

2007 Annual Results Announcement

Important Notice: The Board of Directors (the “Board”) of China Vanke Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) is pleased to announce the annual results of 2007 which were in accordance with the International Financial Reporting Standards (“IFRSs”).

Three-year financial information summary (Unit: RMB)

	2007	2006	2005
Revenue	33,486,560,759	16,904,430,653	9,920,738,936
Operating profit	9,848,471,908	4,141,671,432	2,100,097,631
Share of losses less profits of associates and jointly controlled entities	128,643,367	60,098,192	-2,075,482
Profit before income tax	9,628,685,644	4,062,295,632	2,078,774,293
Taxation	-4,311,184,826	-1,639,298,581	-663,124,748
Profit for the year	5,317,500,818	2,422,997,051	1,415,649,545
Profit attributed to Equity shareholders of the Company	4,844,235,494	2,297,883,766	1,364,689,853
Profit attributed to Minority interests	-473,265,324	-125,113,285	-50,959,692
Basic earnings per share	0.73	0.39	0.39
Diluted earnings per share	0.73	0.38	0.37
Dividend	0.10	0.15	0.15

Profit Appropriation, Dividend Distribution and Transfer of Capital Surplus Reserve to Share Capital Proposal

According to the relevant rules and requirements of the Company's Articles of Association, and considering shareholders' interests and the Company's development requirements in the long run, the Board of the Directors submitted the following profit appropriation proposal for the year 2007:

Dividend distribution proposal: A cash dividend of RMB 1 (including tax) will be distributed for every 10 shares held. Based on the total share capital of 6,872,006,387 shares as at 31 December 2007, the total amount for dividend distribution will be RMB 687,200,638.70.

Transfer of capital surplus reserve to share capital proposal: After taking into consideration of the suggestions of shareholders, the Company's financial position and the market environment, the Company will have a transfer of the capital surplus serve to share capital on the basis of 6 shares transferred for every 10 shares held to all the shareholders.

Summary of Management's Discussion and Analysis

Business Review

During the year, the Company adopted proactive measures in responding to the market adjustment, and achieved satisfactory operating results.

During the year, the Company has 7,767,000 sq m of GFA commenced construction, its completed area amounted to 4,453,000 sq m of GFA, representing increases of 55.2 per cent and 36.0 per cent respectively from that of 2006. The Company realized a sales area of 6,137,000 sq m, representing an increase of 90.1 per cent from that of 2006. Sales amount was RMB52.36 billion, increased 146.6 per cent from that of 2006. With a 2.07 per cent share of China's residential property market, the Company further consolidated its leading market position.

In 2007, the Group's recognised area and recognised revenue amounted to 3,937,000 sq m and RMB33.15 billion, representing increases of 35.9 per cent and 98.37 per cent from those of previous year respectively. The Company's revenue and net profit reached RMB33.49 billion and RMB4.84 billion, representing increases of 98.09 per cent and 110.8 per cent respectively.

In the Pearl River Delta region, the Company realized a sales area of 1,740,000 sq m, and a sales amount of RMB18.26 billion, accounting for 28.3 per cent and 34.9 per cent of the Company's total figures respectively; The Company realized a recognised area of 1,530,000 sq m, and a recognised revenue of RMB14.90 billion from this region representing 38.9 per cent and 44.9 per cent of the Company's overall amounts respectively. The Company's Pearl River Delta region realized a net profit of RMB3.38 billion, representing 63.7 per cent of the Company's total. The Company's Yangtze River Delta region realized a sales area of 2,005,000 sq m, and a sales amount of RMB17.89 billion, representing 32.7 per cent and 34.2 per cent of the Company's total respectively. The region's recognised areas and recognised revenue amounted to 1,126,000 sq m, and RMB10.50 billion respectively, representing 28.6 per cent and 31.7 per cent of the Company's total amounts respectively; the region realized a net profit of RMB1.09 billion, accounting for 20.6 per cent of the Company's total. The Bohai-Rim region realized a sales area of 1,439,000 sq m, and a sales amount of RMB10.87 billion, which accounted for 23.5 per cent and 20.8 per cent of the Company's total respectively. The Bohai-Rim region realized a recognised area of 639,000 sq m and a recognised revenue of RMB4.81 billion, representing 16.2 per cent and 14.5 per cent of the Company's total respectively. Net profit of the Bohai-Rim region amounted to RMB0.44 billion, accounting for 8.3 per cent of the Company's total. The Company's other markets realized a sales area of 954,000 sq m and sales amount of RMB5.34 billion, accounting for 15.5 per cent and 10.2 per cent of the Company's total respectively. The Company's other markets reported a recognised areas of 642,000 sq m, and a recognised revenue of RMB2.94 billion representing 16.3 per cent and 8.9 per cent of the Company's total amounts respectively; and realized a net profit of RMB0.4 billion, representing 7.4 per cent of the Company total.

