



2008 Interim Results

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 interim results of 2008, which was adjusted to conform with International Financial Reporting Standards. The Group's interim financial results have not been audited.

MAJOR FINANCIAL INDICATORS

Financial Indicators	Jan-Jun 2008	Jan-Jun 2007	Change (+/-)
Revenue	16,246,106,110	10,346,347,590	57.02%
Results from operating activities	4,484,930,226	3,302,672,466	35.80%
Profit before taxation	4,323,755,521	3,086,539,242	40.08%
Profit attributable to equity shareholders	2,061,055,712	1,667,999,941	23.56%
Basic EPS	0.187	0.155	20.65%
Diluted EPS	0.187	0.155	20.65%
Return on equity	6.87%	10.46%	Down by 3.59 percentage Point
Net cash used in operating activities	-1,488,888,723	-2,978,922,684	50.02%
Net cash used in operating activities per share	-0.14	-0.45	68.89%

Financial Indicators	30-Jun-08	31-Dec-07	Change (+/-)
Current assets	107,807,379,361	96,475,679,238	11.75%
Current Liabilities	61,552,939,828	49,279,050,805	24.91%
Total assets	112,524,305,740	101,137,627,958	11.26%
Equity attributable to equity shareholders of the Company	30,019,950,382	29,278,647,601	2.53%
Net assets per share	2.73	2.66	2.63%

Note: (i): Earnings per share and return on equity are calculated based on net profit attributable to equity shareholders of the Company after extraordinary gains/(losses).

(ii): During the period under review, the Company implemented the proposal on the transfer of capital surplus reserve to share capital for the year 2007, pursuant to which six shares were transferred to shareholders for every 10 shares held. The Company's total shares rose from 6,872,006,387 shares at the end of 2007 to 10,995,210,218 shares at the end of the period under review, representing an increase of 4,123,203,831 shares or 60 per cent, and as a result the earnings per share and net assets per share were diluted by 60 per cent accordingly.

SIGNIFICANT EVENT

The Board resolved not to have any profit appropriation and transfer of capital surplus reserve to share capital for the six months ended 30 June 2008.

Management Discussion and Analysis

Changes in operating environment and the Company's judgment

Rational adjustment in the residential property market appeared at the end of 2007 continued into the reporting period. The comparison between similar properties in similar locations of different regions showed a downward adjustment in the transaction price of properties in the Pearl River Delta and certain central cities in Mainland China. The property prices in the Yangtze River Delta and Bohai-Rim region were relatively stable, and in certain cities there were even signs of an upward trend in prices. However, the market was mainly adopting a wait-and-see approach, and transaction volume retreated.

To certain extent, this round of adjustments was affected by the global economy and the PRC's macro-economy. But more importantly, it had to do with the industry's self-regulation. After experiencing a rapid expansion in 2007, the market needs a rational adjustment before entering a new development stage.

The Company has analysed this issue in its 2007 annual report and 2008 first quarter report. The Company believed that the adjustment inevitably aroused anxiety and wait-and-see attitude of some market players. The market needs some time to reach a consensus again. During this process, there is the possibility of excessive adjustments in the short run. However, the Company also wanted to emphasize that as long as the fundamental factors that determine the foundation of the industry is in place, adjustment is a necessary stage and will not alter the development chart of the industry.

On the other hand, the industry adjustments not only signify challenges, but also opportunities. Traditional mechanism in place in the market is reflected in the linkage between housing prices and land prices of the property industry. To China Vanke and those enterprises with strong manufactory characteristics, the impact of any changes in the housing prices will, to certain extent, be offset by changes in the land prices in the long run. The rapid upsurge in housing prices may not indicate a positive sign, because what comes after may be a rise in land prices, which will put enterprises in a dilemma. On the contrary, excessive concern for adjustments in the housing prices is not necessary, as adjustments may bring forth good opportunities in the land market.

This trend began to emerge during the reporting period, and is likely to grow after the reporting period. Affected by the overall monetary policy and slowdown in cash inflow in the market, the industry's cash position will further tighten. Despite a tight cash situation, the industry in general is not exposed to cash flow risk, at least for now. However, the situation has a great impact on the supply-demand relationship of the land market. During the reporting period, land auctions in various regions were called off from time to time, and looking ahead consolidation of the stock land market is likely to further accelerate. Enterprises with good credibility and a wide range of financing channels will thus face with more opportunities and be in a better position to cope with the industry restructuring.

