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CHINA VANKE CO., LTD. *

萬科企業股份有限公司

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

(Stock code: 2202)

THIRD QUARTERLY REPORT

The board of directors (the “**Board**”) of China Vanke Co., Ltd. (the “**Company**”) is pleased to announce the unaudited quarterly report of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 30 September 2014, which has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) (the “**Quarterly Report**” or the “**Report**”). This announcement is made pursuant to the inside information provisions set out in Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the requirements under Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§1 IMPORTANT

- 1.1** The Board, the Supervisory Committee and the Directors, Supervisors 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.
- 1.2** None of the Directors, Supervisors or senior management is unable to guarantee or has any objection to the truthfulness, accuracy and completeness of the content of this report.
- 1.3** Directors Qiao Shibo and Wei Bin were not able to attend the Board meeting in person due to their business engagements and had authorised Director Chen Ying to represent them and vote on their behalf at the Board meeting. Director Sun Jianyi was not able to attend the Board meeting in person due to his business engagements and had authorised Director Yu Liang to represent him and vote on his behalf at the Board meeting. Independent Director Hua Sheng and independent Director Hai Wen were not able to attend the Board meeting due to their business engagements and had authorised independent Director Law Elizabeth to represent them and vote on their behalf at the Board meeting.
- 1.4** The financial statements contained in this Quarterly Report of the Company have not been audited.

- 1.5** Chairman Wang Shi, Director and President Yu Liang, and Director, Executive Vice President, Chief Financial Officer and Supervisor of Finance Wang Wenjin declare that the financial statements contained in the Quarterly Report are warranted to be true, accurate and complete.
- 1.6** The Company prepared the Quarterly Report in both English and Chinese versions. In the event of any discrepancy in interpretation between the English version and Chinese version of the Quarterly Report, the Chinese version shall prevail.

§2 BASIC CORPORATE INFORMATION

2.1 Major financial data and indicators prepared in accordance with the IFRS

(Unit: RMB'000)

	As at 30 Sept. 2014	As at 31 Dec. 2013	Change (+/-)	
Total assets	520,234,698	479,474,818	8.50%	
Equity attributable to equity shareholders of the Company	78,529,485	76,895,983	2.12%	
Share capital	11,017,066	11,014,969	0.02%	
Total equity per share attributable to equity shareholders of the Company (RMB)	7.13	6.98	2.10%	
	Jul. to Sept. 2014	YOY change (+/-)	Jan. to Sept. 2014	YOY change (+/-)
Revenue	20,821,153	0.55%	59,331,036	-0.53%
Profit for the period attributable to equity shareholders of the Company	1,648,895	2.80%	6,458,133	4.84%
Net cash generated from operating activities	13,771,818	707.13%	17,204,500	242.65%
Net cash generated from operating activities per share (RMB)	1.25	710.72%	1.56	242.62%
Basic earnings per share (RMB)	0.150	2.74%	0.586	4.78%
Diluted earnings per share (RMB)	0.150	2.74%	0.586	4.78%
Return on equity	2.12%	Decrease by 0.26 percentage point	8.28%	Decrease by 1.03 percentage points

- Notes:*
- The equity and earning/return used in the above calculation refer to the equity attributable to equity shareholders of the Company and the profit for the period attributable to equity shareholders of the Company respectively;
 - The above return on equity is calculated on a weighted average basis;
 - As a result of exercise of a portion of the stock options under the A-Share Stock Option Incentive Scheme, the total number of shares the Company for the nine months ended 30 September 2014 increased by 2,097,050 shares.

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

As at 30 September 2014, the total number of shareholders of the Company was 619,759 (including 619,745 holders of A shares and 14 holders of H shares).

Name of shareholder	Shareholdings of the top 10 shareholders				
	Classification of shareholder	Percentage of shareholdings	Total number of shares held	Number of restricted shares held	Number of pledged or lock-up shares
China Resources Co, Limited (“CRC”)	State-owned legal person	14.94%	1,645,494,720	0	0
HKSCC NOMINEES LIMITED ^{Note 1}	Foreign legal person	11.94%	1,314,945,777	0	0
Guosen Securities – ICBC – Guosen Jin Peng Classified No. 1 Collective Asset Management Plan	Others	3.30%	364,036,073	0	0
Ampang Life Insurance Co., Ltd. – Steady Investment Portfolio	Others	2.13%	234,552,728	0	0
GIC PRIVATE LIMITED	Others	1.42%	156,870,944	0	0
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	Others	1.26%	139,073,560	0	0
Liu Yuansheng	Others	1.21%	133,791,208	0	0
China Minsheng Banking Corp. Ltd – Yinhua Shenzhen 100 Index Classified Securities Investment Fund	Others	0.92%	101,033,100	0	0
UBS AG	Others	0.64%	70,698,939	0	0
Staff Committee of China Vanke Co., Ltd.	Others	0.61%	67,168,517	0	0
Remarks on strategic investor or ordinary legal person becoming top 10 shareholders after placing of new shares	Nil				