As at the end of the period, the Company had an area of 2,909,000 sq m sold but not yet recognised. The area involved a total contract amount of approximately RMB23.81 billion.

During the year, the Company persisted with the execution of its strategy of developing housing for the mass public as its main-stream product. With the implementation of the State policy regarding adjustment in the residential property supply structure, the Company capitalised on its cutting edge in medium to small size housing development, and became one of the first to launch properties under the

“90/70” project, including Hangzhou Glamorous City, Shanghai Garden Village, Shanghai Wonderland Phase II, Shenzhen Golden Prefecture, and Guangzhou Paradiso, which were all well received by the market.

During the year, the Company’s total planned GFA of newly-added projects during the year was 11.42 million sq m. The GFA based on the proportion of China Vanke’s equity holding was 9.34 million sq m. 41.0 per cent of the planned GFA of newly added projects was secured through acquisition and collaboration. As at the end of 2007, GFA of planned projects based on the proportion of China Vanke’s equity holding was 18.21 million sq m.

With regard to project resources, China Vanke maintained its viewpoint that the amount of project resources should be sufficient to ensure the Company’s continued operation and growth. However, to avoid tying up its capital and lowering capital turnover efficiency, the Company is not in favour of keeping excessive project resources. Since 2004, China Vanke’s project resources had been less than the area commencing construction in the following two years, and the project resources in proportion to the area commencing constructing in the following two years continued to decline. However, the Company’s rapid growth in recent year had not been slowed down by its project resource level.

During the year under review, China Vanke had been more cautious in obtaining new projects in light of high land premium resulting from an overheated market. In its third quarter report, the Company stated, “we have the ability to obtain further project resources, but the management believe that, we could demonstrate this ability at better timing and in a way beneficial to the Company”. The recent adjustment in the land market, to certain extent, complemented China Vanke’s judgment. This prudent strategy allowed China Vanke to have maximum flexibility amidst market adjustment.

During the year under review, the Company continued to intensify its resources integration, and to expand its scope of collaboration. The Company acquired the remaining 20 per cent equity interest in Zhejiang Vanke Nandu Real Estate Co., Ltd. It also entered into an agreement with Shanghai Hengda Group Co., Ltd. and Shanghai Jixin Property Development Co., Ltd. for the acquisition of Shanghai Pudong Chengshan Road project, Jiyang Road project, Wu Jiefang project, Qi Jiefang project and Zhonglin project, etc. The Company entered into a strategic collaboration agreement with China Aviation Industry Corporation I for the joint establishment of a comprehensive property development company for the development of property project. The Company acquired an equity interest sales package from Fuchun Co., Ltd, a subsidiary of Hangzhou Iron and Steel Group, through a public auction held in Zhejiang Property Bourse. The Company and Singapore-based CapitaLand Limited entered into a strategic collaborative framework for the collaboration on the development of the commercial element in residential property projects .

Meanwhile, in light of the changes in the industry’s financing environment, the Company has strengthened its cooperation with banks, and further broadened its financing channels. During the year under review, the Company entered into a cooperation agreement with China Construction Bank Corporation, for a credit line of RMB20 billion. In addition, it had conducted a public issue of new A shares to raise about RMB 10 billion. These facilities served to enhance the Company’s capital strength further and to lay a solid foundation for the Company’s rapid development.

