Economics and Law, 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. 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.

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.

Wei Bin, male born in 1969. He obtained a bachelor's degree in auditing from Zhongnan University of Economics and Law and a master's degree in finance from Jinan University. He is a senior accountant and senior auditor in China, and a non-practicing member of the Chinese Institute of Certified Public Accountants. He joined China Resources (Holdings) Company Limited in 2001. He is currently the chief accountant, chief financial officer and director of Finance Department in China Resources (Holdings) Company Limited, non-executive director of China Resources Enterprise, Limited, China Resources Power Holdings Company Limited, China Resources Land Limited, China Resources Cement Holdings Limited, China Resources Gas Group Limited and China Resources Microelectronics Limited, and director of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd, Shandong Dong-E E-Jiao Co., Limited, and China Resources Double-Crane Pharmaceutical Co., Limited. Since 2013, he has become a director of Vanke and member of audit committee.

Chen Ying, male, born in 1970. He graduated from Tsinghua University with a bachelor's degree of architectural management. He obtained a master's degree in business administration from University of Oxford in 2007. He joined China Resources (Holdings) Company Limited in 1993. Between 1993 and 2002, he served as project

engineer, project manager and manager of procurement department and executive director of China Resources Construction (Holdings) Limited. He was the managing director of China Resources Land (Beijing) Company Ltd. from 2002 to 2011 and became the director of China Resources Land Limited from 2003 to 2006. In 2011, he was the general manager of Strategy Management Department of China Resources (Holdings) Company Limited. He is currently the chief strategy officer of China Resources (Holdings) Company Limited, and non-executive director of China Resources Cement Holdings Limited, China Resources Power Holdings Company Limited, China Resources Enterprise, Limited, China Resources Gas Group Limited, China Resources Land Limited, as well as director of China Resources Pharmaceutical Group Limited, China Resources Sanjiu Medical & Pharmaceutical Co., Ltd, China Resources Double-Crane Pharmaceutical Co., Limited. Since 2013, he has been a director of Vanke and member of the investment and decision-making committee.

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 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. He 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 vice chairman of Global Investment Banking Department and joint CEO (Greater 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 honorary president of the School of Economic and Management, as well as 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 the 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 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 also the chair of The Hong Kong Employment Development Service Limited, a member of the executive committee of The Hong Kong Council of Social Service, as well as a member of Chinese People's Political Consultative Conference Guangdong Committee. 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. 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 Hainan 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 assistant general manager of CRH, 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 Urban Transportation and Infrastructure Investment Limited, 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. Since 2011, he has been the independent director of Shenzhen Hepalink Pharmaceutical Co., Ltd.

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 Raycom Real Estate Development Co., Ltd (北京融科智地房地產開發有限公司). 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 of the Company 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. He worked for Beijing Uni-construction Group, Hong Kong T. L. Loong Group, Thailand Xiechengchang Group (泰國協成昌集團), 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 region, and general manager of Bohai-Rim region. 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.

Chen Wei, male, born in 1962. He graduated from the East China Normal University in 1984 with a bachelor's degree in psychology. He obtained a master's degree in human resources development from Pennsylvania State University in the US in 2000 and graduated from the Advanced Management Program of Harvard Business School in 2009. He joined Hay Group, Inc., the global management consulting firm, in 2000 and had been appointed as managing director of China, president of Greater China, president of Northeast Asia, and global executive committee member. He was elected as global executive director of Hay Group. He joined Vanke in 2014 as executive vice president of Vanke. He is also an outside director of Shanghai Airport Authority Co., Ltd..

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 uphold 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 2013, 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 shareholder meeting.

As at the end of the year under review, the actual aggregate amount of remunerations of the 13 directors, members of Supervisory Committee and senior management who were employees of the Company in 2013 was RMB65.75million. Among the directors and members of Supervisory Committee who were not employed by the Company, two directors, namely Mr Qiao Shibo and Mr Sun Jianyi, each received an actual amount of director's remuneration of RMB150,000. Directors Mr Wei Bin and Mr Chen Ying each received an actual amount of director's remuneration of RMB110,000. Independent Directors Mr Qi Daqing, Mr Zhang Liping and Ms Elizabeth Law each received an actual amount of independent director's remuneration of RMB250,000; Mr Wu Ding, a member of the Supervisory Committee, received an actual amount of supervisor's remuneration of RMB150,000. Mr Qiao Shibo, Mr Wei Bin, Mr Chen Ying and Mr Wu Ding also received salaries from connected entities 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 2013	Number of shares held at the end of 2013	Reasons for changes	Number of share options granted	Number of share options exercised in 2013	Number of share options exercisable at the end of 2013	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	63	2011.3~2014.3	6,817,201	7,617,201	(1)-	6,600,000	800,000	3,820,000	9,040	6,860	Yes
Yu Liang	Director, President	M	49	2011.3~2014.3	4,106,245	6,306,245	(1)-	5,500,000	2,200,000	1,650,000	8,610	5,700	No
Ding Fuyuan	Chairman of Supervisory Committee	M	64	2013.3~2016.3	2,018,408	2,018,408	-	-	-	-	5,300	3,570	No
Qiao Shibo	Deputy Chairman	M	60	2011.3~2014.3	0	0	-	-	-	-	150	30	Yes
Sun Jianyi	Director	M	61	2011.3~2014.3	692,236	692,236	-	-	-	-	150	30	No
Wei Bin	Director	M	45	2013.3~2014.3	0	0	-	-	-	-	110	20	Yes
Chen Ying	Director	M	44	2013.3~2014.3	0	0	-	-	-	-	110	20	Yes
Qi Daqing	Independent Director	M	50	2011.3~2014.3	0	0	-	-	-	-	250	30	No
Zhang Liping	Independent Director	M	56	2011.3~2014.3	0	0	-	-	-	-	250	30	No
Hua Sheng	Independent Director	M	61	2011.3~2014.3	0	0	-	-	-	-	0	0	No
Elizabeth Law	Independent Director	F	60	2012.8~2014.3	0	0	-	-	-	-	250	30	No
Wu Ding	Member Of Supervisory Committee	M	49	2013.3~2016.3	0	0	-	-	-	-	150	30	Yes
Zhou Qingping	Member Of Supervisory Committee	M	45	2013.3~2016.3	20,000	20,000	-	-	-	-	2,050	1,240	No
Ding Changfeng	Executive Vice President	M	44	2011.3~2014.3	1,487,660	2,337,660	(1)-	2,200,000	850,000	690,000	4,850	3,450	No

Xie Dong	Executive Vice President	M	49	2011.3~2014.3	1,487,660	1,987,660	(1)-	2,200,000	500,000	1,040,000	4,160	2,640	No
Zhang Jiwen	Executive Vice President	M	47	2011.3~2014.3	1,548,950	1,548,950	-	2,200,000	0	1,540,000	5,560	4,040	No
Mo Jun	Executive Vice President	M	47	2011.3~2014.3	1,548,950	2,048,950	(1)	2,200,000	500,000	1,040,000	4,680	3,320	No
Xiao Li	Director, Executive Vice President	F	50	2011.3~2014.3	1,446,849	1,946,849	(1)	2,200,000	500,000	1,040,000	4,050	2,750	No
Wang Wenjin	Executive Vice President	M	48	2011.3~2014.3	1,343,591	2,223,591	(1)	2,200,000	880,000	660,000	5,140	2,660	No
Zhou Weijun	Executive Vice President	M	58	2011.3~2014.3	1,038,065	1,583,265	(1)	2,000,000	545,200	858,000	4,240	2,960	No
Mao Daqing	Executive Vice President	M	45	2011.3~2014.3	0	800,000	(1)	2,000,000	800,000	600,000	4,620	3,280	No
Tan Huajie	Secretary to the Board	M	41	2011.3~2014.3	0	640,000	(1)	1,600,000	640,000	480,000	3,450	2,350	No
Total	-	-	-	-	23,555,815	31,771,015	-	33,000,000	8,215,200	13,418,000	67,170	45,040	-

Note (1): During the year under review, beneficiaries of the stock option scheme exercised part of their A-share stock options, resulting in a corresponding increase in the number of shares held by the beneficiaries.

Note (2): As at 31 December 2013, the exercise price of the A-share stock options was RMB8.48, and the closing price of A shares was RMB8.03.

Note (3): Owing to the increase in charity donations by Yu Liang, Ding Fuyuan, Xie Dong, Xiao Li during the year under review, their personal income tax decreased.

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

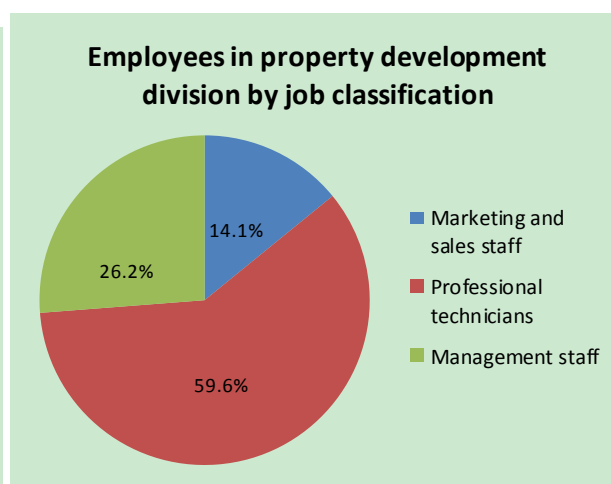
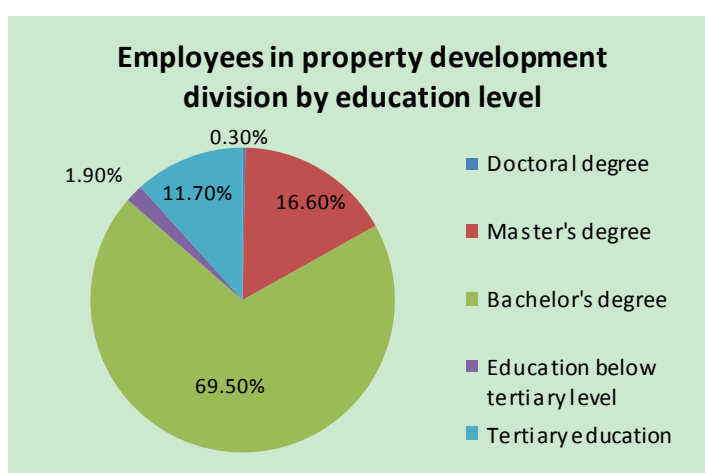
During the year under review, Mr Wang Yin and Mr Jiang Wei submitted to the Board their resignation as directors. Mr Wei Bin and Chen Ying were elected as directors of the sixteenth session of the Board at the Company's annual general meeting in 2012.

Subsequent to the year under review, Mr Chen Wei was elected as executive vice president of the sixteenth session of the Board.

2. Number and composition of staff

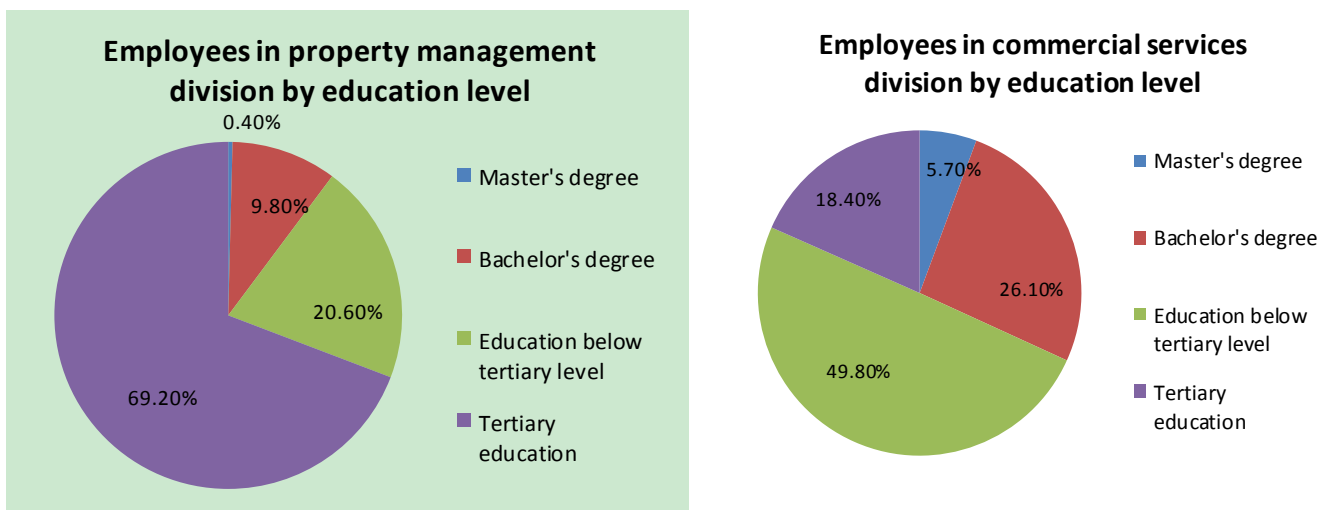
As at 31 December 2013, there were 35,330 employees on the Company's payroll, representing an increase of 13.9% from that of the previous year. The average age of the employees was 31.3.

