

2007 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 2007, 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 2007	Jan-Jun 2006	Change (+/-)
Revenue	11,096,520,942	6,669,718,005	66.37%
Results from operating activities	2,742,677,517	1,856,704,889	47.72%
Profit before taxation	2,526,544,293	1,821,747,649	38.69%
Profit attributable to equity shareholders	1,667,999,941	1,270,578,626	31.28%
Basic EPS	0.25	0.31	-19.35%
Diluted EPS	0.25	0.30	-16.67%
Return on equity	10.62%	11.27%	Down by 0.65 percentage points
Net cash used in operating activities	(2,978,922,684)	(3,198,738,756)	6.87%
Net cash used in operating activities per share	(0.45)	(0.81)	44.44%

Financial Indicators	30 June 2007	31 December 2006	Change (+/-)
Current assets	43,611,592,457	30,775,667,408	41.71%
Current Liabilities	29,925,859,961	22,095,524,159	35.44%
Total assets	64,060,599,695	49,083,971,069	30.51%
shareholder's equity	15,814,080,035	14,928,547,730	5.93%
Net assets per share	2.41	3.42	-29.53%

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 2006, pursuant to which five shares were transferred to shareholders for every 10 shares held. The Company's total shares rose from 4,369,898,751 shares at the end of 2006 to 6,554,848,126 shares at the end of the period under review, representing an increase of 2,184,949,375 shares or 50 per cent, and as a result the earnings per share and net assets per share were diluted by 50 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 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in the operating environment and China Vanke's judgement

Since 2007, the housing prices across major cities in the country rose rapidly, with a growth rate higher than that of the corresponding period of the previous financial year. Housing prices in Shenzhen, Nanjing and Beijing in particular surged at a relatively faster rate. The Shanghai residential property market after undergoing a few years of recession also began to show signs of recovery. Land prices rose even more substantially. The continued record breaking of the final transaction price of land sold through public auctions showed that property developers were optimistic about the market outlook.

In the face of this situation, the Company's management believes one should remain calm and cautious when interpreting and judging the changes in the operating environment. By taking into account the short and long term factors, one should make a complete and rational judgement of the current situation and development trend of the industry.

From a long-term perspective, as China Vanke has mentioned in the previous report, the irrevocable urbanisation process, the continued rapid growth in the PRC economy and the stable accumulation of public wealth together form a solid foundation for supporting the long-term development of the industry. Moreover, over a relatively long period of time, these fundamental factors will not undergo any changes in essence. The residential property markets in the PRC cities, in particular those coastal cities, possess enormous room for development. This trend will not be affected by short-term market fluctuations, while the trend for industry consolidation provides opportunities for rapid development of enterprises with an edge in the market.

From a short-term perspective, the PRC property industry is in a relatively early stage of development, be it for production method or business model. The industry is facing a complete and far-reaching reform. The social characteristic of residential property determines that macro-economic austerity measures will be a long-term process, with a number of variables in the systemic environment. The investment characteristic of residential property and the unique characteristics of the financial and investment sectors cause uncertainty in the supply and demand relationship and transaction performance in the short run. Residential property developers should take into account and prepare for probable short-term market fluctuations during their rapid development process.

The rise in housing prices during the period under review was the result of combined effects of various factors. These factors included increase in residential demand (according to the preliminary results from National Bureau of Statistics of China, the real disposable income per capita of urban residents in the first half of the year rose by 14.2 per cent, which was higher than the corresponding period of the previous year by 4 percentage points, showing a rapidly growing trend rarely seen in recent years) driven by economic growth and increase in people's income; and increase in investment demand as a

result of excess liquidity. In addition, during the process of adjustment in residential property product mix, supply of small residential properties had yet to be the mainstream products in the residential property market, while decrease in the supply of large residential properties came earlier than expected; on the other hand, from June to September 2006, the adjustment in planning led to substantial reduction in the area of newly commenced construction, which would reduce resources available for sale in the market in the following months. All these would lead to a short-term upsurge in housing prices.

