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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)**

## **FIRST QUARTERLY REPORT 2015**

The board of directors (the “**Board**”) of China Vanke Co., Ltd. (the “**Company**”) is pleased to announce the unaudited quarterly report (the “**Quarterly Report**” or the “**Report**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2015, which has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”). 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** Vice chairman Qiao Shibo 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 Hai Wen was not able to attend the Board meeting in person due to his business engagements and had authorised independent Director Law Elizabeth to represent him and vote on his behalf at the Board meeting; Director Chen Ying was not able to attend the Board meeting in person due to his business engagements and had authorised Director Wei Bin to represent him and vote on his behalf at the Board meeting.
- 1.4** The financial statements contained in this Quarterly Report of the Company have been prepared in accordance with the IFRSs and 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 and complete.
- 1.6** Unless otherwise indicated, Renminbi is the recording currency in this Quarterly Report. The “Reporting Period” refers to January to March of 2015.
- 1.7** 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 CORPORATION INFORMATION

### 2.1 Major financial information and indicators prepared in accordance with the IFRSs

(Unit: RMB'000)

	As at 31 March 2015	As at 31 Dec. 2014	Change
Total assets	526,271,609	508,639,922	3.47%
Equity attributable to equity shareholders of the Company	88,877,232	88,164,570	0.81%
Share capital	11,046,108	11,037,507	0.08%
Total equity per share attributable to equity shareholders of the Company (RMB)	8.05	7.99	0.73%
	Jan. to March 2015	Jan. to March 2014	YOY change
Turnover	8,406,569	9,007,858	-6.68%
Profit for the period attributable to equity shareholders of the Company	650,232	1,529,479	-57.49%
Net cash used in operating activities	(15,344,422)	(5,579,130)	-175.03%
Net cash used in operating activities per share (RMB)	(1.39)	(0.51)	-174.82%
Basic earnings per share (RMB)	0.059	0.139	-57.55%
Diluted earnings per share (RMB)	0.059	0.139	-57.55%
Return on equity	0.73%	1.97%	Down by 1.24 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 of the Company for the three months ended 31 March 2015 increased by 8,600,839 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 31 March 2015, the total number of shareholders of the Company was 652,130 (including 652,113 holders of A shares and 17 holders of H shares).

Total number of shareholders		Shareholdings of the top 10 shareholders				652,130
Name of shareholder	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 <sup>Note 1</sup>	Foreign legal person	11.90%	1,314,928,277	0	0	
Guosen Securities – ICBC – Guosen Jin Peng Classified No. 1 Collective Asset Management Plan	Others	4.14%	456,993,190	0	0	
GIC PRIVATE LIMITED	Others	1.38%	151,920,952	0	0	
Liu Yuansheng	Others	1.21%	133,791,208	0	0	
UBS AG	Others	0.88%	97,320,388	0	0	
Guotai Junan – China Construction Bank – The Hongkong and Shanghai Banking Corporation Limited	Others	0.68%	75,460,347	0	0	
Staff Committee of China Vanke Co., Ltd.	Others	0.61%	67,168,517	0	0	
MERRILL LYNCH INTERNATIONAL	Others	0.56%	61,308,633	0	0	
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	Others	0.52%	57,030,216	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 <sup>Note 1</sup>	1,314,928,277	H shares
Guosen Securities – ICBC – Guosen Jin Peng Classified No. 1 Collective Asset Management Plan	456,993,190	A shares
GIC PRIVATE LIMITED	151,920,952	A shares
Liu Yuansheng	133,791,208	A shares
UBS AG	97,320,388	A shares
Guotai Junan – China Construction Bank – The Hongkong and Shanghai Banking Corporation Limited	75,460,347	A shares
Staff Committee of China Vanke Co., Ltd.	67,168,517	A shares
MERRILL LYNCH INTERNATIONAL	61,308,633	A shares
CSOP Asset Management Limited – CSOP FTSE China A50 ETF	57,030,216	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 31 March 2015, the total number of shares of the Company was 11,046,108,081 shares, including 9,731,152,613 A shares and 1,314,955,468 H shares.

### §3 MANAGEMENT DISCUSSION AND ANALYSIS

In the first quarter of 2015, the sales area of commodity residential properties in the country decreased by 9.8% as compared to that in the same period of last year, and the year-on-year decrease for January and February was 17.8%, while March's figure recorded a narrowed decrease of 0.9%.