Among the entire workforce, there were 6,959 employees engaged in the property development division, representing an increase of 14.5% from the previous year. The average age of the staff working for this division was 31.9 and the average year of service was 3.6; in terms of education level, 0.3% held doctoral degree, 16.6% with master's degree, 69.5% with bachelor's degree, 11.7% with tertiary education and 1.9% with education below tertiary level. Employees with bachelor's degree or higher education accounted for 87.1% of the total staff in the property development division. The composition of employees in the property development division by job classification is as follows: 982 marketing and sales staff, accounting for 14.1%, down by 2.7% from the previous year; 4,151 professional technicians, accounting for 59.3%, up by 17.0% from the previous year; among the professional technicians, 2,441 were construction staff, accounting for 35.0%, 836 were designers, accounting for 12.0% and 356 were cost management staff, accounting for 5.1%; there were 518 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 1,826, accounting for 26.1%, up by 19.8% from the previous year.



There were 27,648 employees engaged in property management, up by 11.8% from the previous year. The average age was 29.0 and the average year of service was 2.4. In terms of education level, 0.4% held master's degree, 9.8% with bachelor's degree, 20.6% with tertiary education and 69.2% with education below tertiary level. Employees with tertiary education or higher education accounted for 31.3% of the total staff in the property management division.

There were 723 employees engaged in the commercial services division. The average age was 30.9 and the average year of service was 1.7. In terms of education level, 5.7% held master's degree, 26.1% with bachelor's degree, 18.4% with tertiary education and 49.8% with education below tertiary level. Employees with tertiary education or higher education accounted for 50.2% of the total staff in the commercial services division.



VIII. Corporate Governance

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: simplicity, transparency, standardisation and responsibility. 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.

In compliance with the Company's inside information and insider management system and the relevant provisions, the Company had strengthened the management of inside information. During the year under review, no insider had violated the laws by engaging in insider trading.

Since 2007, the Company has been actively carrying out initiatives to improve its corporate governance. 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 2013. It continued to promote internal control of specialized units according to the monthly theme of internal control, and conducted internal control inspection and recommended the best internal control practices. Pursuant to the requirements for change of listing location of the Company's domestically listed foreign shares to the SEHK, the Company will further optimise its corporate governance and internal control system with reference to the requirements of the listing rules of SEHK, etc.

In 2013, the Company was selected as a constituent of The CCTV 50 Index listed on the Shenzhen Stock Exchange. The Company also received the Best Board of Directors Award of the Ninth Session of the Gold Roundtable Awards from the "Directors & Boards" magazine, the Best Board of Directors of Main Board Listed Companies in China Award in 2013 from Moneyweek and was named Listed Companies with the Best Internal Corporate Governance in China out of the Roster of Listed Companies in China with Best

Reputation selected by the "National Business Daily".

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. Shareholder Meetings

1) The First Extraordinary General Meeting of 2013

The notice of the first extraordinary general meeting of 2013 (“EGM”) was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and IRasia.com, Hong Kong, on 19 January 2013. The record date for A shareholders was 24 January 2013. The last trading day for verifying the qualification of B shareholders was 24 January 2013, while the record date for B shareholders was 29 January 2013.

The on-site EGM was held at 15.00 on 4 February 2013 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 and 13.00 to 15.00 on 4 February 2013, while the time for voting through the internet voting system of Shenzhen Stock Exchange was from 15:00 on 3 February 2013 to 15:00 on 4 February 2013. A total of 710 shareholders and/or proxies participated in the on-site EGM as well as online voting, holding 5,230,061,232 shares, representing 47.53% of the Company’s total number of shares with voting rights. There were 364 A shareholders (and/or proxies), holding 4,379,677,119 shares, representing 45.21% of the Company’s total number of A shares with voting rights. There were 346 B shareholders (and/or proxies), holding 850,384,113 shares, representing 64.67% of the Company’s total number of B shares with voting rights.

The EGM considered and approved the resolution regarding the proposal for change of listing location of domestically listed foreign shares of the Company and listing & trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction; the resolution regarding authorizing the Board and its authorized persons to handle all matters relating to the change of listing location of domestically listed foreign shares and listing & trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction; the resolution regarding the Company becoming an overseas listed joint stock limited company; the resolution regarding China Vanke Co., Ltd.’s Articles of Association (A+H); the resolution regarding the validity period of the relevant resolutions in relation to the change of listing location of domestically listed foreign shares of the Company and listing & trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction.

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 5 February 2013.

2) The 2012 (25th) Annual General Meeting

The notice of 2012 Annual General Meeting (“AGM”) was published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, and IRasia.com, Hong Kong, on 28 February 2013. The record date for A shareholders was 11 March 2013. The last trading day for verifying the qualification of B shareholders was 11 March 2013, while the record date for B shareholders was 14

March 2013.

The on-site AGM was held at 14.30 on 20 March 2013 at Vanke Centre, No 33 Huanmei Road, Dameisha, Yantian District, Shenzhen. The time for online voting through the trading system of Shenzhen Stock Exchange was from 9.30 to 11.30 and 13.00 to 15.00 on 20 March 2013, while the time for voting through the internet voting system of Shenzhen Stock Exchange was from 15.00 on 19 March 2013 to 15.00 on 20 March 2013. A total of 710 shareholders and/or proxies participated in the on-site meeting as well as online voting, holding 4,812,859,050 shares, representing 43.73% of the Company's total number of shares with voting rights. There were 419 A shareholders (and/or proxies), holding 4,279,227,047 shares, representing 44.16% of the Company's total number of A shares with voting rights. There were 291 B shareholders (and/or proxies), holding 533,632,003 shares, representing 40.58% of the Company's total number of B shares with voting rights.

The AGM considered and approved (1) the directors' report for the year 2012; (2) report of the Supervisory Committee for the year 2012, (3) the annual report and audited financial report for the year 2012; (4) the proposal on profit appropriation and dividend distribution for the year 2012; (5) the resolution regarding the reappointment of certified public accountants for the year 2013; (6) the resolution regarding continued cooperation with CRH. The AGM also elected Mr Ding Fuyuan and Mr Wu Ding as members of the Eighth Supervisory Committee, and Mr Wei Bin and Chen Ying as directors of the sixteenth session of the Board through cumulative voting.

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 21 March 2013.

4. Execution of the Duties of the Independent Directors

In 2013, 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 proposal for change of listing location of domestically listed foreign shares of the Company and listing on the main board of The Stock Exchange of Hong Kong Limited by way of introduction, connected transactions, remuneration to senior management, election of directors, appointment of senior management, appointment of certified public accountants, internal control, external guarantee issues, derivatives investment and accounting treatment.

In 2013, the details of the attendance of independent directors at Board meetings, specialised committee meetings and their participation in voting by electronic communication at Board meetings and specialised committee meetings are as follows:

Unit: No of times

Name of independent directors	Number of Board meetings held during the year	Attendance in person	Attendance by authorized person	Absence	Number of resolutions voted via electronic communication including resolutions considered by specialised committees	Number of specialised committee meetings needed to be attended	Number of specialised committee meetings attended	Number of shareholder meetings attended
Qi Daqing	4	3	1	0	15	8	8	0
Zhang Liping	4	3	1	0	15	3	3	0
Hua Sheng	4	4	0	0	14	0	0	0
Elizabeth Law	4	4	0	0	14	6	6	1

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

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 a given period and sustainability of the Company. The review covers different categories including the Company's financial position, customers, internal procedure, staff development, health management. 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 a given year, the accomplishment of overall management targets, their appraisal report, and comparison with the industry salary level. 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 introducing Economic Profit (EP) bonus scheme using EP as a performance indicator, in order to build a balanced remuneration structure comprising fixed salaries, sales bonus, annual profit bonus and EP bonus. In 2013, to encourage true value creation, the Company made some adjustments to the classification for appropriation and methods of distribution of sales bonus, annual profit bonus and EP bonus, and introduced monthly bonus in addition to existing sales bonus, thereby further optimising the remuneration structure.

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 needs of the staff. The higher the position, the smaller percentage will the fixed salary take up in the total remuneration that goes with that position.

There are two types of sales bonus, namely quarterly and monthly. All staff are entitled to quarterly sales bonus, with emphasis on general staff. Based on the actual sales performance, sales bonus will be appropriated and distributed once quarterly. Specialised staff of front-line companies are entitled to monthly sales bonus. Based on the actual sales performance, sales bonus will be appropriated quarterly and distributed monthly.

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. The beneficiaries can apply for receiving the collective bonuses in batches starting from the following year. 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.

During the year under review, in accordance with the EP bonus plan, the EP bonus appropriated for 2012 amounted to RMB437,040,000, while the actual EP bonuses paid out to beneficiaries amounted to RMB322,077,000.

IX. Report of Supervisory Committee

The term of the Seventh Supervisory Committee expired in 2013. The existing three supervisors were re-elected by the shareholder meeting and staff representatives to continue carrying out their duties as supervisors. Feeling tremendous trust reposed in it, the new Supervisory Committee will work harder to perform their duties in accordance with the relevant requirements of the Company Law and the Company's Articles of Association, with an aim not to disappoint shareholders and employees.

The main duties of the Supervisory Committee during the year under review were as follows:

1. Supervisory Committee Meetings and Resolutions of Such Meetings

In 2013, a total of four meetings were held by the Supervisory Committee. The details of the meetings and resolutions are as follows:

- (1) The Thirteenth Meeting of the Seventh Supervisory Committee was held on 9 March 2013. The meeting considered and approved the resolution regarding the appropriation and write-off of the provision for diminution in asset value for the year 2012; the audited financial report for the year 2012; the special remarks on the deposit and use of the proceeds raised from previous fund-raising exercises during 2012; the internal control self-assessment report for the year 2012; the proposal on profit appropriation and dividend distribution for the year 2012; the resolution regarding the reappointment of certified public accountants for the year 2013; the report of the Supervisory Committee for the year 2012; the 2012 annual report and its summary; the social responsibility report for the year 2012; the resolution regarding continued cooperation with CRH; the resolution regarding the nomination of Mr Ding Fuyuan and Mr Wu Ding as candidates for members of the Eighth Supervisory Committee and the resolution regarding the convention of the 2012 Annual General Meeting.

Mr Ding Fuyuan and Mr Wu Ding were re-elected to be the members of the Eighth Supervisory

Committee at the 2012 Annual General Meeting, and Mr Zhou Qingping was re-elected by the Company's Staff Committee as the staff representative supervisor of the Eighth Supervisory Committee.

- (2) The First Meeting of the Eighth Supervisory Committee was held on 19 April 2013. Mr Ding Fuyuan was elected as chairman of the Eighth Supervisory Committee. The meeting considered and approved the Company's 2013 first quarterly report and financial statements; the resolution regarding the fulfillment of the conditions of the second exercise period for A-Share Stock Option Incentive Scheme.
- (3) The Second Meeting of the Eighth Supervisory Committee was held on 5 August 2013. The meeting considered and approved the resolution regarding the Company's 2013 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 2013 interim period.
- (4) The Third Meeting of the Eighth Supervisory Committee was held on 28 October 2013. The meeting considered and approved the Company's 2013 third quarterly report and its financial statements.

2. Inspection Tours by the Supervisory Committee

The Supervisory Committee continued to focus on both the Company's development and its internal control system in 2013. The committee invited consultants to inspect and visit different types of front-line companies of the Company. During the year, the Supervisory Committee visited Yantai, Qingdao, Jinan, Wuhan, Wenzhou and Zhengzhou, and other real estate and property management companies. Through on-site inspection, meetings and seminars, the 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 real estate and property management companies. The committee supervised all the companies to fine-tune their internal control systems. In addition, the Supervisory Committee also arranged work ethics and boundaries training programme for all employees, to provide ethics risk management education.