Based on the above-mentioned analysis, the Company's management believes that it should remain calm in the face of market changes, insist on the Company's judgements of the industry trend, and stick to its established development plan. The Company has never been radical despite market euphoria; rather on the contrary, the Company pays high regard to growth quality and financial stability, and even more to operation efficiency and diversified cooperation. This time is no exception.

Company's response and operating results

During the period under review, the Company's operating results continued to grow rapidly.

During the period under review, the Company's revenue and net profit reached RMB11.097 billion and RMB1.668 billion, representing increases of 66.37 per cent and 31.28 per cent respectively.

From January to June, the Company realised sales area and sales amount of 2,312,000 sq m and RMB17.47 billion respectively (excluding the sales amount of RMB2.4 billion from the new projects obtained from the equity interest sales package through acquisition of Fuchun Co., Ltd.), representing increases of 89.0 per cent and 136.4 per cent from those of the corresponding period of the previous year respectively. Of this, Shenzhen Company's sales area and sales amount were 83,000 sq m and RMB 1.43 billion respectively, mainly attributable to The Village, Dream Town and The Paradiso projects; Shanghai Company's sales area and sales amount were 287,000 sq m and RMB 3.32 billion, mainly attributable to Everest Town, Blue Mountain and Stratford projects; projects in other cities such as Wuhan Garden City, Dongguan City Golf Project, Wuxi Glamorous City, Tianjin Waterfront and Guangzhou Wonderland also displayed satisfactory sales performance, which reported sales area of 116,000 sq m, 75,000 sq m, 75,000 sq m, 75,000 sq m and 74,000 sq m respectively and sales amount of RMB 0.53 billion, 0.48 billion, 0.44 billion, 0.39 billion and 0.57 billion respectively during the period under review.

During the first half of 2007, the Group's booked area and booked revenue amounted to 1,225,700 sq m and RMB10.94 billion, representing increases of 36.04 per cent and 67.28 per cent from those of the corresponding period of the previous year, mainly attributable to projects including Shenzhen Paradiso, Guangzhou Wonderland, Dongguan Songshan Lake, Shanghai Stratford, Hangzhou Liangzhu New Town, Suzhou Linglong Bay, Nanchang Glamorous City, Tianjin Waterfront, Shenyang Rancho Santa Fei, Wuhan City Garden, and Chengdu City Garden.

As at the end of the period, the Company's still had an area of 2,149,000 sq m sold but not yet booked, which involved a total contract amount of approximately RMB14.797 billion as construction was yet to complete.

For 2007, the Company has planned to increase approximately 10 million sq m of project resources. The total planned GFA for the projects added by the Company during the period under review was 5.21 million sq m. From the end of the period under review to the date of announcement of this report, the Company acquired additional project resources with a total planned GFA of 1.86 million sq m. From 1 January 2007 to the date of the announcement of this report, the Company has acquired new projects with a total planned GFA of 5.62 million sq m in proportion to China Vanke's equity holding. As at the date of announcement of this report, of the Company's projects under planning with a total GFA of 21.57 million sq m, the GFA in proportion to China Vanke's equity holding was 18.18 million sq m.

On the issue of project resources, China Vanke has always desired to secure resources that can meet its development needs for projects it plans for the next two to three years, while ensuring continued operation and growth. However, to avoid tying up capital and lowering capital turnover efficiency, the Company is not in favour of keeping excessive project resources in stock. The current amount of resources for projects under planning of China Vanke is basically sufficient to meet the needs for new development in the next two years. Although this inventory level is slightly lower than the optimal level, in view of the fact that the current land price contains many expected factors, the Company believes its current land bank is of a more appropriate level. The Company possesses the ability to further expand its project resources within a short period of time; however, the management believes that the Company can choose a more appropriate timing, with a more favourable approach, to use this ability.

During the period under review, the Company intensified its resources integration, by acquiring the remaining 20 per cent equity interests in Zhejiang Vanke Nandu Real Estate Co., Ltd. held by Shanghai Zhongqiao Company Infrastructure (Group) Co., Ltd.; 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; and entered into a strategic collaborative agreement with China Aviation Industry Corporation I for the joint establishment of a comprehensive property development company for the development of property projects; 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; in July, the Company and Singapore-based CapitaLand Limited entered into a strategic collaborative framework for the collaboration on the development of residential property projects with commercial sections. The partners and scope of cooperation of the Company thus further increased, with a wider range of collaborations.