Shareholdings of the top 10 holders of non-restricted shares

Name of shareholder	Number of non-restricted shares held	Class of shares
CRC	1,645,494,720	A shares
HKSCC NOMINEES LIMITED <i>Note 1</i>	1,314,945,777	H shares
Guosen Securities – ICBC – Guosen Jin Peng Classified No. 1 Collective Asset Management Plan	364,036,073	A shares
Ampang Life Insurance Co., Ltd. – Steady Investment Portfolio	234,552,728	A shares
GIC PRIVATE LIMITED	156,870,944	A shares
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	139,073,560	A shares
Liu Yuansheng	133,791,208	A shares
China Minsheng Banking Corp. Ltd – Yinhua Shenzhen 100 Index Classified Securities Investment Fund	101,033,100	A shares
UBS AG	70,698,939	A shares
Staff Committee of China Vanke Co., Ltd.	67,168,517	A shares
Remarks on the connected relationship or action in concert of the aforementioned shareholders	It is not known as to whether there are connections or persons deemed to be acting in concert under the Measures for the Administration of the Takeover of Listed Companies among the abovementioned shareholders.	
Remarks on the above shareholders involved in securities margin trading and repurchase agreement	Nil	

Note 1: Shares held by HKSCC NOMINEES LIMITED were the total number of H shares traded on the trading platform of HKSCC NOMINEES LIMITED;

As at 30 September 2014, the total number of shares of the Company was 11,017,065,969 shares, including 9,702,110,501 A shares and 1,314,955,468 H shares.

§3 MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the residential property market continued to experience adjustments that had begun since the beginning of the year. During the third quarter, the sales area of commodity residential properties in the country decreased by 14.2% as compared to that in the same period of last year and the decrease was 4.9 percentage points higher than that in the second quarter. In the 14 cities (Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi and Suzhou), the sales area of residential properties was down by 21.5% as compared to that in the same period of last year.

Despite continued growth in the first and second quarters, the approved pre-sales area of new properties in the above cities slowed down in the third quarter, representing a decrease of 9.5% as compared to that in the last quarter and 10.8% as compared to that in the same period of last year. Due to the decrease in supply of new properties, the ratio of area sold to approved pre-sales area (area of commodity residential properties sold/approved pre-sales area of new properties) in the above cities slightly increased from 0.65 in the second quarter to 0.71 in the third quarter. Notwithstanding this, the oversupply of properties will remain in the market in the short term and the inventory of new properties in the market will further increase. As at the end of September, the inventory turnover days in the above cities increased from 15.3 months as at the end of June to 16.4 months.

As a result of continued market adjustments, during the third quarter, the majority of cities that are subject to purchase restrictions successively made adjustments to their policies. In late September, the central bank and China Banking Regulatory Commission issued the *Notice on Further Improving Housing Financial Services* to encourage and support the reasonable housing demand from households in terms of granting credit lines. These policies and measures, to a certain extent, are conducive to reinforcing market confidence, facilitating the release of housing demand and promoting the “soft landing” of the industry.

During the reporting period, insisting on a mainstream product positioning, the Group continued to carry out proactive sales strategy and promote innovative marketing model. During the third quarter, the Group realised a sales area of 4.426 million sq.m. and a sales amount of RMB48.15 billion, representing an increase of 15.8% and 7.4% as compared with those in the same period of last year, respectively. From January to September, the Group recorded, in aggregate, a sales area of 12.638 million sq.m. and a sales amount of RMB149.06 billion, representing an increase of 15.0% and 16.0% as compared with those in the same period of last year, respectively.