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

(1) Statutory compliance: During the year under review, 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 and internal control audit report for the year 2013 by KPMG Huazhen (Special General Partnership), and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control and agreed to publish the relevant report.

(2) Financial monitoring: During the year under review, the Supervisory Committee diligently 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: The Supervisory Committee continued to review the deposit and use of the remaining proceeds raised from the subsequent offer of A shares in 2007, and reviewed the verification report prepared by KPMG Huazhen (Special General Partnership) on the special remarks on the deposit and use of proceeds raised from previous fund-raising exercises during 2013. The Supervisory Committee was of the opinion that the management and use of the proceeds had complied with regulations. During the year under review, the Company's overseas subsidiaries issued US\$800

million 5-year corporate bonds, SGD140 million 4-year corporate bonds, RMB1 billion 5-year corporate bonds, and RMB1 billion 3-year corporate bonds respectively in foreign markets. The Supervisory Committee had monitored the relevant bond issues and the use of funds thereof, and had found no violation of law.

(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 determination of the fulfilment of the vesting conditions for the second 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 second 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 under review, the Company did not have any major asset acquisitions and disposals. The Supervisory Committee noted that, during the year under review, the Company invested in Huishang Bank Corporation Limited's initial public offering of H shares on The Stock Exchange of Hong Kong Limited as a cornerstone investor, and the relevant decision-making process was in compliance with the necessary procedure, and no violation of law was found.

(6) Connected transactions: Pursuant to the mandate granted by the 2011 annual general meeting, 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") in February 2013, to satisfy the development needs of Shanghai Hongqiao Project No. 11. Both parties would jointly develop Shanghai Hongqiao Project No. 11. Since Shenzhen Huawei Xincheng No. 1 Partnership Enterprise (limited partnership) is a connected person of CRC, the Company's largest shareholder, the transaction constituted a connected transaction. The Supervisory Committee had reviewed the said transactions and was of the opinion that the transaction was conducted in accordance with the mandate granted by the shareholder meeting, the terms of the transaction were fair, 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 in 2013.

(7) The proposal on the change of listing location of China Vanke Co., Ltd.'s domestically listed foreign shares for listing and trading on the main board of The Stock Exchange of Hong Kong Limited by way of introduction and other related resolutions announced by the Company were approved at the Company's 2013 first extraordinary general meeting. The relevant applications are still under review pending for approval by the authorities. The change of listing location of domestically listed foreign shares for listing in Hong Kong will enable the Company to further optimize its corporate governance, and promote its internationalization strategy. The Supervisory Committee is also concerned about the progress of the proposal and hope the Company can push ahead with its implementation as soon as possible.

Looking ahead, Mr Ding Fuyuan, the chairman of the Supervisory Committee, will soon leave the committee. We take this opportunity to express our gratitude to him for his 21 years of service to the Supervisory Committee. We wish the Eighth Supervisory Committee will continue to perform their duties diligently and make more contribution to the Company's development under the leadership of a new chairman.

XI. Financial Report

China Vanke Co., Ltd.
万科企业股份有限公司

31 December 2013

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 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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.

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

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)*

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 2013, 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, 100738, China

5 March 2014

Consolidated statement of profit or loss for the year ended 31 December 2013 (Expressed in Renminbi Yuan)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Revenue	4(a)	127,453,765	96,859,914
Cost of sales		<u>(92,814,352)</u>	<u>(65,454,228)</u>
Gross profit		34,639,413	31,405,686
Other revenue	5	741,218	1,008,346
Other net income	6	66,246	200,521
Distribution costs		(3,864,714)	(3,056,378)
Administrative expenses		(3,089,148)	(2,845,761)
Other operating expenses	7	<u>(149,678)</u>	<u>(165,250)</u>
Profit from operations		28,343,337	26,547,164
Finance costs	8(a)	(1,495,502)	(1,739,414)
Share of profits less losses of associates	15	511,614	570,657
Share of profits less losses of joint ventures	16	<u>487,784</u>	<u>319,130</u>
Profit before taxation		27,847,233	25,697,537
Income tax	9(a)	<u>(9,549,684)</u>	<u>(10,034,949)</u>
Profit for the year		<u>18,297,549</u>	<u>15,662,588</u>
Attributable to:			
Equity shareholders of the Company		15,118,549	12,551,182
Non-controlling interests		<u>3,179,000</u>	<u>3,111,406</u>
Profit for the year		<u>18,297,549</u>	<u>15,662,588</u>
Basic earnings per share (RMB)	11	<u>1.37</u>	<u>1.14</u>

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 31(c).

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 (Expressed in Renminbi Yuan)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Profit for the year		18,297,549	15,662,588
Other comprehensive income for the year (after tax and reclassification adjustments)	10		
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		65,503	(104,786)
Available-for-sale securities: - net movement in the fair value reserve		(16,911)	(27,373)
Other comprehensive income for the year		48,592	(132,159)
Total comprehensive income for the year		18,346,141	15,530,429
Attributable to:			
Equity shareholders of the Company		15,167,141	12,419,023
Non-controlling interests		3,179,000	3,111,406
Total comprehensive income for the year		18,346,141	15,530,429

The accompanying notes form part of these financial statements.

Consolidated statement of financial position at 31 December 2013 (Expressed in Renminbi Yuan)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	12	3,475,223	3,132,540
Investment properties	13	6,366,655	1,714,136
Intangible assets	14	263,487	201,690
Interest in associates	15	3,633,457	2,915,844
Interest in joint ventures	16	6,897,969	4,043,247
Other financial assets	17	2,572,246	85,979
Other non-current assets	18	10,424,440	879,582
Deferred tax assets	27(b)	3,525,262	3,219,894
		37,158,739	16,192,912
Current assets			
Inventories	19	329,731,930	253,622,152
Trade and other receivables	20	68,218,739	56,988,250
Pledged deposits	21	1,361,261	1,171,318
Cash and cash equivalents	22	43,004,149	51,120,224
		442,316,079	362,901,944
Current liabilities			
Bank loans and borrowings from financial institutions	23	32,624,307	29,675,741
Bonds payable	24	-	5,881,618
Financial derivatives	25	11,687	25,761
Trade and other payables	26	287,930,076	215,529,570
Current taxation	27(a)	8,355,764	8,720,876
		328,921,834	259,833,566
Net current assets		113,394,245	103,068,378
Total assets less current liabilities		150,552,984	119,261,290

The accompanying notes form part of these financial statements.

Consolidated statement of financial position at 31 December 2013 (continued) (Expressed in Renminbi Yuan)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Bank loans and borrowings from financial institutions	23	36,683,128	36,036,070
Bonds payable	24	7,398,392	-
Deferred tax liabilities	27(c)	942,209	1,027,055
Provisions	28	46,877	44,292
Other non-current liabilities	29	42,955	15,678
		45,113,561	37,123,095
NET ASSETS		105,439,423	82,138,195
CAPITAL AND RESERVES			
	31		
Share capital		11,014,969	10,995,553
Reserves		65,881,014	52,830,001
Total equity attributable to equity shareholders of the Company		76,895,983	63,825,554
Non-controlling interests		28,543,440	18,312,641
TOTAL EQUITY		105,439,423	82,138,195

Approved and authorised for issue by the board of directors on 5 March 2014.

)	
Yu Liang)	
Xiao Li)	Directors
)	
)	

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2013 (Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
		Share capital	Share premium	Share-based compensation reserve	Statutory reserves	Exchange reserve	Other reserves	Retained profits			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2013		10,995,553	8,792,995	193,775	17,017,051	440,990	(302,909)	26,688,099	63,825,554	18,312,641	82,138,195
Changes in equity for 2013:											
Profit for the year		-	-	-	-	-	-	15,118,549	15,118,549	3,179,000	18,297,549
Other comprehensive income	10	-	-	-	-	65,503	(16,911)	-	48,592	-	48,592
Total comprehensive income		-	-	-	-	65,503	(16,911)	15,118,549	15,167,141	3,179,000	18,346,141
Dividends approved in respect of the previous year	31(c)(ii)	-	-	-	-	-	-	(1,981,401)	(1,981,401)	-	(1,981,401)
Appropriation to statutory reserves	31(b)(ii)	-	-	-	3,118,358	-	-	(3,118,358)	-	-	-
Equity settled share-based transactions	30	-	-	35,814	-	-	-	-	35,814	-	35,814
Shares issued upon exercise of share options	31(a)	19,416	186,612	(39,180)	-	-	-	-	166,848	-	166,848
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	6,862,893	6,862,893
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	1,593,433	1,593,433
Acquisitions of additional interest in subsidiaries		-	-	-	-	-	(317,973)	-	(317,973)	(754,027)	(1,072,000)
Disposals of interest in subsidiaries		-	-	-	-	-	-	-	-	746,922	746,922
Disposals of subsidiaries		-	-	-	-	-	-	-	-	(56,515)	(56,515)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(1,340,907)	(1,340,907)
Balance at 31 December 2013		<u>11,014,969</u>	<u>8,979,607</u>	<u>190,409</u>	<u>20,135,409</u>	<u>506,493</u>	<u>(637,793)</u>	<u>36,706,889</u>	<u>76,895,983</u>	<u>28,543,440</u>	<u>105,439,423</u>

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2013 (continued)
(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
		Share capital	Share premium	Share-based compensation reserve	Statutory reserves	Exchange reserve	Other reserves	Retained profits			
		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	31(c)	-	-	-	-	-	-	(1,429,377)	(1,429,377)	-	(1,429,377)
Appropriation to statutory reserves	31(b)	-	-	-	3,368,324	-	-	(3,368,324)	-	-	-
Equity settled share-based transactions	30	-	-	88,231	-	-	-	-	88,231	-	88,231
Shares issued upon exercise of share options	31(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		<u>10,995,553</u>	<u>8,792,995</u>	<u>193,775</u>	<u>17,017,051</u>	<u>440,990</u>	<u>(302,909)</u>	<u>26,688,099</u>	<u>63,825,554</u>	<u>18,312,641</u>	<u>82,138,195</u>

The accompanying notes form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2013 (Expressed in Renminbi Yuan)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Operating activities			
Cash received from customers		153,437,067	116,108,840
Cash generated from other operating activities		22,239,684	5,480,586
Cash paid to suppliers		(128,656,953)	(87,323,652)
Cash paid to and for employees		(3,472,696)	(2,908,877)
Cash paid for other taxes		(9,419,274)	(7,723,669)
Cash used in other operating activities		(20,409,317)	(9,549,370)
Cash generated from operations		13,718,511	14,083,858
PRC Corporate Income Tax (“CIT”) and Hong Kong Profits Tax paid		(6,893,560)	(5,672,442)
Land Appreciation Tax (“LAT”) paid		(4,901,082)	(4,685,457)
Net cash generated from operating activities		1,923,869	3,725,959
Investing activities			
Acquisitions of subsidiaries, net of cash acquired	36	(1,058,942)	(2,537,053)
Investment in associates and joint ventures		(3,159,843)	(488,450)
Investment in other investments		(2,575,104)	-
Acquisitions of additional interest in subsidiaries		(819,240)	(11,958)
Acquisitions of property, plant and equipment and investment properties		(2,439,392)	(150,668)
Net cash inflow / (outflow) from disposals of subsidiaries	37	190,096	(42)
Proceeds from disposal of property, plant and equipment		1,800	1,533
Proceeds from disposals of investments		-	12,000
Proceeds from disposals of interest in subsidiaries		746,441	-
Interest received		425,245	554,009
Dividends received		734,522	167,176
Net cash used in investing activities		(7,954,417)	(2,453,453)

The accompanying notes form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2013 (continued) (Expressed in Renminbi Yuan)

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Financing activities			
Contributions from non-controlling interests	22(b)	3,183,536	2,991,124
Proceeds from bank loans, borrowings from financial institutions and bonds		51,944,563	47,477,333
Repayment of bank loans and borrowings from financial institutions		(48,430,257)	(26,864,417)
Dividends and interest paid		(8,755,488)	(7,318,530)
Net cash (used in) / generated from financing activities		(2,057,646)	16,285,510
Effect of foreign exchange rate changes		(27,881)	(51,904)
Net (decrease) / increase in cash and cash equivalents		(8,116,075)	17,506,112
Cash and cash equivalents at 1 January		51,120,224	33,614,112
Cash and cash equivalents at 31 December		43,004,149	51,120,224

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 2013 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in associates and joint ventures. The Group’s principal activities are development and sale of properties in the PRC.