In the 14 major cities (Beijing, Shanghai, Shenzhen, Guangzhou, Tianjin, Shenyang, Hangzhou, Nanjing, Chengdu, Wuhan, Dongguan, Foshan, Wuxi and Suzhou), the sales area of residential properties remained basically flat while the approved pre-sales area decreased by 11.6% as compared to those in the same period of 2014. 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 during the same period) in the above cities increased from 0.96 in the fourth quarter of 2014 to 1.12 in the first quarter of 2015. New saleable housing inventory (those area that had already obtained sales permit but not yet sold) at the end of the Reporting Period slightly decreased from 152 million sq.m. at the beginning of the year to 150 million sq.m..

In the first quarter, the supply area of land and the transaction area in the above cities accounted for only 47.4% and 42.1% respectively of those in the same period of last year. Despite slowdown in land supply and transactions, the auction bottom price for the transfer of land still remained at a high level. In the first quarter, the percentage of aborted auctions and land sold at bottom price in the above 14 major cities was 23% and 47%, respectively.

During the Reporting Period, the Group recorded, in aggregate, a sales area of 3.957 million sq.m. and a sales amount of RMB46.34 billion, representing a decrease of 4.7% and 14.6% as compared with those in the same period of last year, respectively. In the first quarter of this year, the sales was lower than that in the same period of last year, mainly because many resources that were subscribed but not contracted at the end of 2013 were contracted in January 2014, thus resulting in a relatively higher year-on-year base. In March this year, the Group recorded a sales area of 1.241 million sq.m. and a sales amount of RMB14.74 billion, representing an increase of 2.5% and 2.1% as compared with those in the same period of last year, respectively.

During the period, the Group recorded a sales area of 0.898 million sq.m. and a sales amount of RMB11.87 billion in the Guangshen Region; the Company recorded a sales area of 1.121 million sq.m. and a sales amount of RMB16.62 billion in the Shanghai Region; the Company recorded a sales area of 0.839 million sq.m. and a sales amount of RMB9.06 billion in the Beijing Region; the Company recorded a sales area of 1.098 million sq.m. and a sales amount of RMB8.80 billion in the Chengdu Region.

Project completion and recognition of sales for property businesses is strongly affected by seasonal factors with the majority of project deliveries made in the second half of the year. Completed and booked area in the first quarter usually accounts for a relatively low percentage of that of the full year. In the first three months of this year, the Group realised a completed floor area of 0.867 million sq.m., accounting for only 5.5% of the planned floor area to be completed for the full year and representing a further decrease as compared to 6.6% in the same period of last year. Due to the relatively small booked area and impact of random factors, such as the city where the booked project is located and the type of project, some operating indicators of the Group were lower during the Reporting Period as compared to those in the same period of last year. During the Reporting Period, the Group realised a booked area of 0.734 million sq.m., remaining basically flat as compared to that in the same period of last year, and a booked amount of RMB7.80 billion, representing a year-on-year decrease of 9.1%; turnover was RMB8.41 billion and profit for the period attributable to equity shareholders of the Company was RMB0.65 billion, representing a year-on-year decrease of 6.7% and 57.5% respectively.

The Group reported a year-on-year decline in the first-quarter profit, mainly because special factors had contributed to a higher base for last year's first-quarter net profit: in the first quarter of 2014, among all the booked projects of the Group, Shanghai, Shenzhen and other cities with higher gross profit accounted for a large proportion, and higher other net income was generated in the same period. Therefore, the single-quarter net profit margin increased significantly to 17.0%, which was much higher than the average net profit margin of 11.4% for the year of 2014. During the Reporting Period, the booked projects of the Group had a moderate gross profit margin and generated less other net income; compared with booked area, expenses were distributed more evenly throughout the different quarters and first-quarter expenses account for a higher percentage of the full year than that of the booked profit. After deducting the expenses, the net profit margin for the first quarter is expected to be lower than that for the year.

Given the limited amount of recognition of sales in the first quarter and the fact that the net profit had declined due to special factors, the Group believes that results of the first quarter shall not be taken as the basis for estimating change in profit for the full year. According to the current estimation of the Group, the net profit for 2015 will increase year-on-year.