During the first three quarters, the Group realised a floor area of new start projects of 13.672 million sq.m., accounting for 61.1% of the planned floor area of new start projects for the whole year. Since the beginning of the year, due to ongoing market adjustments, some cities with a higher level of inventory faced fiercer competition. In order to ensure product marketability, the Company moderately refined and optimised the planning and design proposal of some projects, resulting in delay in the preparatory work of the projects. As a result, the progress of new start projects of the Group since the beginning of the year was slower than expected and the floor area of new start projects for the whole year was expected to be slightly less than estimated at the beginning of the year. These adjustments are conducive to maintaining the market competitiveness of the Company and a sound inventory and supply structure. For the first three quarters, the Group realised a completed floor area of 6.616 million sq.m., accounting for 44.7% of the planned floor area to be completed for the full year and representing a decrease of 5.8 percentage points as compared to that in the same period of last year. Compared with prior years, the Group’s feature of concentration of completion in the fourth quarter is increasingly evident this year. Facing with the peak of completion and delivery in the upcoming months, it is expected that the completed floor area for the whole year will be substantially the same as the estimated area at the beginning of the year.

Since a majority of the projects will be completed in the fourth quarter, the Group’s booked revenue in the first three quarters accounts for a relatively lower proportion of the results for the whole year. During the reporting period, the Group realised a booked area of 1.908 million sq.m. and a booked revenue of RMB20.30 billion, representing a decrease of 0.8% and an increase of 0.1% as compared to those in the same period of last year, respectively. The Group’s revenue amounted to RMB20.82 billion, representing an increase of 0.5% as compared to that in the same period of last year, while its net profit attributable to equity shareholders of the Company was RMB1.65 billion, representing an increase of 2.8% as compared with that in the same period of last year. During January to September 2014, the Group realised, in aggregate, a booked area of 5.540 million sq.m. and a booked revenue of RMB57.85 billion, representing a decrease of 4.6% and 1.1% as compared with those in the same period of last year, respectively. The Group’s revenue amounted to RMB59.33 billion, representing a decrease of 0.5% as compared to that in the same period of last year, while its net profit attributable to equity shareholders of the Company was RMB6.46 billion, representing an increase of 4.8% as compared with that in the same period of last year.

During the reporting period, the Group continued to actively explore the operating model of “light asset and operation focusing”. The Group recorded an investment gain of RMB1.63 billion for the first three quarters, representing an increase of 216.1% as compared with that in the same period of last year. The Group’s investment income mainly generated from share of profit from the Company’s associates and joint ventures, income from collaborative projects and disposal of commercial properties through equity transfer.

As at the end of the reporting period, the Group had a total area of 19.031 million sq.m. sold but not yet booked in the consolidated statements and these unbooked resources had a contract amount of approximately RMB219.37 billion, representing an increase of 32.4% and 35.1% as compared with those at the beginning of the year, respectively.

The Group actively promoted stock clearance and continued to maintain a reasonable inventory structure. As at the end of September, the Group's inventories included RMB24.95 billion of completed properties, accounting for 7.1%.

During the reporting period, the land market in major cities cooled down significantly. In the 16 cities where public data is available for track (Shenzhen, Guangzhou, Dongguan, Foshan, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Beijing, Tianjin, Shenyang, Dalian, Wuhan, Chengdu and Chongqing), the supply area of residential land (including commercial – cum – residential land) substantially dropped by 54.1% as compared with that in the same period of last year, while the transaction area decreased by 59.7% as compared with that in the same period of last year. The percentage of aborted auctions further increased from 21% in the second quarter to 24%, whereas proportion of land sold with a premium decreased from 24% in the second quarter to 20%.

As the adjustments in the land market may continue to intensify, the Group adopted a prudent investment strategy and acquired a total of 27 projects during the first three quarters, with a site area attributable to the Company's equity holding of approximately 1.316 million sq.m., representing a corresponding planned gross floor area (“GFA”) of approximately 4.152 million sq.m. As at the end of the reporting period, the GFA of the Group's projects under planning attributable to the Company's equity holding amounted to approximately 38.792 million sq.m., which remained sufficient to meet the Group's development and operational needs within the next two to three years.

During the period, the Group continued to adhere to its “cash is king” strategy and maintained relatively healthy financial and capital conditions. As at the end of the reporting period, the Group's cash and cash equivalents (including restricted cash) amounted to RMB48.74 billion, representing an increase of RMB4.38 billion as compared to that at the beginning of the year. Excluding the advance payment, the other liabilities accounted for 41.3% of the total assets of the Group. The Group's net gearing ratio was 26.2%, down by 4.4 percentage points as compared with that at the beginning of the year and continued to stay at a relatively low level in the industry.