2 Significant accounting policies

(a) Statement of compliance

These 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 (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 new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- IFRS 10, *Consolidated financial statements*
- IFRS 11, *Joint arrangements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- Amendments to IFRS 7 – *Disclosures – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of other new or amended IFRSs are discussed below:

Amendments to IAS 1, Presentation of financial statements Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles “statement of profit or loss” and “statement of profit or loss and other comprehensive income” as introduced by the amendments in these financial statements.

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 11, Joint arrangements

IFRS 11, which replaces IAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 15, 16 and 40.

2 Significant accounting policies (continued)

(c) Changes in accounting policies (continued)

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the group, the group has provided those disclosures in notes 13 and 32. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the group's assets and liabilities.

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on these financial statements because the group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7 during the periods presented.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered. 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, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2 Significant accounting policies (continued)

(d) *Subsidiaries and non-controlling interests (continued)*

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the 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 notes 2(q) or (r) 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 joint venture (see note 2(e)).

(e) *Associates and joint ventures*

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

2 Significant accounting policies (continued)

(e) Associates and joint ventures (continued)

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

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

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

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

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

2 Significant accounting policies (continued)

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

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

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 joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value of initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that was only date from observable markets. Cost includes attributable transaction costs.

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. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 2(w)(v), respectively.

When the investments are derecognised or impaired (see note 2(m)), the cumulative gain or loss recognised in equity is reclassified 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(l)) 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(w)(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(m)):

- buildings held for own use which are situated on leasehold land classified as held under operating lease (see note 2(l)); 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(y)).

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) Intangible assets

The Group recognises an infrastructure operating right arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. A public premise operating right received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the public premise operating right is measured at cost, which includes capitalised borrowing costs (see note 2(y)), less accumulated amortisation and impairment losses (see note 2(m)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The estimated useful life of a public premise operating right in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Public premise operating right	8 years from the date of commencement of operation
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Both the period and method of amortisation are reviewed annually.

2 Significant accounting policies (continued)

(l) *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(n)(ii)).

(m) *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.

2 Significant accounting policies (continued)

(m) Impairment of assets (continued)

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

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

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (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(m)(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(m)(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.
- 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.

2 Significant accounting policies (continued)

(m) Impairment of assets (continued)

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

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.

(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).

2 Significant accounting policies (continued)

(m) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– 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 of disposal (if measurable), 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.

(n) 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.

2 Significant accounting policies (continued)

(n) Inventories (continued)

(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(y)). 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.

(o) 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(w)(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.

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”.

2 Significant accounting policies (continued)

(p) 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(m)), 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.

(q) 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.

(r) 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(v)(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.

(s) 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.

(t) 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.

2 Significant accounting policies (continued)

(t) *Employee benefits (continued)*

(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 at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) *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)

(u) 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)

(u) *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.

(v) *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 is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. 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.

2 Significant accounting policies (continued)

(v) *Financial guarantees issued, provisions and contingent liabilities (continued)*

(i) Financial guarantees issued (continued)

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(v)(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.

(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.

(w) *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.

2 Significant accounting policies (continued)

(w) Revenue recognition (continued)

(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.
- Revenue from service concession arrangement is recognised by reference to the stage of completion of the contract. Operation or service revenue is recognised in the period in which services are provided by the Group (see note 2(w)(ii)).

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.

(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.

2 Significant accounting policies (continued)

(w) Revenue recognition (continued)

(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 income 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.

(x) 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 measured.

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.

(y) 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.

2 Significant accounting policies (continued)

(y) *Borrowing cost (continued)*

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.

(z) *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.
 - (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.

2 Significant accounting policies (continued)

(aa) 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.

(iii) Classification between subsidiaries, joint ventures and associates

The Group co-operated with certain third parties to engage in property development project through certain entities. In accordance with the respective co-operation agreements, the Group has the right to acquire certain percentage of the equity interest in these entities at a pre-determined price when certain conditions set out in these agreements are met. The Group has made judgement on the classification of these entities to subsidiaries, joint ventures or associates in accordance with the respective agreements and the involvement of the Group and the other parties in these entities. The Group will continuously evaluate the situation and accounted for in accordance with accounting policies set out in notes 2(d) and (e).

(b) *Sources of estimation uncertainty*

Notes 14 and 32 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(n), 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.

3 Accounting judgement and estimates (continued)

(b) Sources of estimation uncertainty (continued)

(i) Properties for sale (continued)

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.

(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:

	2013 RMB'000	2012 RMB'000
Sale of properties	123,545,835	94,000,979
Construction contracts	1,431,580	1,415,632
Property management and related services	1,384,676	807,186
Others	1,091,674	636,117
	127,453,765	96,859,914

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

(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.

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(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 and other payables, 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 taxes 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.

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

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

	<i>Real estate development (note(1))</i>				<i>Property management</i>	<i>Total</i>
	<i>Beijing region</i>	<i>Guangshen region</i>	<i>Shanghai region</i>	<i>Chengdu region</i>		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2013						
Revenue from external customers, before sales taxes	34,161,220	44,486,732	28,437,284	26,366,506	1,496,549	134,948,291
Inter-segment revenue	-	7,022	36,702	85,038	963,118	1,091,880
Reportable segment revenue, before sales taxes	<u>34,161,220</u>	<u>44,493,754</u>	<u>28,473,986</u>	<u>26,451,544</u>	<u>2,459,667</u>	<u>136,040,171</u>
Reportable segment profit	<u>4,280,586</u>	<u>9,814,273</u>	<u>4,164,414</u>	<u>5,219,673</u>	<u>267,483</u>	<u>23,746,429</u>
Interest income	372,694	149,186	103,289	96,673	7,480	729,322
Interest expense	512,137	307,911	270,247	40,450	27	1,130,772
Share of profits less losses of associates and joint ventures	221,971	266,008	503,324	15,905	-	1,007,208
Reportable segment assets	<u>128,235,137</u>	<u>149,990,835</u>	<u>143,642,921</u>	<u>93,395,165</u>	<u>4,229,476</u>	<u>519,493,534</u>
Reportable segment liabilities	<u>105,186,108</u>	<u>127,572,661</u>	<u>124,097,766</u>	<u>83,246,700</u>	<u>3,634,335</u>	<u>443,737,570</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>Property management</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	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 joint ventures	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>

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

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

Shanghai region represents Shanghai, Hangzhou, Su'nan, Ningbo, Nanjing, Zhenjiang, Nanchang, Hefei, Yangzhou, Jiaying, Wuhu, Wenzhou, Nantong, Changzhou and Xuzhou.

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

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	2013	2012
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	136,040,171	104,065,766
Elimination of inter-segment revenue	(1,091,880)	(1,190,386)
Unallocated revenue	470,500	240,865
Sales taxes	(7,965,026)	(6,256,331)
Consolidated revenue	<u>127,453,765</u>	<u>96,859,914</u>
Profit		
Reportable segment profit	23,746,429	21,475,176
Elimination of inter-segment profit	(201,134)	(982,138)
Share of profits less losses of associates and joint ventures	999,398	889,787
Dividend income	1,405	27,188
Other net income, excluding net exchange difference	115,962	141,570
Other operating expenses, excluding provision for doubtful debts	(82,476)	(81,433)
Unallocated expenses	(288,574)	(399,965)
LAT	3,556,223	4,627,352
Consolidated profit before taxation	<u>27,847,233</u>	<u>25,697,537</u>
Assets		
Reportable segment assets	519,493,534	407,352,376
Elimination of inter-segment receivables	(248,637,988)	(192,577,435)
Unallocated assets	208,619,272	164,319,915
Consolidated total assets	<u>479,474,818</u>	<u>379,094,856</u>
Liabilities		
Reportable segment liabilities	443,737,570	349,522,384
Elimination of inter-segment payables	(229,033,534)	(176,161,335)
Unallocated liabilities	159,331,359	123,595,612
Consolidated total liabilities	<u>374,035,395</u>	<u>296,956,661</u>

4 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, intangible assets, interest in associates, interest in joint ventures, other financial assets and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties, the location of the operation to which they are allocated, in the case of intangible assets, other financial assets and other non-current assets, and the location of operations, in the case of interest in associates and joint ventures.

	<u>Revenue from external customers</u>	
	2013	2012
	RMB'000	RMB'000
Mainland China	127,388,864	96,797,855
Hong Kong	64,901	62,059
	127,453,765	96,859,914

	<u>Specified non-current assets</u>	
	2013	2012
	RMB'000	RMB'000
Mainland China	29,639,228	12,054,219
Hong Kong	3,546,945	918,799
The United States of America ("USA")	447,304	-
	33,633,477	12,973,018

5 Other revenue

	2013	2012
	RMB'000	RMB'000
Interest income	739,813	981,158
Dividend income	1,405	27,188
	741,218	1,008,346

6 Other net income

	2013 RMB'000	2012 RMB'000
Forfeited deposits and compensation from customers	60,698	68,154
Gain on disposals of investments	4,645	33,180
Net loss on disposals of other investments	(1,539)	(16,201)
Net loss on disposals of property, plant and equipment	(4,475)	(4,671)
Net realised and unrealised loss on financial derivatives	(572)	(8,719)
Net exchange (loss) / gain	(49,716)	58,951
Other sundry income	57,205	69,827
	66,246	200,521

7 Other operating expenses

	2013 RMB'000	2012 RMB'000
Provision for doubtful debts	67,202	83,818
Compensation to customers	35,460	15,780
Donations	10,086	48,907
Other sundry expenses	36,930	16,745
	149,678	165,250

8 Profit before taxation

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

(a) Finance costs

	2013 RMB'000	2012 RMB'000
Interest on interest-bearing borrowings	6,574,831	5,782,312
Less: Interest expense capitalised into inventories and construction in progress (note)	(5,079,329)	(4,042,898)
	1,495,502	1,739,414

Note: The borrowing costs have been capitalised at a rate of 7.63% per annum (2012: 8.4%).

8 Profit before taxation (continued)

(b) Staff costs

	2013 RMB'000	2012 RMB'000
Salaries, wages and other benefits	4,477,379	3,433,442
Contributions to defined contribution retirement plan	366,579	288,473
Equity-settled share-based payment expenses (note)	35,814	88,231
	<u>4,879,772</u>	<u>3,810,146</u>

Note: This included an amount of RMB14,810,000 (2012: RMB33,190,000) in relation to key management personnel which has not been included in employee benefits set out in note 35(c).

(c) Other items

	2013 RMB'000	2012 RMB'000
Depreciation and amortisation	179,235	182,620
Impairment loss on trade and other receivables	67,202	83,818
Cost of inventories	90,130,317	63,195,149
Operating lease charges in respect of properties	88,200	85,385
Rental income from investment properties	(37,792)	(35,620)
Project management fee charged to associates and joint ventures	<u>(490,702)</u>	<u>(295,787)</u>

9 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2013	2012
	RMB'000	RMB'000
Current tax		
Provision for CIT and Hong Kong Profits Tax	6,476,368	6,139,443
Provision for LAT	3,414,936	4,825,002
Withholding tax	50,003	32,739
	<u>9,941,307</u>	<u>10,997,184</u>
Deferred tax		
Fair value adjustments arising from business combinations		
- CIT and Hong Kong Profits Tax	(60,538)	(19,659)
- LAT	(23,749)	(32,614)
Accrual for LAT	202,610	(196,761)
Tax losses	(584,870)	(214,480)
Bad debt provision and write-down of inventories	(9,027)	(9,288)
Accruals for construction costs	(74,778)	(64,613)
Withholding tax	(849)	(16,310)
Unrealised profits	19,006	(360,705)
Other temporary differences	140,572	(47,805)
	<u>(391,623)</u>	<u>(962,235)</u>
	<u>9,549,684</u>	<u>10,034,949</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% (2012: 25%), except for certain subsidiaries which enjoy a preferential income tax rate.