As at the end of the Reporting Period, the Group had a total area of 19.19 million sq.m. sold but not yet booked in the consolidated statements and these unbooked resources had a contract amount of approximately RMB223.38 billion, representing an increase of 14.9% and 14.8% as compared with those at the beginning of the year, respectively.

During the period, the Group insisted on a prudent strategy in acquiring land. Under the premises of strictly controlling investment risks, we selectively replenished premier project resources according to actual development needs. 9 new projects were added with site area attributable to the Company of approximately 0.692 million sq.m. and GFA attributable to the Company of approximately 1.70 million sq.m. The average GFA cost was approximately RMB4,769/sq.m..

In the first quarter, the Group realised floor areas of new housing commencing construction of 5.586 million sq.m., representing 33.2% of the planned floor areas of new starts for the full year.

As at the end of the Reporting Period, the Group had sufficient capital, and a safe and sound financial position. The Group had cash (including pledged deposits) of RMB38.89 billion, which is much greater than the interest-bearing borrowings payable within one year of RMB23.63 billion. Net gearing ratio was 21.1%, remaining at the industry's low level.

## §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*

<b>Item</b>	<b>31 March 2015</b>	<b>31 Dec. 2014</b>	<b>Change</b>	<b>Remarks</b>
Cash and cash equivalents	38,055,506	61,653,320	-38.28%	investment and repayment of borrowings
Current taxation	6,652,856	8,855,063	-24.87%	tax paid
Non-current liabilities bank loans and borrowings from financial institutions	28,178,132	34,536,712	-18.41%	structural change in borrowings

  

<b>Item</b>	<b>Jan.-March 2015</b>	<b>Jan.-March 2014</b>	<b>Change</b>	<b>Remarks</b>
Turnover	8,406,569	9,007,858	-6.68%	decrease in booked revenue
Cost of sales	5,908,436	5,704,523	3.57%	increase in booked cost
Profit from operations	1,481,437	2,473,159	-40.10%	decline in profit, increase in cost
Income Tax	504,035	818,520	-38.42%	decline in taxable profit
Profit for the period attributable to equity shareholders of the Company	650,232	1,529,479	-57.49%	decline in income and profit

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

Applicable       Not applicable

### 1. A-Share Stock Option Incentive Scheme

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 Company again made corresponding adjustment to the exercise price of the stock options. The adjusted exercise price was RMB8.07.

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 30% of their options during the exercisable period between 19 September 2014 and 24 April 2016.



During the Reporting Period, 8,600,839 options were exercised in total. Correspondingly, the Company's number of A-Share increased by 8,600,839 shares. As at the end of the Reporting Period, there were 16,028,538 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 sharing their interests. The scheme will further improve the Company's corporate governance structure and strengthen the Company's competitiveness.

## **2. Issuance of debt financial instruments**

On 10 November, 2014, the Board (or its delegate) was granted the general mandate at the 2014 second extraordinary general meeting to deal with at sole discretion the issuance of debt financing instruments of various types in one batch or in batches within the limit of RMB15 billion, and the period of authorization shall be 24 months upon approval at the general meeting.

Pursuant to the authority granted at the 2014 second extraordinary general meeting and with the approval of the Board, the Company applied during the Reporting Period to the National Association of Financial Market Institutional Investors for registration and issuance of RMB9 billion medium term notes by two tranches with RMB4.5 billion for each tranche. Relevant matters are currently proceeding.