§4 SIGNIFICANT EVENTS

4.1 Material changes in major accounting items and financial indicators prepared in accordance with the IFRS and the reasons

√ Applicable □ Not applicable

Unit: RMB'000

Item	30 Sept. 2014	31 Dec. 2013	Change (+/-)	Remarks
Total assets	520,234,698	479,474,818	8.50%	Expansion of scale of operation
Interest in associates and joint ventures	16,392,170	10,531,426	55.7%	Increase in investment of associates and joint ventures
Other financial assets	134,180	2,572,246	-94.8%	Reclassification as interest in associates
Inventories	349,370,398	329,731,930	5.96%	Expansion of scale of operation
Trade and other receivables	79,079,748	68,218,739	15.92%	Increase in prepayment for construction work and amount due from joint ventures
Cash and cash equivalents	47,820,766	43,004,149	11.20%	Net cash flow generated from operating activities
Trade and other payables	329,475,951	287,930,076	14.43%	Increase in advance from customers
Current bank loans and borrowings from financial institutions	19,863,598	32,624,307	-39.11%	Change in debt structure
Non-current bank loans and borrowings from financial institutions	46,856,900	36,683,128	27.73%	Change in debt structure
Item	Jan.-Sept. 2014	Jan.-Sept. 2013	Change (+/-)	Remarks
Revenue	59,331,036	59,648,956	-0.53%	Decrease of booked area
Gross profit	15,164,999	16,605,261	-8.67%	Increase of land premium included in cost of goods sold
Income tax	4,138,037	4,596,434	-9.97%	Decrease of taxable income and Land Appreciation Tax
Other net income	933,020	55,380	1,584.76%	Increase of gain on disposals of commercial properties
Share of profits less losses of associates and jointly controlled entities	1,091,677	509,360	114.32%	Increase of profit of associates and negative goodwill recognised

4.2 Updates of significant events and analysis of its effects and solutions

Applicable Not applicable

Implementation of the Company's A Share Stock Option Incentive Scheme ("**Stock Option Incentive Scheme**") began after the Company's A Share Stock Option Incentive Scheme (Revised Draft) and relevant matters were approved at the first extraordinary general meeting of the Company for 2011 on 8 April 2011. 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 萬科 JLC1, and the stock option code is 037015.

The initial exercise price of the stock options was RMB8.89. On 27 May 2011 the Company implemented the proposal on dividend distribution for the year 2010. A cash dividend of RMB1.0 (including tax) would be paid to all the shareholders on the basis of every 10 existing shares held. Pursuant to the relevant provisions and approval of the general meeting, the Board adjusted the exercise price of the stock options to RMB8.79 accordingly. On 5 July 2012, the Company implemented the proposal on dividend distribution for the year 2011, and distributed a cash dividend of RMB1.3 (including tax) to all shareholders for every 10 existing shares held. Pursuant to the provisions, the exercise price of the stock options after adjustment 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 provisions, the exercise price of the stock options after adjustment was RMB8.48. On 8 May 2014, the Company implemented the proposal on dividend distribution for the year 2013, and distributed a cash dividend of RMB4.1 (including tax) to all shareholders for every 10 existing shares held. The Board again made corresponding adjustment to the exercise price of the stock options. The adjusted exercise price was RMB8.07.

Under the Company's Stock Option Incentive Scheme, beneficiaries opted to 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. On 19 September 2014, the third exercise period of the Stock Option Incentive Scheme commenced. The beneficiaries of the scheme could exercise their options that are exercisable in the third exercise period during the third exercise period of the Stock Option Incentive Scheme between 19 September 2014 and 24 April 2016.

A total of 2,038,850 stock options were exercised during the third quarter of 2014. As at 30 September 2014, there were 45,070,650 stock options granted but not yet exercised.

The introduction of the Stock Option Incentive Scheme has filled the gap in the Company's long-term incentive instruments, while establishing a check-and-balance mechanism between shareholders and the professional management team through linking up their interests. The scheme will further improve the Company's corporate governance structure and strengthen the Company's competitiveness.