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

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

(i) CIT and Hong Kong Profits Tax (continued)

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

(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:

	2013 RMB'000	2012 RMB'000
Profit before taxation	27,847,233	25,697,537
Less: LAT	(3,556,223)	(4,627,352)
Profit before CIT and Hong Kong Profits Tax	<u>24,291,010</u>	<u>21,070,185</u>
Notional tax on profit before CIT and Hong Kong Profits Tax calculated at applicable income tax rate of the relevant Group entities concerned	6,048,745	5,266,357
Non-taxable income	(250,201)	(227,053)
Non-deductible expenses	257,656	280,613
Effect of temporary difference not recognised	45,191	100,682
Recognition of previously unrecognised tax losses	(107,930)	(13,002)
CIT and Hong Kong Profits Tax	<u>5,993,461</u>	<u>5,407,597</u>
LAT	<u>3,556,223</u>	<u>4,627,352</u>
Income tax expense	<u><u>9,549,684</u></u>	<u><u>10,034,949</u></u>

10 Other comprehensive income

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

	2013			2012		
	<i>Before-tax amount</i> RMB'000	<i>Tax expense</i> RMB'000 (note 27(d))	<i>Net-of-tax amount</i> RMB'000	<i>Before-tax amount</i> RMB'000	<i>Tax benefit</i> RMB'000 (note 27(d))	<i>Net-of-tax amount</i> RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	65,503	-	65,503	(104,786)	-	(104,786)
Net movement in fair value reserve	(16,621)	(290)	(16,911)	(36,497)	9,124	(27,373)
Other comprehensive income	<u>48,882</u>	<u>(290)</u>	<u>48,592</u>	<u>(141,283)</u>	<u>9,124</u>	<u>(132,159)</u>

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

	2013 RMB'000	2012 RMB'000
Available-for-sale securities:		
Changes in fair value recognised during the year	(16,911)	-
Reclassification to profit or loss	-	(27,373)
Net movement in the fair value reserve during the year recognised in other comprehensive income	<u>(16,911)</u>	<u>(27,373)</u>

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 RMB15,118,549,000 (2012: RMB12,551,182,000) and the weighted average of 11,012,915,706 (2012: 10,995,306,676) shares in issue during the year.

Weighted average number of shares:

	2013 RMB'000	2012 RMB'000
Issued shares at 1 January	10,995,307	10,995,210
Effect of share options exercised	17,609	97
Weighted average number of shares at 31 December	<u>11,012,916</u>	<u>10,995,307</u>

The Group has a share option scheme which was adopted on 25 April 2011 (see note 30). 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 2013 and 2012, but may have diluted effect in future years.

12 Property, plant and equipment

	<i>Hotel and other buildings held for own use</i> RMB'000	<i>Improvements to premises</i> RMB'000	<i>Leasehold land prepayment</i> RMB'000	<i>Machinery and motor vehicles</i> RMB'000	<i>Electronic and other equipment</i> RMB'000	<i>Construction in progress</i> RMB'000	<i>Total</i> RMB'000
Cost:							
At 1 January 2012	1,654,119	119,245	455,070	177,397	237,079	705,552	3,348,462
Additions	82,109	21,045	1,473	18,604	40,864	378,030	542,125
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
At 1 January 2013	1,717,317	137,414	456,543	185,002	263,230	1,051,118	3,810,624
Additions	636,734	44,841	250	37,847	62,461	239,713	1,021,846
Transfer	377,164	-	-	-	-	(377,164)	-
Disposals	(481,232)	(53)	(54,956)	(18,520)	(9,006)	-	(563,767)
At 31 December 2013	2,249,983	182,202	401,837	204,329	316,685	913,667	4,268,703

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>
Accumulated depreciation:							
At 1 January 2012	257,374	62,937	19,596	84,596	146,070	-	570,573
Charge for the year	71,084	24,671	10,100	20,057	31,901	-	157,813
Written back on disposals	(26,589)	(2,620)	-	(8,245)	(12,848)	-	(50,302)
At 31 December 2012	<u>301,869</u>	<u>84,988</u>	<u>29,696</u>	<u>96,408</u>	<u>165,123</u>	-	<u>678,084</u>
At 1 January 2013	301,869	84,988	29,696	96,408	165,123	-	678,084
Charge for the year	59,552	22,473	9,626	22,191	35,340	-	149,182
Written back on disposals	(6,943)	(4)	(5,762)	(14,022)	(7,055)	-	(33,786)
At 31 December 2013	<u>354,478</u>	<u>107,457</u>	<u>33,560</u>	<u>104,577</u>	<u>193,408</u>	-	<u>793,480</u>
Net book value:							
At 31 December 2013	<u>1,895,505</u>	<u>74,745</u>	<u>368,277</u>	<u>99,752</u>	<u>123,277</u>	<u>913,667</u>	<u>3,475,223</u>
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>

13 Investment properties

	2013 RMB'000	2012 RMB'000
Cost:		
At 1 January	1,754,029	1,155,944
Additions	4,689,801	1,286,081
Exchange adjustment	(22,484)	-
Transfer	-	(675,300)
Disposals	-	(12,696)
At 31 December	6,421,346	1,754,029
Accumulated depreciation:		
At 1 January	39,893	29,840
Charge for the year	14,798	10,599
Written back on disposals	-	(546)
At 31 December	54,691	39,893
Net book value:		
At 31 December	6,366,655	1,714,136

Investment properties include those under development at the end of the reporting period with carrying amount of RMB3,129 million (2012: RMB684 million).

Investment properties comprise certain commercial properties that are leased to third parties. The directors, having regard to recent market transactions of similar properties in the same location as the Group's investment properties, consider the estimated fair value of the investment properties, together with leasehold land on which the investment properties located as set out in note 18, to be RMB14,856 million (2012: RMB4,080 million).

The fair value of investment properties is determined by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account expected market rental growth and occupancy rate of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value of the investment properties measured at the end of the reporting period is categorised into Level 3 valuations: Fair value measured using significant unobservable inputs, as defined in IFRS 13, *Fair value measurement*.

13 Investment properties (continued)

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

	2013 RMB'000	2012 RMB'000
In the PRC, held on leases of		
- Between 10 and 50 years	4,714,122	686,918
- Over 50 years	777,704	124,905
	5,491,826	811,823
In Hong Kong, held on leases of		
- Over 50 years	874,829	902,313
	6,366,655	1,714,136

(b) The Group leases out investment properties and certain inventories 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:

	2013 RMB'000	2012 RMB'000
Within 1 year	121,747	57,496
After 1 year but within 5 years	526,656	314,671
After 5 years	754,329	454,588
	1,402,732	826,755

14 Intangible assets

	Operating right RMB'000	Goodwill RMB'000	Total RMB'000
Cost and net book value:			
At 1 January 2012	-	-	-
Additions	-	201,690	201,690
At 31 December 2012	-	201,690	201,690
At 1 January 2013	-	201,690	201,690
Additions	61,797	-	61,797
At 31 December 2013	61,797	201,690	263,487

14 Intangible assets (continued)

(a) Operating right

The cost of operating rights represented the fair value of operating rights of public premise acquired, as adjusted by stage of completion as at 31 December 2013. The public premise has not yet commenced operation.

(b) Goodwill

Goodwill as at 31 December 2013 arose from acquisition of Vanke Property (Overseas) Limited by the Group in 2012. 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

	2013 RMB'000	2012 RMB'000
Share of net assets	3,633,457	2,915,844

The following list contains only the particulars of material associates which principally affected the results or assets of the Group, and all of these associates are unlisted corporate entities whose quoted market price is not available.

		<i>Proportion of ownership interest</i>	
<i>Name of company</i>	<i>Place of incorporation and operation</i>	<i>Group's effective interest</i>	<i>Principal activity</i>
Hefei Yihang Vanke Real Estate Company Limited	PRC	50%	Property development
Xiamen Wantefu Property Development Company Limited	PRC	30%	Property development
Shenzhen Vanke Binghai Property Company Limited	PRC	50%	Property development
Beijing Wanhu Real Estate Development Company Limited	PRC	49%	Property development

All of the above associates are accounted for using the equity method in the consolidated financial statements.

15 Interest in associates (continued)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	<i>Hefei Yihang Vanke Real Estate Company Limited</i>		<i>Xiamen Wantefu Property Development Company Limited</i>		<i>Shenzhen Vanke Binghai Property Company Limited</i>		<i>Beijing Wanhu Real Estate Development Company Limited</i>	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Gross amounts of the associates'								
Current assets	1,808,603	2,311,651	7,273,771	5,452,924	5,381,862	4,220,931	5,352,683	-
Non-current assets	1,822	2,868	16,765	6,518	5,985	4,993	6,809	-
Current liabilities	(1,038,745)	(1,681,713)	(5,098,838)	(3,212,296)	(4,244,405)	(3,205,695)	(4,187,786)	-
Non-current liabilities	-	(80,000)	(881,910)	(915,000)	(190,132)	(35,351)	-	-
Equity	771,680	552,806	1,309,788	1,332,146	953,310	984,878	1,171,706	-
Revenue	2,230,906	1,956,667	55	-	-	-	-	-
Profit / (loss) and total comprehensive income for the year	517,936	340,318	(22,358)	(38,658)	(31,568)	(15,018)	(20,664)	-
Dividend received from the associate	(149,531)	-	-	-	-	-	-	-
Reconciled to the Group's interests in the associate								
Gross amounts of net assets of the associate	771,680	552,806	1,309,788	1,332,146	953,310	984,878	1,171,706	-
Group's effective interest	50%	50%	30%	30%	50%	50%	49%	-
Group's share of net assets of the associate	385,840	276,403	392,936	399,644	476,655	492,439	574,136	-
Elimination on consolidation	(31,555)	-	-	-	(32,568)	-	(54,229)	-
Carrying amount in the consolidated financial statements	354,285	276,403	392,936	399,644	444,087	492,439	519,907	-

15 Interest in associates (continued)

Aggregate information of associates that are not individually material:

	2013 RMB'000	2012 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,922,242	1,747,358
Aggregate amounts of the Group's share of those associates		
Profit and total comprehensive income for the year	285,263	419,604

16 Interest in joint ventures

	2013 RMB'000	2012 RMB'000
Share of net assets	6,897,969	4,043,247

Details of the group's material joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

<i>Name of company</i>	<i>Place of incorporation and operation</i>	<u><i>Proportion of ownership interest</i></u>	
		<i>Group's effective interest</i>	<i>Principal activity</i>
Shanghai Jialai Real Estate Development Company Limited*	PRC	49%	Property development
Dongguan Vanke Property Company Limited	PRC	50%	Property development
Changsha Lingyu Real Estate Development Company Limited*	PRC	60%	Property development
Changsha Lingyu Investment Company Limited*	PRC	60%	Property development
Beijing COFCO Vanke Real Estate Development Company Limited	PRC	50%	Property development
201 Folsom Acquisition JV, L.P.*	USA	71.5%	Property development
Zhonghang Vanke Company Limited*	PRC	40%	Property development

* A contractual arrangement between the Group and the counterparty of these entities establishes share of control over these entities.

16 Interest in joint ventures (continued)

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	<i>Shanghai Jialai Real Estate Development Company Limited</i>		<i>Zhonghang Vanke Company Limited</i>		<i>Dongguan Vanke Property Company Limited</i>		<i>Changsha Lingyu Real Estate Development Company Limited</i>		<i>Changsha Lingyu Investment Company Limited</i>		<i>Beijing COFCO Vanke Real Estate Development Company Limited</i>		<i>201 Folsom Acquisition JV, L.P.</i>	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Gross amount of the Company														
Current assets	1,889,512	2,137,749	4,714,745	4,915,197	2,182,375	1,977,841	606,525	913,405	1,683,546	1,600,055	4,738,155	7,282,082	85,777	-
Non-current assets	510	896	2,873,007	2,522,444	884	314	520	486	434	9,671	100,784	4,607	829,727	-
Current liabilities	(1,065,728)	(1,200,635)	(4,668,054)	(4,354,421)	(1,096,383)	(823,979)	(148,815)	(605,991)	(1,470,598)	(1,538,833)	(3,246,448)	(5,808,311)	(124,596)	-
Non-current liabilities	-	(74,732)	-	(620,000)	-	(71,940)	-	-	-	-	(256,457)	(449,049)	(165,308)	-
Equity	824,294	863,278	2,919,698	2,463,220	1,086,876	1,082,236	458,230	307,900	213,382	70,893	1,336,034	1,029,329	625,600	-
Included in the above assets and liabilities														
Cash and cash equivalents	182,232	314,547	1,709,196	544,060	28,591	1,152	2,961	16,668	9,614	61,296	630,568	900,093	15,839	-
Current financial liabilities (excluding trade and other payables and provisions)	-	-	(300,000)	(1,080,000)	-	-	-	-	-	-	-	(544,240)	-	-
Non current financial liabilities (excluding trade and other payables and provisions)	-	(74,732)	-	(620,000)	-	(71,940)	-	-	-	-	(256,457)	(449,049)	(165,308)	-
Revenue	857,742	726,275	-	-	165,792	473,725	421,359	736,626	786,581	-	2,751,166	2,522,221	-	-
Profit / (loss) and total comprehensive income for the year	198,492	190,437	(10,811)	(44,985)	4,640	49,103	150,330	153,431	142,489	(23,924)	329,026	215,835	(6,892)	-
Dividend received from the joint venture	(116,363)	(138,437)	(213,085)	(110,000)	-	-	-	(91,793)	-	-	-	-	-	-
Included in the above profit														
Interest income	-	-	95,355	364,751	-	-	-	-	-	-	3,529	3,492	18	-
Interest expense	-	-	(109,069)	(341,790)	-	-	-	-	-	-	(10,278)	(12,258)	-	-
Income tax (expense) / credit	(73,602)	(73,966)	-	(20,899)	572	(13,805)	(44,791)	(51,196)	(48,794)	7,896	(92,491)	(72,060)	-	-
Reconciled to the group's interest in the company														
Gross amounts of the company's net assets	824,294	863,278	2,919,698	2,463,220	1,086,876	1,082,236	458,230	307,900	213,382	70,893	1,336,034	1,029,329	625,600	-
Group's effective interest	49%	49%	40%	40%	50%	50%	60%	60%	60%	60%	50%	50%	71.5%	-
Group's share of the company's net assets	403,904	423,006	1,167,879	985,288	543,438	541,118	274,938	184,740	128,029	42,536	668,017	514,665	447,304	-
Elimination on consolidation	(24,598)	-	-	-	-	-	(1,197)	-	(17,623)	-	(14,112)	(11,161)	-	-
Carrying amount in the consolidated financial statements	<u>379,306</u>	<u>423,006</u>	<u>1,167,879</u>	<u>985,288</u>	<u>543,438</u>	<u>541,118</u>	<u>273,741</u>	<u>184,740</u>	<u>110,406</u>	<u>42,536</u>	<u>653,905</u>	<u>503,504</u>	<u>447,304</u>	<u>-</u>