### ***4.2.1 Qualified opinions***

Applicable       Not applicable

### ***4.2.2 The execution and performance of major contracts in the ordinary course of operation***

Applicable       Not applicable

### ***4.2.3 Others***

Applicable       Not applicable

#### 4.3 Undertakings of the Company, shareholders and de facto controller

Applicable       Not applicable

Undertaking	Content	Status
Other undertaking	China Resource National Corporation (“CRNC”), being the Company’s original single largest shareholder and the parent company of the present single largest shareholder CRC, 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 March 2015	Change in equity from January to March 2015
3698.HK	Huishang Bank	<u>2,499,148</u>	<u>8.00%</u>	<u>2,995,164</u>	<u>113,527</u>	<u>113,527</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
DBS Vickers meeting	2015.1	Singapore	Face to Face	Investors including securities companies, funds, etc	(I) Major issues discussed:  1) The Company's daily operations;  2) The Company's development strategies;  3) The Company's opinion on the changes in the industry.
Barclays meeting	2015.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
BNP meeting	2015.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
CICC meeting	2015.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
UBS meeting	2015.1	Shanghai	Face to Face	Investors including securities companies, funds, etc	
Deutsche Bank meeting	2015.1	Beijing	Face to Face	Investors including securities companies, funds, etc	
Guosen Securities meeting	2015.1	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
Sinolink Securities meeting	2015.1	Shenzhen	Face to Face	Investors including securities companies, funds, etc	
Founder Securities meeting	2015.1	Shanghai	Face to Face	Investors including securities companies, funds, etc	
Citi meeting	2015.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Guosen Securities meeting in Hong Kong	2015.1	Hong Kong	Face to Face	Investors including securities companies, funds, etc	(II) Major information provided: published information including the Company's regular reports.
OPSL meeting	2015.2	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Credit Suisse meeting	2015.3	Beijing	Face to Face	Investors including securities companies, funds, etc	
Annual results presentation	2015.3	Hong Kong, Shenzhen (Shanghai, Beijing)	Face to Face	Investors including securities companies, funds, individual investors, etc	
CLSA meeting	2015.3	Hong Kong	Face to Face	Investors including securities companies, funds, etc	
Credit Suisse meeting	2015.3	Hong Kong	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.

<b>TYPE OF MEETING</b>	<b>DATE</b>	<b>LOCATION</b>	<b>APPROACH</b>	<b>TYPE OF INVESTORS</b>	<b>TOPICS DISCUSSED AND INFORMATION PROVIDED</b>
Securities companies	During the Reporting Period	Shenzhen, Dongguan, Guangzhou, Xiamen, Changsha, Sanya, Shanghai, Hangzhou, Ningbo, Nanchang, Hefei, Beijing, Tangshan, Tianjin, Wuhan, Chengdu, Chongqing, Kunming, etc.	Small group or one-on-one	Guosen Securities, Galaxy Securities, Standard Chartered Bank, BNP Paribas, Citibank, Fubon Financial, Merrill Lynch, China Merchants Securities, Guotai Juan, Nomura Securities, CICC, UBS Securities, Industrial Securities, SWS, Haitong Securities, BOCI Securities, Yuanta Securities, Deutsche Bank, CITIC Securities International, GF Securities, JP Morgan, Changjiang Securities, Credit Suisse, China Securities, Everbright Securities, HSBC Bank, Maybank Kim Eng Securities, DBS, 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, Dongguan, Guangzhou, Xiamen, Changsha, Sanya, Shanghai, Hangzhou, Ningbo, Nanchang, Hefei, Beijing, Tangshan, Tianjin, Wuhan, Chengdu, Chongqing, Kunming, etc.	Small group or one-on-one	Soros Fund, Boserer Fund, Bank of Communication Schroder Fund, HSBC Jintrust Fund, Huaxia Fund, Hua An Fund, CPIC Group, Ping An Asset Management Company, AEGON-INDUSTRIAL Fund, East Capital, Tiaa, Sumitomo Mitsui Asset Management Kingdon Capital, JM Finn & Co, Ecclesiastical, APS Asset, Public Mutual, GIC, Blackrock, Fidelity Worldwide Investment, Allianz Global Investors Hong Kong Ltd, UBS Global Asset Management Hong Kong, Hillhouse Capital Management Ltd, OCH – Ziff Capital Management Hong Kong Ltd, Pictet Asset Management Asia, Goldman Sachs Asset Management Hong Kong, T Rowe Price Asset Mgmt Asia, Amp Capital Investors Hong Kong, Chinarock Capital Management Ltd, Csop Asset Mgmt Ltd, Standard Pacific Capital LLC, RHB Asset Management Sdn Bhd, CIC International (HK) Co., Ltd, Citadel, GLG Partners, GMO, Everpoint, wellington, GE Asset Management, Pioneer Investments, 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

During the Reporting Period, the Company continued to adopt a pragmatic internal control approach to establish the internal control system.