4.3 Undertakings of the Company, shareholders and de facto controller

Applicable Not applicable

Undertaking	Content	Status
Other undertaking	China Resources National Corporation (“CRNC”), the parent company of CRC, being the Company’s original single largest shareholder and the present single largest shareholder, solemnly made an 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 peer competition between the CRNC and its subsidiaries with Vanke (including but not limited to reviewing the investment projects of the subsidiaries of the CRNC or those of Vanke that may face peer competition) and in the event of any disagreements or disputes arising from peer competition.	CRNC had fulfilled its undertaking

4.4 Warnings on any potential loss in accumulated net profits from the beginning of the year to the end of the next reporting period or any material change as compared with that in the same period of last year and the reasons

Applicable Not applicable

4.5 Other significant events

4.5.1 Investment of securities

Applicable Not applicable

4.5.2 Shareholding in other listed companies

Applicable Not applicable

(Unit: RMB’000)

Stock code	Short name	Initial investment amount	Shareholding percentage	Carrying amount as at the end of the period	Profit/loss from January to September 2014	Change in equity from January to September 2014
600751	Tianjin Marine	144	–	–	1,146	(869)
3698.HK	Huishang Bank	2,499,148	8.00%	2,720,027	356,149	41,516
Total		<u>2,499,292</u>	<u>–</u>	<u>2,720,027</u>	<u>357,295</u>	<u>40,647</u>

4.5.3 Meetings with researchers, public relations and interviews during the reporting period

TYPE OF MEETING	DATE	LOCATION	APPROACH	TYPE OF INVESTORS	TOPICS DISCUSSED AND INFORMATION PROVIDED
Standard Chartered Bank meeting	2014.7	Hong Kong	Face to Face	Investors including securities companies, funds, etc	(I) Major issues discussed: 1) The Company's daily operations;
Orient Securities meeting	2014.7	Beijing	Face to Face	Investors including securities companies, funds, etc	
Interim results presentation	2014.8	Hong Kong and Shenzhen (Shanghai and Beijing)	Face to Face	Investors including securities companies, funds, individual investors, etc	
CLSA meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	2) The Company's development strategies;
Citibank meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
JP Morgan meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Credit Suisse meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	(II) Major information provided: Published information including the Company's regular reports.
Goldman Sachs meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
CCB International meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
JP Morgan meeting	2014.8	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
GF Securities meeting	2014.8	Wuxi	Face to Face	Investors including securities companies, funds, etc	
China Securities meeting	2014.8	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
Haitong Securities meeting	2014.9	Suzhou	Face to Face	Investors including securities companies, funds, etc	
Standard Chartered Bank meeting	2014.9	Singapore	Face to Face	Investors including securities companies, funds, etc	
Merrill Lynch meeting	2014.9	Singapore	Face to Face	Investors including securities companies, funds, etc	
Standard Chartered Bank meeting	2014.9	Singapore	Face to Face	Investors including securities companies, funds, etc	
Nomura Securities meeting	2014.9	Shanghai	Face to Face	Investors including securities companies, funds, etc	
CICC meeting	2014.9	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
CLSA meeting	2014.9	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Morgan Stanley meeting	2014.9	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
UBS Securities meeting	2014.9	Shanghai	Face to Face	Investors including securities companies, funds, etc	
BOCI meeting	2014.9	Shanghai	Face to Face	Investors including securities companies, funds, etc	
Guosen Securities meeting	2014.9	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
Founder Securities meeting	2014.9	Shenzhen	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.

TYPE OF MEETING	DATE	LOCATION	APPROACH	TYPE OF INVESTORS	TOPICS DISCUSSED AND INFORMATION PROVIDED
Securities companies	During the reporting period	Shenzhen, Guangzhou, Fuzhou, Xiamen, Zhuhai, Changsha, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Wenzhou, Hefei, Beijing, Tianjin, Tangshan, Shenyang, Dalian, Qingdao, Taiyuan, Chengdu, Wuhan, Chongqing, Kunming, Xi'an, Urumqi, etc.	Small group or one-on-one	BNP Paribas, Ping An Securities, Guotai Junan, Dongxing Securities, Credit Suisse, SWS, Macquarie, CITIC Securities International, Goldman Sachs, GF Securities, Barclays, CLSA, CICC, Morgan Stanley, Citibank, Merrill Lynch, Deutsche Bank, UOB Kay Hian, Bloomberg, BOCI Securities, First Capital, China Securities, Haitong Securities, Galaxy Securities, Essence Securities, Changjiang Securities, UBS Securities, China Merchants Securities, Founder Securities, Haitong International Securities, GF Securities (HK), JP Morgan, KIS, Ping An Securities, Barclays, Standard Chartered Bank, Gao Hua Securities, Research-Works, Exane BNPP, DBS Vickers (HK) Ltd, Jefferies, Daiwa Capital Markets Hong Kong, CIMB Securities Ltd, etc.	