Compared with market changes, declining professionalism amid a bull market deserves greater attention from property developers. When the market overheated in 2007, most of the products sold well, and even

at a satisfactory price. Under this situation, enterprises tended to pay less attention to customers nor did they attempt to make effort to improve in their products and services. This is a test that even China Vanke has to face. In view of this, the Company has set “Being prepared for long-term development, building core competitiveness to pursue our goal” as its corporate motto for year 2008.

Company’s response and operating results

There was a steady growth in the Company’s operating results during the reporting period. The Company’s revenue and net profit amounted to RMB16.246 billion and RMB2.06 billion respectively in the first half of the year, representing increases of 57.02 per cent and 23.56 per cent from those of the same period of the previous year respectively.

In the first half of the year, the booked area and booked revenue of the Company amounted to 2,081,000 sq m and RMB16.019 billion respectively, representing increases of 69.74 per cent and 57.10 per cent from those of the same period last year respectively. At the end of the reporting period, the Company still had an area of 3,198,000 sq m sold but not yet booked, which involved a total contract amount of approximately RMB28.64 billion.

From January to June 2008, the Company realised sales area of 2,658,000 sq m, with a sales amount of RMB24.13 billion, representing increases of 14.97 per cent and 38.12 per cent from those in the same period of the previous year respectively. Of the total, Shanghai Company’s sales area and sales amount were 364,000 sq m and RMB4.62 billion respectively, mainly attributable to projects including Charming Garden, Golden Yazhu, Everest Town, Wonderland and Rancho Santa Fe; Guangzhou Company’s sales area and sales amount were 247,000 sq m and RMB2.47 billion respectively, mainly attributable to projects including The Dream Town, Golden Liyuan, Golden Kangyuan, Golden Home; Shenzhen Company’s sales area and sales amount were 161,000 sq m and RMB2.25 billion respectively, mainly attributable to projects including The Dream Town, The Village and East Holy Valley. Waterfront in Tianjin, Glamorous City in Hangzhou, The Dream Town in Shenyang, The Dream Town in Foshan, Glamorous City in Wuhan reported satisfactory sales and sold 90,000 sq m, 70,000 sq m, 69,000 sq m, 60,000 sq m, and 59,000 sq m respectively during the reporting period, with sales revenue of RMB570 million, RMB640 million, RMB380 million, 360 million and 310 million.

The total planned GFA for the projects added by the Company in proportion to China Vanke’s equity holding during the reporting period was 3.30 million sq m. From the end of the reporting period to the date of announcement of this report, the Company acquired additional project resources with a total planned GFA of 570,000 sq m in proportion to China Vanke’s equity holding. As at the date of announcement of this report, the total planned GFA of the new projects acquired by the Company in the current year which was in proportion to China Vanke’s equity holding was 3.87 million sq m. As at the date of announcement of this report, the GFA of the Company’s projects under planning in proportion to China Vanke’s equity holding was 19.09 million sq m.

Since the beginning of this year, the Company insisted on adopting the business strategies of “Focus on the mainstream product and respond rationally to market changes”. Capitalising on solid demand, the Company has actively responded to market changes. Among the Company’s product mix, the proportion of properties with demand from end-users and small to medium-sized properties continued to rise. At the

same time, the Company's market share expanded, rising from 2.07 per cent in 2007 to 2.7 per cent in the first half of 2008, which represented an increase of 0.8 percentage point, when compared with 1.9 per cent in the first half of 2007.

During the adjustment period, there was short-term uncertainty in the market. Under the tight cash situation in the industry lay future opportunities. Against this backdrop, it was important to uphold the business concept of "Cash is king". During the reporting period, the Company persevered with its prudent business strategies, paying greater attention to a healthy financial position and assets safety. Despite the substantial increase in receipts in advance, the Company's gearing ratio remained relatively stable. As at the end of the reporting period, the Company's receipts in advance amounted to RMB26.5 billion, which accounted for is 34.49 % of the total liabilities. The aforementioned receipts in advance will be booked into the Company's revenue along with the booking of completed projects. The liabilities structure showed that 47.79 per cent of the Company's interest-bearing liabilities were long-term liabilities, while short-term liabilities accounted for 52.21 per cent, indicating a relatively low repayment pressure. As at the end of the reporting period, the Company's net gearing ratio was 37.10 per cent, with a cash balance of RMB15.37 billion. The high liquidity ensured that the Company had a strong financial position and ability to achieve future development.

in view of the fact that adjustment in the land market lags behind the adjustment in the residential property market, and more cooperation opportunities will arise from further integration of industry resources, the Company will adopt a more prudent approach to acquiring project resources, and will replenish the land reserve for its future development at the right timing.