16 Interest in joint ventures (continued)

Aggregate information of joint ventures that are not individually material:

	2013	2012
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	3,321,990	1,363,055
Aggregate amounts of the Group's share of those joint ventures		
Profit and total comprehensive income for the year	57,250	33,635

17 Other financial assets

	2013	2012
	RMB'000	RMB'000
Available-for-sale securities		
Equity securities		
- Unlisted	110,680	81,215
- Listed in the PRC	1,302	4,764
- Listed in Hong Kong	2,460,264	-
	2,572,246	85,979

18 Other non-current assets

	2013 RMB'000	2012 RMB'000
Entrusted loans	415,140	-
Prepayment for acquisitions	296,349	218,490
Amounts due from joint ventures (note (a))	4,369,129	-
Prepayment for leasehold land (note (b))	5,343,822	661,092
	10,424,440	879,582

Notes:

- (a) Amounts due from joint ventures are unsecured, interest free and have no fixed term of repayment but are not expected to be settled within one year.
- (b) Movement of prepayment for leasehold land included in other non-current assets is analysed as follows:

	2013 RMB'000	2012 RMB'000
Cost:		
At 1 January	675,300	-
Transfer	-	675,300
Additions	4,697,985	-
At 31 December	5,373,285	675,300
Accumulated amortisation:		
At 1 January	14,208	-
Charge for the year	15,255	14,208
At 31 December	29,463	14,208
Net book value:		
At 31 December	5,343,822	661,092

19 Inventories

	2013 RMB'000	2012 RMB'000
Properties held for development	124,374,532	76,733,826
Properties under development	187,280,382	160,676,827
Completed properties for sale	17,717,311	15,993,829
Others	359,705	217,670
	<u>329,731,930</u>	<u>253,622,152</u>

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

	2013 RMB'000	2012 RMB'000
In the PRC, held on lease of		
- Between 10 and 50 years	28,636,020	14,452,874
- Over 50 years	128,300,625	131,311,363
	<u>156,936,645</u>	<u>145,764,237</u>

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

	2013 RMB'000	2012 RMB'000
Carrying amount of inventories sold	90,137,365	63,195,149
Reversal of write-down of inventories	(7,048)	-
	<u>90,130,317</u>	<u>63,195,149</u>

(c) The amount of properties held for development and properties under development expected to be recovered after more than one year is RMB507,175 million (2012: RMB115,592 million). All of the other inventories are expected to be recovered within one year.

20 Trade and other receivables

	2013 RMB'000	2012 RMB'000
Trade debtors(note (a))	3,115,719	1,915,305
Less: allowance for doubtful debts	<u>(36,749)</u>	<u>(28,756)</u>
	3,078,970	1,886,549
Other debtors	18,146,944	10,784,562
Amounts due from associates (note (b))	5,827,704	5,642,821
Amounts due from joint ventures (note (b))	10,840,669	3,465,502
Prepayments (note (c))	28,653,665	33,373,612
Gross amount due from customers for contract work (note (d))	<u>1,670,787</u>	<u>1,835,204</u>
	<u><u>68,218,739</u></u>	<u><u>56,988,250</u></u>

All of the trade and other receivables, apart from receivables of RMB1,621 million (2012: RMB1,146 million), are expected to be recovered within one year.

- (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:

	2013 RMB'000	2012 RMB'000
Within 1 year	2,650,005	1,653,991
1 to 2 years	264,508	154,308
2 to 3 years	143,763	55,874
Over 3 years	<u>20,694</u>	<u>22,376</u>
	<u><u>3,078,970</u></u>	<u><u>1,886,549</u></u>

The Group's credit policy is set out in note 32(a).

Trade debtors that were past due but not impaired relate to a number of independent debtors that have a good track record or ongoing business relationship 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.

20 Trade and other receivables (continued)

- (b) The amounts due from associates and joint ventures as at 31 December 2013 include an amount of RMB8,487 million (2012: RMB5,713 million) which are interest bearing at market rate, unsecured and repayable on demand. The interest income from these associates and joint ventures amounted to RMB537 million (2012: RMB384 million) in 2013. The remaining amounts due from associates and joint ventures are unsecured, interest free and repayable on demand.
- (c) The balance includes prepayments for leasehold land of RMB15,554 million (2012: RMB22,326 million).
- (d) The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/to customers for contract work at 31 December 2013, is RMB3,645 million (2012: RMB2,213 million).

21 Pledged deposits

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

22 Cash and cash equivalents

- (a) Cash and cash equivalents at the end of the reporting period are analysed as follows:

	2013 RMB'000	2012 RMB'000
Cash at bank and on hand	<u>43,004,149</u>	<u>51,120,224</u>

(b) Major non-cash transaction

During the year, capital contributions from non-controlling interest excluded an amount of RMB3,700 million which was injected to the Group in prior years.

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 32(c).

	2013 RMB'000	2012 RMB'000
Current		
Secured		
- Bank loans (note (a))	1,353,026	3,358,380
- Borrowings from financial institutions	-	2,690,400
	<u>1,353,026</u>	<u>6,048,780</u>
Guaranteed		
- Borrowing from a financial institution (note (b))	320,000	-
	<u>320,000</u>	<u>-</u>
Unsecured		
- Bank loans (note (a))	8,945,619	10,247,981
- Borrowings from financial institutions	22,005,662	13,378,980
	<u>30,951,281</u>	<u>23,626,961</u>
	<u>32,624,307</u>	<u>29,675,741</u>
	2013 RMB'000	2012 RMB'000
Non-current		
Secured		
- Bank loans (note (a))	1,763,364	5,055,824
	<u>1,763,364</u>	<u>5,055,824</u>
Guaranteed		
- Bank loans (note (a))	-	190,000
- Borrowing from a financial institution (note (b))	-	320,000
	<u>-</u>	<u>510,000</u>
	<u>-</u>	<u>510,000</u>
Unsecured		
- Bank loans (note (a))	22,613,347	10,190,210
- Borrowings from financial institutions	12,306,417	20,280,036
	<u>34,919,764</u>	<u>30,470,246</u>
	<u>36,683,128</u>	<u>36,036,070</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:

	2013 RMB'000	2012 RMB'000
After 1 year but within 2 years	17,207,875	27,286,992
After 2 years but within 5 years	19,475,253	8,749,078
	36,683,128	36,036,070

Notes:

(a) Bank loans

The secured bank loans are secured over certain inventories and investment properties with aggregate carrying value of RMB12,528 million (2012: RMB11,079 million) or pledged by the shares of interest in certain subsidiaries of the Group.

(b) Guaranteed borrowing from a financial institution

The guaranteed borrowing from a financial institution is guaranteed by a third party with nil consideration. The borrowing is counter guaranteed by a subsidiary of the Group.

24 Bonds payable

	2013 RMB'000	2012 RMB'000
Current		
No.101688 and No.101699 Bonds (Note (a))	-	5,881,618
Non-current		
United States Dollar Corporate Bonds (Note (b))	4,742,212	-
Bonds issued under		
Medium Term Note Programme (Note (c))		
- Singapore Dollar bonds (i)	666,862	-
- Renminbi bonds (ii) and (iii)	1,989,318	-
	7,398,392	-

Note:

- (a) In September 2008, the Group issued two series of corporate bonds, namely the “No. 101688 Bonds” and the “No. 101699 Bonds”, amounting to RMB5,900 million. Both Bonds were listed on the Shenzhen Stock Exchange. The bonds were due and settled during the year.

24 Bonds payable (continued)

- (b) On 13 March 2013, the Group issued corporate bonds of USD800 million with a 5-year term and a fixed rate 2.625% per annum payable in arrears semi-annually at issue price of 99.397 per cent. During the year, the Group repurchased such bonds with principal value of USD6,350,000.
- (c) On 16 July 2013, the Group established a Medium Term Note Programme of USD2,000 million which is listed the Stock Exchange of Hong Kong. During the year, the Group has drawn down from the Medium Term Note Programme as set out below:
- (i) On 6 November 2013, the Group issued corporate bond of SGD140 million at par with a 4-year term and a fixed rate of 3.275% per annum payable in arrears semi-annually.
- (ii) On 4 December 2013, the Group issued corporate bond of RMB1,000 million at par with a 5-year term and a fixed rate of 4.5% per annum payable in arrears semi-annually.
- (iii) On 16 December 2013, the Group issued corporate bond of RMB1,000 million at par with a 3-year term and a fixed rate of 4.05% per annum payable in arrears semi-annually.

25 Financial derivatives

	2013 RMB'000	2012 RMB'000
Interest rate swaps	11,687	25,761

26 Trade and other payables

	2013 RMB'000	2012 RMB'000
Trade creditors and bills payable	78,742,359	49,838,127
Other payables and accruals	40,804,149	31,839,905
Amounts due to associates	2,519,356	907,773
Amounts due to joint ventures	10,346,141	1,919,788
Receipts in advance	155,518,071	130,989,093
Gross amount due to customers for contract work (note 20(d))	-	34,884
	287,930,076	215,529,570

Included in trade and other payables is an amount of RMB1,431 million (2012: RMB1,389 million), including retention payable of RMB547 million (2012: RMB451 million), which are expected to be settled after one year.

26 Trade and other payables (continued)

Included in other payables and accruals is amounts of RMB31,992 million (2012: RMB23,271 million) representing advance from non-controlling shareholders of subsidiaries and other parties for the respective property development projects. The balances except for an amount of RMB12,604 million (2012: RMB6,130 million) are interest bearing at market rate, are interest free, unsecured and repayable on demand.

The amounts due to associates and joint ventures include an amount of RMB1,123 million (2012: RMB959 million) which are interest bearing at market rate, unsecured and repayable on demand. The interest expenses to these associates and joint ventures amounted to RMB53 million (2012: RMB74 million) in 2013. The remaining amounts due to associates and joint ventures are unsecured, interest free and repayable on demand.

27 Income tax in the statement of financial position

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

	2013 RMB'000	2012 RMB'000
CIT and Hong Kong Profits Tax	2,947,326	2,873,002
LAT	5,408,438	5,847,874
	<u>8,355,764</u>	<u>8,720,876</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 2013 and 2012.