TYPE OF MEETING	DATE	LOCATION	APPROACH	TYPE OF INVESTORS	TOPICS DISCUSSED AND INFORMATION PROVIDED
Funds and other investment companies and individual investors	During the reporting period	Shenzhen, Guangzhou, Fuzhou, Xiamen, Zhuhai, Changsha, Shanghai, Hangzhou, Nanjing, Suzhou, Ningbo, Wenzhou, Hefei, Beijing, Tianjin, Tangshan, Shenyang, Dalian, Qingdao, Taiyuan, Chengdu, Wuhan, Chongqing, Kunming, Xi'an, Urumqi, etc.	Small group or one-on-one	Beijing Dingtian Investment Management Co., Ltd., Oppenheimer Developing Markets Fund, Capital International, GF Xinde, Dacheng Fund, Taikang Asset Management, Templeton, Boseria Fund, ABN AMRO TEDA Fund, ICBCCS Fund, Yinhuafund, Harvest Road Investments, Rongtong Fund, China Southern Asset Management, Bank of Communications Schroder Fund, Orient Securities Asset Management Co., Ltd., Xiamen Pearl Investment Management Co., Ltd., China Universal Asset Management, UBS SDIC Fund, Pacific Insurance, Everbright Pramerica Fund, Hua An Fund, HFT Investment, E-Fund Management, PICC Asset Management Company, Harvest Fund, Huaxia Fund, Invesco, Janus Asset Management,	

TYPE OF MEETING	DATE	LOCATION	APPROACH	TYPE OF INVESTORS	TOPICS DISCUSSED AND INFORMATION PROVIDED
				Eastspring Investment, UBS AG, New Silk Road Investment Pte Limited, E.I. Sturdza Investment Funds (Asia) Limited, Value Partners, Neptune Investment Management, Lion Global Investors Limited, Morgan Stanley Investment Management, GLG PARTNERS UK, Neuberger Berman, Janchor Partners, Och Ziff Capital Management, Amiya Capital, Fidelity Investments, Deutsche Asset & Wealth, Coronation Fund, Soros Fund Management, Lazard Asset Management, Templeton Emerging Markets, Coatue Management, Nomura Asset Management, Wells Capital, Pictet Asset Management, Waddell & Reed Investment Management Company, HSBC Asset Management, T-Rowe Price, Discovery, Nikko Asset Management, EMSO, Bank Vontobel AG, Opportunity, Vinci Partners, BNY ARX, Oceana, Pine River Capital Management, Allianz Global Investor, Flowering Tree Inv Mgmt Pte Ltd, Fortress Inv Group LLC, Keywise Capital Mgmt (HK) Ltd, Pinpoint Inv Advisor Ltd, Broad Peak Inv Advisers Pte Ltd, Open Door Capital, etc.	

4.5.4 Remarks of other significant events

Applicable Not applicable

- (1) The Company did not provide any fund to its controlling shareholder or its connected parties nor any external guarantee in violation of the specified procedures;
- (2) Updates on establishment of internal control system

As a key pilot company to implement the Basic Internal Control Norms for Enterprises and its implementation guidelines, during the reporting period the Company continued to adopt a pragmatic internal control approach to establish the internal control system in a systematic manner.

- (3) Issuance of debt financial instruments

In the evening of 22 September 2014, as announced by the Company, the Board agreed and proposed to the shareholders at the general meeting to authorise the Company to issue debt financing instruments of various types in one batch or in batches within the limit of RMB15 billion, the maturity period of which shall not be more than 10 years. The funds raised will be used to satisfy the production and operation requirements of the Company, optimise its debt structure, supplement its liquidity and/or fund its project investments, etc. The terms of each debt financing instruments issuance, such as its size, duration, coupon rate and issue method, shall be in compliance with the relevant regulatory requirements.

The physical general meeting will be held on 10 November 2014 to vote on such matters.

4.6 Investment in derivatives

Applicable Not applicable

Remarks on risk analysis and management of derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk, etc.)

In order to limit the risk associated with the fluctuations of interest rate, the Company entered into an interest rate swap (“IRS”) agreement to hedge floating rate foreign currency loan. The Company would charge the counterparty an interest according to a floating rate, in order to pay the floating-rate interest to the original lender, while paying a fixed rate to the counterparty.

In order to limit the risk associated with the fluctuations of exchange rate of foreign currency loan, the Company entered into non-deliverable forward (“NDF”) contract agreement to hedge foreign currency loan during the reporting period. No settlement of principal or deposit is required when entering into a NDF contract agreement. At maturity, the counterparties will settle the difference between the contracted exchange rate and the prevailing spot rate.