#### 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 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 limits the risk of fluctuations of exchange rate through fixed forward 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 change in NDF value during the period from January to March 2015 had no impact on the Company’s profit and loss and contributed a negative RMB8.84 million to the Company’s equity reserve during the Reporting Period. 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 NDF prevent the possible loss associated with foreign currency loan in the event of significant fluctuations in 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 the beginning of the period	Contract amount as at the end of the period	Profit (loss) during January to March 2015	Contract amount as a percentage of the Company's net assets as at the end of the Reporting Period
NDF	<u>1,988,675</u>	<u>1,995,055</u>	<u>0</u>	<u>1.72%</u>

## §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

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

Shenzhen, the PRC, 24 April 2015

*As at the date of this announcement, the Board of the Company comprises: executive Directors are Mr. Wang Shi, Mr. Yu Liang and Mr. Wang Wenjin; non-executive Directors are Mr. Qiao Shibo, Mr. Sun Jianyi, Mr. Wei Bin and Mr. Chen Ying; independent non-executive Directors are Mr. Zhang Liping, Mr. Hua Sheng, Ms. Law Elizabeth and Mr. Hai Wen.*

\* for identification purpose only

## APPENDIX I

### CHINA VANKE CO., LTD.

The unaudited condensed consolidated interim financial information of the Group for the three months ended 31 March 2015 is as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2015

	2015 Jan.-Mar. RMB'000 (Unaudited)	2014 Jan.-Mar. RMB'000 (Unaudited)
Revenue	8,406,569	9,007,858
Cost of sales	<u>(5,908,436)</u>	<u>(5,704,523)</u>
<b>Gross profit</b>	<b>2,498,133</b>	3,303,335
Other revenue	336,796	77,153
Other net income	121,070	536,924
Distribution costs	(687,244)	(710,555)
Administrative expenses	(745,873)	(681,143)
Other operating expenses	<u>(41,445)</u>	<u>(52,555)</u>
<b>Profit from operations</b>	<b>1,481,437</b>	2,473,159
Finance costs	(374,607)	(252,494)
Share of profits less losses of associates	126,836	246,802
Share of profits less losses of joint ventures	<u>178,395</u>	<u>(10,617)</u>
<b>Profit before taxation</b>	<b>1,412,061</b>	2,456,850
Income tax	<u>(504,035)</u>	<u>(818,520)</u>
<b>Profit for the period</b>	<b><u>908,026</u></b>	<b><u>1,638,330</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	650,232	1,529,479
Non-controlling interests	<u>257,794</u>	<u>108,851</u>
<b>Profit for the period</b>	<b><u>908,026</u></b>	<b><u>1,638,330</u></b>
<b>Basic earnings per share (RMB)</b>	<b><u>0.059</u></b>	<b><u>0.139</u></b>



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>2015</b>	2014
	<b>Jan.-Mar.</b>	Jan.-Mar.
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>908,026</b>	1,638,330
<b>Other comprehensive income</b> <b>(after tax and reclassification adjustments)</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>1,590</b>	(76,228)
Available-for-sale securities: net movement in the fair value reserve	<b>(8,843)</b>	(56,259)
<b>Other comprehensive income for the period</b>	<b>(7,253)</b>	(132,487)
<b>Total comprehensive income for the period</b>	<b>900,773</b>	1,505,843
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>642,979</b>	1,396,992
Non-controlling interests	<b>257,794</b>	108,851
<b>Total comprehensive income for the period</b>	<b>900,773</b>	1,505,843

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2015**

	<b>31 Mar. 2015</b> <i>RMB'000</i> (Unaudited)	31 Dec. 2014 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>		
Property, plant and equipment	4,710,028	4,802,910
Investment properties	5,490,417	5,072,340
Intangible assets	842,873	757,159
Interest in associates	8,839,589	7,988,683
Interest in joint ventures	11,217,774	11,244,974
Other financial assets	133,318	133,180
Other non-current assets	9,270,563	9,587,611
Deferred tax assets	4,337,279	4,016,200
	<u>44,841,841</u>	<u>43,603,057</u>
<b>Current assets</b>		
Inventories	333,810,810	314,930,234
Trade and other receivables	103,572,843	83,315,377
Other current assets	5,156,400	4,076,000
Pledged deposits	834,209	1,061,934
Cash and cash equivalents	38,055,506	61,653,320
	<u>481,429,768</u>	<u>465,036,865</u>
<b>Current liabilities</b>		
Bank loans and borrowings from financial institutions	23,633,642	22,832,358
Trade and other payables	339,021,307	313,966,609
Current taxation	6,652,856	8,855,063
	<u>369,307,805</u>	<u>345,654,030</u>
<b>Net current assets</b>	<u>112,121,963</u>	<u>119,382,835</u>
<b>Total assets less current liabilities</b>	<u>156,963,804</u>	<u>162,985,892</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2015 (continued)**