Future development prospectus

The corporate motto for year 2008 is "Being prepared for long-term development, building core competitiveness to pursue our goal". It implies that the Company should accumulate a wealth of resources to establish a strong foundation for long-term growth and to build its core corporate competitiveness with solid product and service quality.

Quality is the most important to a corporation. For a rapidly developing corporation, there should be zero tolerance in quality. The Company's area commencing construction in 2008 will reach approximately 9 million sq m. Under such a scale of operation, ensuring the quality of every unit developed will be the ultimate challenge for China Vanke. The major task for China Vanke in the coming year is to consolidate its foundation and enhance its product quality.

In 2008, China Vanke will push forward reform and innovation in corporate culture, system, organization, management approach, relationship with corporation partners, and will strive to enhance product quality and customers' satisfaction. At the same time, the Company will intensify the strategic collaboration in main constructing and will bring in advanced international supervisory firms in quality control.

In 2008, China Vanke will embark on full implementation of industrialization. The area commencing construction for the year 2008 is estimated to be over 0.6 million sq m. The Company plans to set up Vanke Construction Technology Research Institution in 2008 to train up professional talents in construction technology research and to form a technology research platform. Meanwhile, the research and development bases for industrialized products will be set up in Shenzhen, Shanghai and Beijing. The industrialization technology research and development base in Dongguan will be finetuned. These bases will form a platform for the Company's construction technology research. In addition, China Vanke will continue the strategy to promote its refurbished units. It is estimated that the area commencing construction of refurbished unit will account for over 80 per cent of the Company's development.

In project development, the Company will promptly and accurately respond to market changes through strengthening its monitoring, analysis, and judgment on market trends and competitive situation. In the securing of projects, the Company will maintain its operation style of adopting a prudent approach in investment. It will strengthen its collaboration with land owners of various scale, and will strictly control the proportion of high-end projects, while increasing the proportion of small unit projects with solid demand.

In order to establish a pool of human resources to meet the requirements of its expanded scale of operation and needs for new organizational power, the Company will continue to recruit key personnel. On the other hand, the Company will strengthen the training and development of human resources, to empower its staff to adapt to changes and continued growth.

Under a tightened monetary policy, the ability to secure the required capital remains a major barrier for

the development of industry. The Company will strengthen collaboration with its existing financing partners, actively explore innovative financing means to develop financing tools and products with banks, trusts and funds. The adjustment in the industry also offers a valuable development opportunity for capital-rich enterprises. An equity financing at appropriate timing will enable China Vanke to expedite its growth by capturing the development opportunity, and to ensure its continued rapid growth in earnings per share. However, the management will be extremely cautious in such consideration, and will thoroughly review the situation of the capital market, as well as the affordability of shareholders and investors. Only with the public shareholders' support, will the Company consider the aforementioned exercise. Should it decide to go ahead, the Company will try its best to choose the most appropriate timing, size and structure to avoid any negative effects on the stock market, and to ensure profitability after financing.

Facing its increasingly complicated operation activities, the Company will further optimize its existing internal control scheme, to develop and implement a new internal control mechanism and to extend this mechanism to all front-line companies. At the same time, the Company will utilize information system to establish online connection of its internal control system. Through the aforementioned measures, the Company will develop a risk management system on the group level to ensure operation compliance.

With respect to social responsibility, China Vanke will focus on the fulfillment of its corporate citizen concept and realization of its commitment stated in the social responsibility green paper. The Company will emphasize on promoting furnished units and industrialized residential housing. The Company will intensify the research on green living environment, and will promote energy saving and improvement in environmental protection in the community and workplace. In 2008, the Company will also further engage in the study relating to welfare residential property as a contribution to social harmony.

Business Development Plan for the Year 2008

As at the end of 2007, the total area of the projects under planning acquired by the Company amounted to approximately 21.63 million sq m, of which approximately 18.21 million sq m constituting a total of 132 projects was in proportion to China Vanke's equity holding. The planned area to be newly constructed and area to be completed in 2008 will be approximately 8.48 million sq m and 6.89 million sq m respectively.

**Board of Directors
China Vanke Co., Ltd.**

Shenzhen, 21 March 2008