In terms of the term and amount of the foreign currency loan, NDF and IRS limit the risk of fluctuations of interest rate or exchange rate through fixed forward interest rate/exchange rate.

Change in market price or fair value of the derivatives invested during the reporting period, as well as the method, related assumptions and parameters used to analyse the fair value of derivatives should be disclosed

The effect of the change in the IRS value during January to September 2014 on the Group's profit and loss during the reporting period amounted to RMB2.80 million. The value of the IRS was determined based on the fair value assessed on 30 September 2014. The change in NDF value during the period from January to September 2014 contributes nil to the Group's profit and loss. The fair value of the NDF is determined with reference to the prevailing spot rate of NDF on the delivery date.

Remarks on whether there has been a material change in the accounting policy and accounting measurement principles for the Company's derivatives during the reporting period as compared with those of the previous reporting period

Nil

Special advice on derivative investment and risk control by independent directors, sponsors or financial advisors

The Company's independent directors are of the view that financial instruments such as IRS and NDF prevent the possible loss associated with foreign currency loan in the event of significant fluctuations in interest rate and exchange rate. The relevant arrangement of the Company had been prudent and reasonable.

4.6.1 Derivative positions as at the end of the reporting period

Applicable Not applicable

(Unit: RMB'000)

Type of contracts	Contract amount as at 31 December 2013	Contract amount as at 30 September 2014	Profit (loss) during January to September 2014	Contract amount as a percentage of the Group's net assets as at the end of the reporting period
IRS	1,828,156	1,424,550	2,804	1.34%
NDF	–	1,999,563	–	1.88%
Total	1,828,156	3,424,113	2,804	3.22%

§5 APPENDIX – FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE IFRS

5.1 The financial statements prepared in accordance with the IFRS are set out in Appendix I to this announcement

Note: Unless otherwise specified, the currency used in this announcement shall be RMB.

By order of the Board
China Vanke Co., Ltd. *
Wang Shi
Chairman

Shenzhen, the PRC, 24 October 2014

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wang Shi
Mr. Yu Liang
Mr. Wang Wenjin

Non-executive Directors:

Mr. Qiao Shibo
Mr. Sun Jianyi
Mr. Wei Bin
Mr. Chen Ying

Independent non-executive Directors:

Mr. Zhang Liping
Mr. Hua Sheng
Ms. Law Elizabeth
Mr. Hai Wen

* *for identification purpose only*

APPENDIX I

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

The unaudited consolidated results of the Group for the three months ended 30 September 2014 and the comparative figures for the corresponding period in 2013 are as follows:

	Three months ended	
	30 September 2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	20,821,153	20,708,147
Cost of sales	(15,858,692)	(15,542,231)
Gross profit	4,962,461	5,165,916
Other revenue	399,257	101,736
Other net income	70,729	22,179
Distribution costs	(1,032,965)	(890,568)
Administrative expenses	(724,663)	(759,680)
Other operating expenses	(51,908)	8,679
Profit from operations	3,622,911	3,648,262
Finance costs	(601,930)	(476,979)
Share of profits less losses of associates	395,662	48,346
Share of profits less losses of joint ventures	(75,358)	73,385
Profit before taxation	3,341,285	3,293,014
Income tax	(1,228,768)	(1,151,761)
Profit for the period	2,112,517	2,141,253
Attributable to:		
Equity shareholders of the Company	1,648,895	1,603,914
Non-controlling interests	463,622	537,339
Profit for the period	2,112,517	2,141,253
Basic earnings per share (RMB)	0.15	0.15

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014**

	Three months ended	
	30 September	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	2,112,517	2,141,253
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(29,349)	5,754
Available-for-sale securities: – net movement in the fair value reserve	<u>13,435</u>	<u>174</u>
Other comprehensive income for the period	<u>(15,914)</u>	<u>5,928</u>
Total comprehensive income for the period	<u>2,096,603</u>	<u>2,147,181</u>
Attributable to:		
Equity shareholders of the Company	<u>1,632,981</u>	<u>1,609,842</u>
Non-controlling interests	<u>463,622</u>	<u>537,339</u>
Total comprehensive income for the period	<u>2,096,603</u>	<u>2,147,181</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

The unaudited consolidated results of the Group for the nine months ended 30 September 2014 and the comparative figures for the corresponding period in 2013 are as follows:

	Nine months ended	
	30 September	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	59,331,036	59,648,956
Cost of sales	(44,166,037)	(43,043,695)
Gross profit	15,164,999	16,605,261
Other revenue	836,790	461,378
Other net income	933,020	55,380
Distribution costs	(2,575,251)	(2,321,671)
Administrative expenses	(2,184,144)	(1,990,281)
Other operating expenses	(119,010)	(90,266)
Profit from operations	12,056,404	12,719,801
Finance costs	(1,405,047)	(1,155,583)
Share of profits less losses of associates	1,014,862	247,045
Share of profits less losses of joint ventures	76,815	262,315
Profit before taxation	11,743,034	12,073,578
Income tax	(4,138,037)	(4,596,434)
Profit for the period	7,604,997	7,477,144
Attributable to:		
Equity shareholders of the Company	6,458,133	6,160,219
Non-controlling interests	1,146,864	1,316,925
Profit for the period	7,604,997	7,477,144
Basic earnings per share (RMB)	0.59	0.56

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Nine months ended 30 September	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	7,604,997	7,477,144
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(110,436)	31,425
Available-for-sale securities:		
– net movement in the fair value reserve	27,097	623
Other comprehensive income for the period	(83,339)	32,048
Total comprehensive income for the period	7,521,658	7,509,192
Attributable to:		
Equity shareholders of the Company	6,374,795	6,192,267
Non-controlling interests	1,146,863	1,316,925
Total comprehensive income for the period	7,521,658	7,509,192

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014**

	At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 December 2013 <i>RMB'000</i> (Audited)
Non-current assets		
Property, plant and equipment	2,931,483	3,475,223
Investment properties	7,055,929	6,366,655
Intangible assets	608,690	263,487
Interest in associates	7,190,251	3,633,457
Interest in joint ventures	9,201,919	6,897,969
Other financial assets	134,180	2,572,246
Other non-current assets	11,831,953	10,424,440
Deferred tax assets	4,088,292	3,525,262
	<u>43,042,697</u>	<u>37,158,739</u>
Current assets		
Inventories	349,370,398	329,731,930
Trade and other receivables	79,079,748	68,218,739
Pledged deposits	921,089	1,361,261
Cash and cash equivalents	47,820,766	43,004,149
	<u>477,192,001</u>	<u>442,316,079</u>
Current liabilities		
Bank loans and borrowings from Financial institutions	19,863,598	32,624,307
Financial derivatives	2,244	11,687
Trade and other payables	329,475,951	287,930,076
Current taxation	6,784,802	8,355,764
	<u>356,126,595</u>	<u>328,921,834</u>
Net current assets	<u>121,065,406</u>	<u>113,394,245</u>
Total assets less current liabilities	<u>164,108,103</u>	<u>150,552,984</u>

	At 30 September 2014 <i>RMB'000</i> (Unaudited)	At 31 December 2013 <i>RMB'000</i> (Audited)
Non-current liabilities		
Bank loans and borrowings from financial institutions	46,856,900	36,683,128
Bonds payable	9,888,439	7,398,392
Deferred tax liabilities	1,053,289	942,209
Provisions	71,053	46,877
Other non-current liabilities	55,909	42,955
	<u>57,925,590</u>	<u>45,113,561</u>
NET ASSETS	<u>106,182,513</u>	<u>105,439,423</u>
CAPITAL AND RESERVES		
Share capital	11,017,066	11,014,969
Reserves	67,512,419	65,881,014
Total equity attributable to equity shareholders of the Company	78,529,485	76,895,983
Non-controlling interests	27,653,028	28,543,440
TOTAL EQUITY	<u>106,182,513</u>	<u>105,439,423</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

	Nine months ended	
	30 September	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from/(used in) operations	26,633,839	(3,027,001)
Income tax paid	(9,429,339)	(9,033,758)
Net cash generated from/(used in) operating activities	17,204,500	(12,060,759)
Investing activities		
Acquisitions of property, plant and equipment and investment properties	(1,021,082)	(83,850)
Other cash flows arising from investing activities	(1,890,594)	(1,737,307)
Net cash used in investing activities	(2,911,676)	(1,821,157)
Financing activities		
Dividends and interest paid	(10,148,326)	(7,127,790)
Other cash flows arising from financing activities	647,094	5,876,017
Net cash used in financing activities	(9,501,232)	(1,251,773)
Net increase/(decrease) in cash and cash equivalents	4,791,592	(15,133,689)
Effect of foreign exchange rate changes	25,025	(42,422)
Cash and cash equivalents at 1 January	43,004,149	51,120,224
Cash and cash equivalents at 30 September	47,820,766	35,944,113