	<b>31 Mar. 2015</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 Dec. 2014 <i>RMB'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>		
Bank loans and borrowings from financial institutions	<b>28,178,132</b>	34,536,712
Bonds payable	<b>11,626,413</b>	11,612,232
Deferred tax liabilities	<b>817,157</b>	821,467
Provisions	<b>60,360</b>	53,423
Other non-current liabilities	<b>78,219</b>	68,441
	<u><b>40,760,281</b></u>	<u>47,092,275</u>
<b>NET ASSETS</b>	<u><b>116,203,523</b></u>	<u>115,893,617</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>11,046,108</b>	11,037,507
Reserves	<b>77,831,124</b>	77,127,063
<b>Total equity attributable to equity shareholders of the Company</b>	<b>88,877,232</b>	88,164,570
<b>Non-controlling interests</b>	<u><b>27,326,291</b></u>	<u>27,729,047</u>
<b>TOTAL EQUITY</b>	<u><b>116,203,523</b></u>	<u>115,893,617</u>

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

	<b>2015</b>	2014
	<b>Jan.-Mar.</b>	Jan.-Mar.
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cash received from sales of products	<b>31,897,122</b>	29,064,102
Other cash received from business operating activities	<b>2,668,415</b>	4,224,908
<b>Cash generated from operating activities</b>	<b>34,565,537</b>	33,289,010
Cash paid for purchasing of merchandise and services	<b>(24,485,074)</b>	(24,901,832)
Cash paid to employees or paid for employees	<b>(2,185,871)</b>	(1,666,216)
Cash paid for tax	<b>(7,308,305)</b>	(6,160,984)
Other cash paid for business operating activities	<b>(15,930,709)</b>	(6,139,108)
<b>Cash used in operating activities</b>	<b>(49,909,959)</b>	(38,868,140)
<b>Net cash used in operating activities</b>	<b>(15,344,422)</b>	(5,579,130)
Proceeds from sales of investments	<b>4,748</b>	4,570
Dividends received	<b>89,286</b>	11
Proceeds from disposal of property, plant and equipment	<b>279</b>	51
Proceeds from disposal of interest in subsidiaries	<b>6,039</b>	752,408
Proceeds from other investment activities	<b>320,044</b>	471,727
<b>Cash generated from investing activities</b>	<b>420,396</b>	1,228,767
Acquisitions of property, plant and equipment and construction in progress	<b>(16,608)</b>	(52,253)
Acquisitions of interest in associates, joint ventures and other investments	<b>(1,397,490)</b>	(1,029,217)
Acquisitions of subsidiaries, net of cash acquired	<b>(223,170)</b>	(483,676)
Other cash paid for investing activities	<b>(50,000)</b>	(865,218)
<b>Cash used in investing activities</b>	<b>(1,687,268)</b>	(2,430,364)
<b>Net cash used in investing activities</b>	<b>(1,266,872)</b>	(1,201,597)

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2015 (continued)**

	<b>2015</b>	2014
	<b>Jan.-Mar.</b>	Jan.-Mar.
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Capital injections from non-controlling interests of subsidiaries	<b>596,328</b>	437,772
Proceeds from bank loans, borrowings from financial institution	<b>1,836,337</b>	16,585,767
<b>Cash generated from financing activities</b>	<b>2,432,665</b>	17,023,539
Repayment of bank loans, borrowings from financial institution	<b>(7,358,560)</b>	(14,321,855)
Dividend and interest paid	<b>(2,064,404)</b>	(2,559,400)
<b>Cash used in financing activities</b>	<b>(9,442,964)</b>	(16,881,255)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,990,299)</b>	142,284
<b>Effect of foreign exchange rates</b>	<b>3,779</b>	25,426
<b>Net decrease in cash and cash equivalents</b>	<b>(23,597,814)</b>	(6,613,017)
<b>Cash and cash equivalents at 1 January</b>	<b>61,653,320</b>	43,004,149
<b>Cash and cash equivalents at 31 March</b>	<b>38,055,506</b>	36,391,132