(b) Deferred tax assets

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

	2013 RMB'000	2012 RMB'000
Tax losses	1,613,277	1,029,526
Bad debt provision and write-down of inventories	46,580	37,553
Accruals for construction costs	336,461	261,683
Accrual for LAT	1,070,185	1,272,795
Unrealised profits	362,615	381,621
Other temporary differences	96,144	236,716
	<u>3,525,262</u>	<u>3,219,894</u>

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

(b) Deferred tax assets (continued)

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

	2013 RMB'000	2012 RMB'000
Tax losses	630,762	966,124
Deductible temporary differences	91,519	89,863
	722,281	1,055,987

The tax losses expire between 2014 and 2018. The deductible temporary differences will not expire 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:

	2013 RMB'000	2012 RMB'000
Fair value adjustments arising from business combinations and available-for-sale securities	874,036	958,033
Withholding tax (note)	68,173	69,022
	942,209	1,027,055

Pursuant to the Implementation Rules of the Enterprise Income Tax Law, overseas investors of foreign investment enterprises shall be liable for withholding income tax at 10% on the dividend derived from the profits of PRC subsidiaries with effect from 1 January 2008, unless the tax rate is reduced by treaty. Pursuant to the Sino-Hong Kong Double Tax Arrangements, the investor established in Hong Kong which is the beneficiary owner holding not less than 25% of the equity interests of its PRC subsidiaries can enjoy a reduced withholding tax rate of 5% on the dividend received from its PRC subsidiaries. The Group recognised the deferred tax liabilities in relation to the distributable profits expected to be distributed in foreseeable future.

At 31 December 2013, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB4,410 million (2012: RMB1,951 million). Deferred tax liabilities of RMB290 million (2012: RMB98 million) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

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

(d) Movements in deferred taxation, net:

	2013 RMB'000	2012 RMB'000
At 1 January	2,192,839	1,221,480
Net credit to profit or loss (note 9(a))	391,623	962,235
Net (charge) / credit to other comprehensive income (note 10(a))	(290)	9,124
Disposal of subsidiaries	(1,119)	-
At 31 December	<u>2,583,053</u>	<u>2,192,839</u>

28 Provisions

	2013 RMB'000	2012 RMB'000
Balance at 1 January	44,292	38,678
Provisions made during the year	4,675	12,346
Provisions used during the year	(2,090)	(6,732)
Balance at 31 December	<u>46,877</u>	<u>44,292</u>

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

29 Other non-current liabilities

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

30 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.

30 Equity settled share-based transactions (continued)

On 11 May 2012, pursuant to the approval given at the Company's annual general meeting, the Company implemented profit appropriation proposal for the year 2011. Pursuant to the proposal, a cash dividend of RMB 1.3 was paid for every ten existing shares held, thereby the exercising price of each option was adjusted to RMB8.66. On 16 May 2013, pursuant to the approval given at the Company's annual general meeting, the Company implemented profit appropriation proposal for 2012. Pursuant to the proposal, a cash dividend of RMB1.8 was paid for every ten existing shares held, thereby the exercising price of each option was adjusted to RMB8.48.

On 19 April 2013, the board approved the proposal for the second vesting condition accomplishment of the share option scheme. Pursuant to the approval, the second vesting period commenced from 29 May 2013.

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

	2013 Number '000
Outstanding at the beginning of the year	93,167
Exercised during the year	(19,416)
Forfeited during the year	(2,813)
	70,938
Outstanding at the end of the year	70,938
Exercisable at the end of the year	45,462

The weighted average share price at the date of exercise for shares options exercised during the year was RMB8.48, after adjusting for effect from declaration of dividend.

The options outstanding at 31 December 2013 had an exercise price of RMB8.48 and a weighted average remaining contractual life of 2 years.

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

	Exercise price *	2013 Number '000
	RMB	
25 April 2012 to 24 April 2014	8.48	21,086
25 April 2013 to 24 April 2015	8.48	24,376
25 April 2014 to 22 April 2016	8.48	25,476
		70,938

30 Equity settled share-based transactions (continued)

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

* The original exercise price is RMB8.89. The exercise price was adjusted to RMB8.48 (2012: RMB8.66) after declaration of dividends since the issue of the share options in accordance with the terms and conditions of the share option scheme.

31 Capital, reserves and dividends

(a) *Share capital:*

	2013 RMB'000	2012 RMB'000
Authorised, issued and fully paid:		
A shares of RMB1 each	9,700,014	9,680,598
B shares of RMB1 each	1,314,955	1,314,955
	11,014,969	10,995,553

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

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

During the reporting period, the company issued 19,415,801 (2012: 342,900) A shares upon exercise of share options by 278 (2012: 23) beneficiaries under the share option scheme as set out in note 30.

(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(t)(ii).

31 Capital, reserves and dividends (continued)

(b) Nature and purpose of reserves (continued)

(ii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law, the Group 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 2013, the Company transferred RMB779,590,000 (2012: RMB561,387,000), 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.

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 2013, the directors proposed to transfer RMB2,338,769,000 (2012: RMB2,806,937,000), being 30% (2012: 50%) of the Company's current year's net profit as determined in accordance with the PRC accounting rules and regulations, to this reserve.

(iii) Exchange reserve

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

(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.

31 Capital, reserves and dividends (continued)

(c) Dividends

- (i) Dividend payable to equity shareholders of the Company attributable to the year

	2013 RMB'000	2012 RMB'000
Dividend to be proposed at the Company's forthcoming annual general meeting of RMB0.41 per share (2012: RMB0.18 per share)	4,516,137	1,979,200

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

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

(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.

31 Capital, reserves and dividends (continued)

(d) Capital management (continued)

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 2013 and 2012 is calculated as follows:

	2013 RMB'000	2012 RMB'000
Bank loans and borrowings from financial institutions	69,307,435	65,711,811
Bonds payable	7,398,392	5,881,618
Less: Cash and cash equivalents	(43,004,149)	(51,120,224)
Pledged deposits	(1,361,261)	(1,171,318)
Net debt	<u>32,340,417</u>	<u>19,301,887</u>
Total equity	<u>105,439,423</u>	<u>82,138,195</u>
Gearing ratio	<u>30.7%</u>	<u>23.5%</u>

32 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.

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

32 Financial risk management and fair values (continued)

(a) Credit risk (continued)

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

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

At the end of the reporting period, 23.49% (2012: 27.87%) of the total trade receivables was due from the Group's five largest trade debtors.

Except for the financial guarantees given by the Group as set out in note 34, 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:

	2013				
	<i>Total contractual Carrying amount</i>	<i>undiscounted cash flow</i>	<i>Within 1 year or on demand</i>	<i>More than 1 year but less than 2 years</i>	<i>More than 2 years but less than 5 years</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and borrowings from financial institutions	69,307,435	77,401,937	36,114,292	20,645,220	20,642,425
Bonds payable	7,398,392	8,621,772	235,472	235,472	8,150,828
Trade creditors and accruals	135,898,318	137,098,856	135,668,157	921,047	509,652
Financial derivatives	11,687	11,687	11,687	-	-
Interest payable	291,244	291,244	291,244	-	-
Other non-current liabilities	42,955	42,955	-	-	42,955
Total	212,950,031	223,468,451	172,320,852	21,801,739	29,345,860

32 Financial risk management and fair values (continued)

(b) Liquidity risk (continued)

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

(c) Interest rate risk

The Group's interest rate risk arises primarily from its cash and 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, 24 and 26 to the consolidated financial statements.

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates of cash and bank loans and borrowings from financial institutions of the Group, with all other variables held constant, would have decreased/increased the Group's profit after tax and total equity by approximately RMB59 million (2012: RMB81 million).

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

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

32 Financial risk management and fair values (continued)

(d) Currency risk

The Group is exposed to foreign currency risk primarily on cash and cash equivalents, available-for-sale securities, trade and other receivables and borrowings which are denominated in United States Dollars, Hong Kong Dollars and Singapore Dollars.

Cash and cash equivalents denominated in foreign currencies are as follows:

	2013 RMB'000	2012 RMB'000
United States Dollars	1,234,916	1,305,831
Hong Kong Dollars	403,784	333,206
Singapore Dollars	<u>5,810</u>	<u>-</u>

Available-for-sale securities denominated in foreign currencies are as follows:

	2013 RMB'000	2012 RMB'000
Hong Kong Dollars	<u>2,460,264</u>	<u>-</u>

Trade and other receivables denominated in foreign currencies are as follows:

	2013 RMB'000	2012 RMB'000
Hong Kong Dollars	574,382	-
Singapore Dollars	<u>284,005</u>	<u>-</u>

32 Financial risk management and fair values (continued)

(d) Currency risk (continued)

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

	2013 RMB'000	2012 RMB'000
United States Dollars	6,928,847	3,972,044
Hong Kong Dollars	869,930	-
Singapore Dollars	666,862	-
Renminbi	1,989,317	-

Sensitivity analysis

Based on the assumption that Hong Kong Dollars continue to be pegged to United States Dollars, management estimated that a 3% (2012: 10%) appreciation/depreciation of United States Dollars/Hong Kong Dollars against Renminbi, the Group's profit would be increased/decreased RMB51 million (2012: RMBNil) and the Group's equity would be decreased/increased by approximately RMB94 million (2012: RMB522 million). At the same time, management estimated that a 3% (2012: RMBNil) appreciation/depreciation of Singapore Dollars against RMB would have no effect to the profit of the Group and the Group's equity would be decreased/increased by approximately RMB12 million (2012: RMBNil).

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.

(e) Fair values

(i) Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-levels fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial instruments

32 Financial risk management and fair values (continued)

(e) Fair values (continued)

(i) Financial instruments measured at fair value (continued)

- Level 2 valuations: fair value measured using level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: fair value measured using significant unobservable inputs

31 December 2013

In millions of RMB

	<i>Fair value at 31 December 2013</i>	<i>Fair value measurements as at 31 December 2013 categorised into</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets				
Available-for-sale securities	2,466	2,466	-	-
Liabilities				
Interest rate swaps	12	12	-	-

31 December 2012

In millions of RMB

	<i>Fair value at 31 December 2012</i>	<i>Fair value measurements as at 31 December 2012 categorised into</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Liabilities				
Interest rate swaps	26	26	-	-

(ii) Fair value of financial assets and liabilities carried at other than fair value.

The carrying amount of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 31 December 2012 and 2013.

33 Commitments

(a) *Capital commitments outstanding at 31 December 2013 not provided for in the financial statements were as follows:*

	2013 RMB'000	2012 RMB'000
Construction and development contracts	76,575,250	45,734,215
Land agreements	10,440,577	20,991,522
	<u>87,015,827</u>	<u>66,725,737</u>

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

(b) *At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:*

	2013 RMB'000	2012 RMB'000
Within 1 year	62,148	45,839
After 1 year but within 2 years	85,137	39,489
After 2 years but within 3 years	63,750	33,241
After 3 years	27,399	41,087
	<u>238,434</u>	<u>159,656</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.

34 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 RMB40,949 million (2012: RMB29,360 million), including guarantees of RMB40,860 million (2012: RMB29,269 million) which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties, and guarantees of RMB89 million (2012: RMB91 million) which will be terminated upon full repayment of mortgage loans by buyers to the banks.

34 Contingent liabilities (continued)

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.

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.

Details of the financial guarantees issued by the Group for certain associates are set out in note 35(e).

35 Material related party transactions

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

Associates	(note 15, 20& 26)
Joint ventures	(note 16, 20& 26)
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>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	RMB'000	RMB'000	RMB'000	RMB'000
China Resources SZITIC Trust Co., Ltd. (the "Trust")	4,100,000	5,100,000	390,250	370,849

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 at the time of borrowing, are unsecured and repayable in 2014.

35 Material related party transactions (continued)

(c) Key management personnel remuneration

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

	2013 RMB'000	2012 RMB'000
Short-term employee benefits	112,717	106,403
Accrued Economic Profits Bonus *	100,465	86,760

* 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 bonus will be fully distributed in future years.

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

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:

	2013 RMB'000	2012 RMB'000
Sales of properties to the key management personnel	-	14,859
Related cost of sales	-	(7,027)
Gross profit	-	7,832
Estimated fair value of the properties sold to the key management personnel	-	16,372

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

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 2013, the outstanding options held by the key management personnel amounted to 22,680,000 (2012:30,900,000) (see notes 8(b) and 30).

35 Material related party transactions (continued)

(d) *Disposal of interests in a subsidiary to a related party*

In February 2013, the Group disposed its 39% equity interests of the Shanghai Hongqiao Project No. 11 (“Project No. 11”) to Shenzhen Huawei Xincheng No. 1 Partnership Enterprise (Limited Partnership) at a consideration of RMB32 million. Shenzhen Huaxin City No. 1 Investment Partnership (Limited Partnership) is the related party of China Resources Co., Limited, the largest shareholder of the Company.