At the beginning of the year, the Company planned to conduct a fund-raising exercise in the capital market through the public issue of new A shares in 2007. As of present, the arrangements of the new issue are proceeding smoothly.

The Company's motto for the year 2007 is "Follow the Right Principles, Pursue Meticulous Management", showing that the Company will continue to revolutionise itself, and bear the responsibility of a pioneer. China Vanke will also take a step towards developing into a lasting company by being pragmatic, and dedicated and attentive to work.

According to its established development strategy, China Vanke will in 2007 proceed with the implementation of fully-decorated units. As customers demand becomes more mature and rational, fully-decorated units will gain increasing popularity. In addition, centralising refurbishing works of units will also reduce costs and wastage, while enhancing the efficiency of resource utilisation. The objective of promoting the fully-decorated units strategy is to prepare the Company for the more fierce market competition in the future, to be a means to create strong competitive edge, as well as a manifestation of the social responsibility of a residential property developer. During the period under review, this strategy had been carried out smoothly.

The process of applying industrial technology accelerated during the period under review. The two residential projects at Numbers 20 and 21 of Shanghai Everest Town, being the pilot projects for extensive use of industrial technology, are expected to be launched to the market in the second half of the year. The Company's housing industrialisation base in Dongguan will commence operation during the current year. Upon the application of industrial technology, the quality of residential properties will be substantially enhanced, and the problems of leaking will be greatly improved. Moreover, the performance to price ratio of products will further be augmented. At the same time, by using housing industrialisation method, the time for development will be substantially shortened, while the capital turnover rate will be increased.

During the period under review, the Company's corporate governance, moral standards and brand image gained increasing public recognition. The Company was named, for the fifth time, "The Most Respected Enterprise in the PRC" jointly organised by The Economic Observer Newspaper and the Management Case Center of Peking University. According to the "2007 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 "Top 10 Enterprises in terms of Overall Strengths" category of the "Top 100 Property Development Enterprises in the PRC" selection in 2007, and was named as the "PRC Property Developer with Social Responsibility for the year 2006-2007".

With outstanding performance in the capital market, the Company was awarded the "2006 Ten Best Listed Companies With Influential Power in the PRC" by Shanghai Securities News, and was placed in the third position in the overall category of "2006 Top 100 Listed Companies" jointly held by China Securities Journal and Asia Business Consulting. The Company ranked sixth in the "Top 100 Valuable Listed Companies in the PRC" jointly held by Securities Times and Vanda Group

The Company's expertise in property development also gained further public recognition. After five of its projects received the "Golden Prize of Excellent Residential Development of Zhan Tianyou Award" in 2006, Wuhuan City Garden, Shanghai Spring Dew Mansion, and Shenyang Dream Town received the "Golden Prize of Excellent Residential Development of Zhan Tianyou Award" in 2007. Shenzhen Dream Town project also received the "Excellent Planning for Residential Development of Zhan Tianyou Award".

With respect to investors relation, China Vanke received the "Best IR Large Enterprise" award, "Best Communications" award, and "Best Information Disclosure" award in "2006 China Investors Relation

Management Selection” jointly organized by China Securities Journal and Nanjing University. The Secretary to the Board also received the “Best Executive” award

OPERATION PLAN FOR THE SECOND HALF OF THE YEAR

During the first half of the year, the Company reported satisfactory sales performance. In view of the projects and market situation, 23 new projects and 52 new units of existing projects are planned for launch in the second half of the year. The new projects to be launched include Shenzhen Jinyudongjun Project, Guangzhou Jinshazhou Project, Foshan Jinyuhua Project, Suzhou Golden Home Project, Hangzhou Xixi Project, Dalian Xizhigu Project, Shenyang New Miles Project, Chengdu Yingbin Avenue Project and Wuhan Glamorous City etc., which are expected to report satisfactory sales performance.

Wang Shi
Chairman

Shenzhen, 28 August 2007