During the reporting period, the Company continued to intensify cooperation activities, while the acceleration in industry resources integration also provided more opportunities for cooperation. Between January and June, 76.2 per cent of the project resources were acquired by the Company through collaboration. The average cost of newly added land resources was approximately RMB2,155 per sq m, which was far lower than the average cost of last year.

For a long period of time, the Company has won the trust of the capital market and collaborative partners through the continued growth in operating results, as well as regulated and transparent governance. Even in times of tightened credit policy, the Company could still obtain financial resources from various sources. In addition to strengthening its cooperation with banks, the Company continued to explore new financing channels during the reporting period, including the proposal on the issue of not more than RMB5.9 billion corporation bonds, which was vetted and approved by the Stock Issuance Examination and Verification Committee of China Securities Regulatory Commission ("CSRC"). On the other hand, the Company took into account the impact on investors of the financing method it chose. At the beginning of the year, the Company indicated that it intended to conduct an equity financing exercise at an appropriate time, but it also emphasised that it would be very cautious about this matter, and would consider if the capital market and investors are ready for such an exercise. In view of the prevailing market condition, it is not the right timing to conduct an equity financing exercise. As such, the Company has no intention to make such a proposal in the near future.

During the reporting period, the Company had been named “The Most Respected Enterprise in the PRC” jointly by The Economic Observer Newspaper and the Management Case Study Center of Peking University for the sixth consecutive year. According to the “2008 Top 100 Property Development Enterprises in the PRC” Report jointly issued by the three research institutions, namely Enterprise Research Institute of the Development Research Center of the State Council of the PRC, the Institute of Real Estate Studies, Tsinghua University and the Institute of China Index, the Company ranked first in the “Overall Strengths” category.

The Company’s expertise in property development and product quality also gained further public recognition. After three of its projects received Gold Awards in 2007, four projects namely Zhongshan City Scenery, Tianjin Waterfront, Beijing Zitai and Chengdu Glamorous City received the “Golden Prize of Excellent Residential Development of Zhan Tianyou Award” in 2008. The Zhongshan City Scenery was nominated for the prestigious “Zhan Tianyou Civil Engineering Award”. Vanke Tangyue project, which aims at environmental protection and cultural heritage, received the “Global Human Settlements Best Model Community Award” at the “2008 Global Human Settlements Best Model Forum”.

At the “2007 Top 100 Main Board Listed Companies By Market Capitalisation” selection jointly organised by Securities Times and China Southern Fund, China Vanke received the prestigious awards of “Top 100 by Market Capitalisation”, “Top 10 Best Management Team of Main Board Listed Companies”, and “Top 100 Best Company Secretaries”. At the “Golden Bull Award – Top 100 Listed Companies” selection organised by China Securities Journal, China Vanke received the “2007 Golden Bull Award – Top 100 China Listed Companies” and the special award “Sustainable Companies Award” of the “Golden Bull Award – China Listed Companies”.

Operating plan for the second half of the year

At the beginning of the year, the Company initially planned to achieve an 8.48 million sq m of area for newly commenced construction and a 6.89 million sq m of completed area for the year 2008. In the first half of the year, the Company’s aggregate area for newly commenced construction and completed area amounted to 3.33 million sq m and 1.57 million sq m respectively.

As this round of market adjustment will last for some time, the Company will make appropriate adjustment to its plan for newly commenced construction and completion for the second half of the year, in order to adjust its sales schedule and have a strong cash position to capture opportunities according to the prevailing market situation.

The Company planned to adjust the area for newly commenced construction for the second half of the year to 3.50 million sq m. The area for newly commenced construction for the entire year will be 1.65 million sq m less than the planned target at the beginning of the year. On the other hand, the Company will also adjust its plan for completed area, after taking into account the temporary suspension of construction work in Beijing during the Olympic Games period, and the delay and slowdown in construction projects in Chengdu after the earthquake. The Company’s completed area for the second half of the year will be adjusted to 4.29 million sq m. The completed area for the entire year will be 1.03 million sq m less than the planned target at the beginning of the year. After the adjustment, the

Company's area for newly commenced construction and completed area will be 6.83 million sq m and 5.86 million sq m respectively for the entire year.

In view of the uncertainty in the market environment, the policies and regulations in various regions and dramatic changes in weather, there may be further adjustments to the aforementioned plans for newly commenced construction and completed construction.

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

Shenzhen, 5 August 2008