(e) *Financial guarantees issued*

As at 31 December 2013, the Group provided certain guarantees to secure the loans borrowed by certain associates. The outstanding guarantees amounted to RMB146 million (2012: RMB427 million). The directors do not consider it probable that a claim will be made against the Group under any of these guarantees. Accordingly, the Group did not recognise any deferred income in this respect.

36 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>
25 January 2013	Beijing Jingtouyangguang Real Estate Development Co., Ltd.	51%	RMB136,184,000
28 January 2013	Tangshan Ershierye Wanzhu Real Estate Development Co., Ltd.	80%	RMB40,000,000
1 January 2013	Shenzhen Shangmo Development Co., Ltd.	60%	RMB 465,000,000
1 January 2013	Yantai Zhulinyuan Property Co., Ltd.	51%	RMB 5,100,000
25 January 2013	Zhengzhou Meiming Technology Comprehensive Co., Ltd.	100%	RMB 30,000,000
28 January 2013	Henan Meijingzhizhou Real Estate Development Co., Ltd.	100%	RMB 100,000,000
5 March 2013	Beijing Mingdayuantong Investment Management Co., Ltd.	90%	RMB 90,000
28 February 2013	Chengdu Chuanmeiwenhua Property Co., Ltd.	60%	RMB72,345,000
18 March 2013	Beijing Kaidexinming Real Estate Development Co., Ltd.	100%	RMB502,000,000
31 March 2013	Yunnan Zhewan Property Co., Ltd.	55%	RMB4,500,000
18 January 2013	Changsha Vanke Huanqiucun Property Co., Ltd.	80%	RMB346,930,000
1 April 2013	Hunan Baihui Investment Co., Ltd.	51%	RMB315,473,000
15 April 2013	Guiyang Chuangyuan Real Estate Development Co., Ltd.	70%	RMB52,869,000
3 May 2013	Wuhan Wanyuecheng Real Estate Development Co., Ltd.	100%	RMB10,000,000
24 April 2013	Henan Meijinghongcheng Property Co., Ltd.	51%	RMB35,777,000
3 May 2013	Zhengzhou Meidi Property Co., Ltd.	51%	RMB5,100,000
5 June 2013	Zhengzhou Hangkonggangqu Vanke Property Co., Ltd.	100%	RMB30,000,000
27 June 2013	Shandong Leshui Property Co., Ltd.	100%	RMB20,000,000
5 August 2013	Shanxi Chicheng Real Estate Development Co., Ltd.	100%	RMB72,560,000
22 August 2013	Shanxi Lichangyuan Real Estate Development Co., Ltd.	100%	RMB120,000,000
2 August 2013	Shanxi Zhongshuo Real Estate Development Co., Ltd.	100%	RMB10,000,000

36 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>
16 August 2013	Shenzhen Xicheng Real Estate Development Co., Ltd.	90%	RMB9,000,000
25 July 2013	Xian Qingye Real Estate Development Co., Ltd.	100%	RMB4,390,000
6 September 2013	Xian Tangan Real Estate Development Co., Ltd.	100%	RMB23,160,000
9 August 2013	Dongguan Ruiqizhuoying Industrial Investment Co., Ltd.	55%	RMB2,750,000
18 September 2013	Guangzhou Rongda Household Electrical Appliances Co., Ltd.	83%	RMB253,000,000
20 November 2013	Zhongshan Keyu Real Estate Development Co., Ltd.	75%	RMB7,500,000
8 July 2013	Charm East Limited	100%	HKD \$1

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

	RMB'000
Current assets	14,825,851
Non-current assets	724,282
Current liabilities	(10,191,492)
Non-current liabilities	(2,002,047)
Non-controlling interests	(682,570)
Group's share of net identifiable assets and liabilities	<u>2,674,024</u>
Total consideration	2,674,024
Consideration to be paid subsequent to 2013	(726,576)
Consideration paid in 2013	1,947,448
Total cash and cash equivalents acquired	<u>(888,506)</u>
Net cash outflow	<u><u>1,058,942</u></u>

The above subsidiaries contributed an aggregate revenue of RMB816 million and net profit attributable to the equity shareholders of the Company of RMB24 million to the Group for the year ended 31 December 2013. Should the acquisitions had occurred on 1 January 2013, the consolidated revenue and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2013 would have been RMB127,456 million and RMB15,115 million respectively.

36 Acquisitions of subsidiaries (continued)

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.

37 Disposal of subsidiaries

During the year, the Group has disposed certain subsidiaries which hold property development projects. Subsequent to the disposals, these entities are no longer subsidiaries of the Group and became joint ventures or associate of the Group respectively.

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

	RMB'000
Current assets	(16,336,715)
Interest in joint ventures and associates	213,032
Other non-current assets	(374,115)
Current liabilities	16,271,741
Net identifiable assets and liabilities disposed of	<u>(226,057)</u>
Consideration received, satisfied in cash	230,702
Cash and cash equivalents disposed of	<u>(40,006)</u>
Net cash inflow	<u><u>190,096</u></u>

38 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 31(c).

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2013

Up to date of issue of these financial statements, the IASB has issued a few of amendments and a new standard which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments and standards 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.

40 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	RMB600,000,000.00	100%	100%	Property development
Guangzhou Vanke Real Estate Company Limited	Guangzhou	RMB1,000,000,000.00	100%	100%	Property development
Shanghai Vanke Real Estate Company Limited	Shanghai	RMB800,000,000	100%	100%	Property development
Beijing Vanke Enterprises Shareholding Company Limited	Beijing	RMB2,000,000,000.00	100%	100%	Property development
Foshan Vanke Real Estate Company Limited	Foshan	RMB80,000,000	100%	100%	Property development
Dongguan Vanke Real Estate Company Limited	Dongguan	RMB300,000,000	100%	100%	Property development
Zhuhai Vanke Real Estate Company Limited	Zhuhai	RMB10,000,000	100%	100%	Property development
Xiamen Vanke Real Estate Company Limited	Xiamen	RMB50,000,000	100%	100%	Property development
Fuzhou Vanke Real Estate Company Limited	Fuzhou	RMB20,000,000.00	100%	100%	Property development
Hainan Vanke Property Development Company Limited	Hainan	RMB10,000,000.00	100%	100%	Property development
Nanjing Vanke Property Company Limited	Nanjing	RMB150,000,000.00	100%	100%	Property development
Jiangsu Sunan Vanke Real Estate Company Limited	Suzhou	RMB30,000,000.00	100%	100%	Property development
Ningbo Vanke Real Estate Company Limited	Ningbo	RMB150,000,000.00	100%	100%	Property development
Hefei Vanke Property Company Limited	Hefei	RMB200,000,000.00	100%	100%	Property development
Tangshan Vanke Real Estate Company Limited	Tangshan	RMB200,000,000.00	100%	100%	Property development
Tianjin Vanke Real Estate Company Limited	Tianjin	RMB390,000,000.00	100%	100%	Property development
Shenyang Vanke Real Estate Development Company Limited	Shenyang	RMB100,000,000.00	100%	100%	Property development
Dalian Vanke Real Estate Development Company Limited	Dalian	RMB32,000,000.00	100%	100%	Property development
Dalian Vanke City Property Company Limited	Dalian	USD42,000,000.00	100%	100%	Property development
Changchun Vanke Real Estate Company Limited	Changchun	RMB50,000,000.00	100%	100%	Property development
Yantai Vanke Property Development Company Limited	Yantai	RMB30,000,000.00	100%	100%	Property development
Taiyuan Vanke Real Estate Company Limited	Taiyuan	RMB 60,000,000.00	100%	100%	Property development
Qingdao Vanke Real Estate Company Limited	Qingdao	RMB20,000,000.00	100%	100%	Property development

40 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	RMB80,000,000.00	100%	100%	Property development
Wuhan Vanke Real Estate Company Limited	Wuhan	RMB150,000,000.00	100%	100%	Property development
Vanke (Chongqing) Real Estate Company Limited	Chongqing	RMB100,000,000.00	100%	100%	Property development
Xian Vanke Enterprises Shareholding Company Limited	Xi'an	RMB20,000,000.00	100%	100%	Property development
Guiyang Vanke Real Estate Company Limited	Guiyang	RMB100,000,000.00	100%	100%	Property development
Kunming Vanke Property Development Co., Ltd.	Kunming	RMB20,000,000.00	100%	100%	Property development
Xinjiang Vanke Real Estate Company Limited	Urumuqi	RMB100,000,000.00	100%	100%	Property development
Zhejiang Zhenan Vanke Property Development Company Limited	Zhuhai	RMB1,300,000,000.00	100%	100%	Property development
Zhongshan Vanke Real Estate Company Limited	Zhongshan	USD12,000,000.00	100%	100%	Property development
Changsha Vanke Real Estate Development Company Limited	Changsha	RMB20,000,000.00	100%	100%	Property development
Wuhu Vanke Real Estate Company Limited	Wuhu	RMB60,000,000.00	100%	100%	Property development
Yangzhou Vanke Real Estate Company Limited	Yangzhou	RMB10,000,000.00	100%	100%	Property development
Zhengzhou Vanke Real Estate Company Limited	Zhengzhou	RMB100,000,000.00	100%	100%	Property development
Xuzhou Vanke Real Estate Company Limited	Xuzhou	RMB100,000,000.00	100%	100%	Property development
Jinan Vanke Real Estate Development Company Limited	Jinan	RMB100,000,000.00	100%	100%	Property development
Nanning Vanke Property Company Limited	Nanning	RMB10,000,000.00	100%	100%	Property development
Changzhou Vanke Property Company Limited	Changzhou	RMB500,000,000.00	100%	100%	Property development
Shenyang Vanke Hengxiang Property Company Limited	Shenyang	RMB2,500,000,000.00	82%	60%	Property development
Shanghai Wanjiu Lvhe Property Company Limited	Shanghai	RMB1,800,000,000.00	51%	51%	Property development
Shanghai Xiangda Real Estate Development Company Limited	Shanghai	RMB1,783,000,000.00	75%	75%	Property development
Shenyang Vanke Dongban Property Company Limited	Shenyang	RMB1,700,000,000.00	70%	67%	Property development
Beijing Wukuang Vanke Property Company Limited	Beijing	RMB1,544,750,000.00	49%	60%	Property development
Guangzhou Wanyi Vanke Real Estate Company Limited	Guangzhou	RMB1,050,258,000.00	55%	55%	Property development
Shenyang Vanke Hunnan Jinyu Property Company Limited	Shenyang	RMB1,022,520,000.00	100%	100%	Property development
Beijing COSCO Vanke Jiarifengjing Real Estate Development Company Limited	Beijing	RMB830,000,000.00	50%	60%	Property development

40 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>
Shenzhen Shangmo Development Co., Ltd.	Shenzhen	RMB775,000,000.00	60%	60%	Property development
Guangzhou Wanxin Vanke Real Estate Company Limited	Guangzhou	HKD760,000,000.00	100%	100%	Property development
Beijing Wanxin Investment Development Company Limited	Beijing	RMB740,000,000.00	100%	100%	Project Investment
Shanghai Meilanhuafu Property Company Limited	Shanghai	RMB700,000,000.00	100%	100%	Property development
Ningbo Jiangbei Vanke Property Company Limited	Ningbo	RMB675,000,000.00	100%	100%	Property development
Hangzhou Wanhong Property Company Limited	Hangzhou	RMB650,820,000.00	51%	51%	Property development
Ningbo Wangang Real Estate Company Limited	Ningbo	RMB603,750,000.00	100%	100%	Property development
Shenyang Vanke Jinyulanwan Real Estate Company Limited	Shenyang	RMB578,150,000.00	100%	100%	Property development
Chengdu Vanke Chenghua Property Company Limited	Chengdu	RMB554,479,000.00	85%	85%	Property development
Yangzhou Wanwei Property Company Limited	Yangzhou	RMB550,000,000.00	65%	66.7%	Property development
Beijing Zhuzong Vanke Real Estate Company Limited	Beijing	RMB550,000,000.00	50%	60%	Property development
Hefei Vanke Haozhi Real Estate Company Limited	Hefei	RMB550,000,000.00	55%	67%	Property development
Shanghai Wanshi Property Company Limited	Shanghai	RMB502,000,000.00	100%	100%	Property development
Tianjin Wanshang Property Investment Company Limited	Tianjin	RMB500,000,000.00	51%	60%	Property development
Wenzhou Vanke COSCO Property Company Limited	Wenzhou	RMB500,000,000.00	60%	60%	Property development

No individual non-controlling interest is considered material to the Group as at 31 December 2013 and 2012.