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China Vanke Co., Ltd.
2009 Interim Report

(For the six months ended 30 June 2009)

Important Notice: *The Board of Directors, the Supervisory Committee and the Directors, members of the Supervisory Committee 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.*

Vice Chairman Song Lin, Director Wang Yin and Director Jiang Wei were not able to attend the board meeting in person due to business engagements and had authorised Director Yu Liang to represent them and vote on behalf of them at the board meeting. Independent Director Judy Tsui Lam Sin Lai was not able to attend the board meeting in person due to business engagements and had authorized Independent Director David Li Ka Fai to represent her and vote on her behalf at the board meeting. Independent Director Charles Li was not able to attend the board meeting in person due to business engagements and had authorised Independent Director Qi Daqing to represent him and vote on his behalf at the board meeting.

The finanical report of the Company's interim report has not been audited.

Chairman Wang Shi, Director and President Yu Liang, and Executive Vice President and Supervisor of Finance Wang Wenjin, declare that the financial report contained in the interim report is warranted to be true and complete.

I.Basic Corporate Information

1. Company Name (Chinese): 万科企业股份有限公司
   Company Name (English): China Vanke Co., Ltd. ("Vanke")

2. Registered address:
   Vanke East Coast Buildings C02, Dameisha, Yantian District
   Shenzhen, the People's Republic of China
   Postal code: 518083
   Office address:
   Vanke Architecture Research Centre
   No. 63 Meilin Road, Futian District
   Shenzhen, the People's Republic of China
   Postal code: 518049
   Website: www.vanke.com
   E-mail address: IR@vanke.com

3. Legal representative: Wang Shi

4. Secretary to the Company's Board of Directors: Varjak H.Tan
   E-mail address: IR@vanke.com
   Securities Affairs Representative: Liang Jie
   E-mail address: IR@vanke.com
   Contact Address:
   Vanke Architecture Research Centre
   No. 63 Meilin Road, Futian District
   Shenzhen, the People's Republic of China
   Telephone Number: 0755-25606666
   Fax Number: 0755-25531696

5. Media for disclosure of information: "China Securities Journal", "Securities Times", "Shanghai Securities News" and an English medium in Hong Kong.
   Website for publication of regular reports: www.cninfo.com.cn
   Location where the Company's interim report is available for inspection: Office of the Company's Board of Directors

6. Stock exchange on which the Company's shares are listed: Shenzhen Stock Exchange
   Company's share abbreviation and stock codes on the stock exchange:
   Vanke A 000002
   Vanke B 200002
   08 Vanke G1 112005
   08 Vanke G2 112006

7. Major Financial Data and Indicators

(1) Major Financial Indicators（Unit: RMB）

Financial Indicators	Jan.-Jun. 2009	Jan.-Jun. 2008	Change（+/-）
Revenue	20,553,477,931	16,246,106,110	26.51%
Profit from operating activities	4,564,464,977	4,484,930,226	1.77%
Profit before income tax	4,497,394,176	4,323,755,521	4.02%
Profit attributable to equity shareholders	2,524,392,406	2,061,055,712	22.48%
Basic EPS	0.230	0.187	22.99%
Diluted EPS	0.230	0.187	22.99%
Return on equity	7.31%	6.87%	Up by 0.44 percentage point
Net cash generated from operating activities	9,821,584,634	(1,488,888,723)	759.66%

Net cash generated from operating activities per share	0.89	(0.14)	735.71%
Financial Indicators	**30 June 2009**	**31 December 2008**	**Change（+/-）**
Current assets	120,534,983,170	114,806,203,716	4.99%
Current Liabilities	63,926,388,187	65,390,862,716	-2.24%
Total assets	126,246,135,399	120,586,410,234	4.69%
shareholder's equity	34,521,271,885	31,891,925,262	8.24%
Net assets per share	3.14	2.90	8.28%

(2) Difference between IFRSs and PRC accounting standards on net profit and eqity

Item	**Net profit attributable to equity shareholders of the Company**	**Equity attributable to equity shareholders of the Company**
	Jan. - Jun. 2009	**As at 30 June 2009**
Prepared in accordance with IFRS	2,524,392,406.54	34,521,271,885.59
Prepared in accordance with PRC Accounting Standards	2,524,392,406.54	34,521,271,885.59
Remarks on the differences	There is no difference.	

II. Changes in Share Capital and Shareholdings of Major Shareholders

1. Changes in the share capital of the Company (Unit: shares; as at 30 June 2009)

Class of shares	**Balance at the beginning of the reporting period**		Changes during the reporting period (+, -)	**Balance at the end of the reporting period**	
	Quantity	**Percentage**		**Quantity**	**Percentage**
I. Restricted shares					
1. State-owned shares and State-owned legal person shares	264,000,000	2.40%	0	264,000,000	2.40%
2. Shares held by domestic non-State-owned legal persons					
3. Shares held by domestic natural persons	26,037,098	0.24%	-1,877,258	24,159,840	0.22%
4. Shares held by foreign investors					
Total number of restricted shares	**290,037,098**	**2.64%**	**-1,877,258**	**288,159,840**	**2.62%**
II. Non-restricted shares					
1. RMB-denominated ordinary shares (A shares)	9,390,217,652	85.40%	+1,877,258	9,392,094,910	85.42%
2. Domestic listed foreign shares (B shares)	1,314,955,468	11.96%	**0**	1,314,955,468	11.96%
Total number of non-restricted shares	**10,705,173,120**	**97.36%**	**+1,877,258**	**10,707,050,378**	**97.38%**
III. Total number of shares	**10,995,210,218**	**100.00%**	**0**	**10,995,210,218**	**100.00%**

Note: During the reporting period, the Shenzhen office of China Securities Depository & Clearing Corporation Limited, according to regulations, lifted the selling restrictions on certain restricted shares held by senior management, leading to a decrease of 1,877,258 shares in the number of restricted tradable shares held by the Company's domestic natural persons and a corresponding increase in the Company's non-restricted tradable shares.

2. The shareholdings of the Company's top 10 shareholders and the shareholdings of the top 10 holders of non-restricted shares (as at 30 June 2009)

Total number of shareholders	865,153 (including 834,131 holders of A shares and 31,022 holders of B shares)

Shareholdings of the top 10 shareholders

Name of shareholder	Classification of shareholder	Percentage of shareholdings	Total number of shares held	Number of restricted shares held	Number of pledged or locked-up shares
China Resources Co., Limited (“CRC”)	State-owned	14.73%	1,619,094,766	264,000,000	0
Liu Yuansheng	Others	1.22%	133,791,208	0	0
Bosera Emerging Growth Stock Securities Investment Fund	Others	0.86%	94,999,800	0	0
TOYO Securities Asia Limited - A/C Client.	Foreign shareholder	0.83%	91,805,741	0	0
Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	Others	0.83%	91,581,674	0	0
Bosera Value Growth Securities Investment Fund	Others	0.83%	91,000,000	0	0
Bosera Theme Industry Stock Securities Investment Fund	Others	0.82%	90,000,000	0	0
Bosera Third Industry Growth Stock Securities Investment Fund	Others	0.77%	85,000,000	0	0
HTHK/CMG FSGUFP-CMG First State China Growth FD	Foreign shareholder	0.69%	76,161,115	0	0
CCB Optimizing Allocation Mixed Security Investment Fund (建信优化配置混合型证券投资基金)	Others	0.69%	75,979,918	0	0

Shareholdings of the top 10 shareholders of non-restricted shares

Name of shareholder	Number of non-restricted shares held	Class of shares
CRC	1,355,094,766	Ordinary RMB-denominated shares (A shares)
Liu Yuansheng	133,791,208	Ordinary RMB-denominated shares (A shares)
Bosera Emerging Growth Stock Securities Investment Fund	94,999,800	Ordinary RMB-denominated shares (A shares)
TOYO Securities Asia Limited - A/C Client.	91,805,741	Domestic listed foreign shares (B shares)
Rongtong Shenzhen Stock Exchange 100 Index Securities Investment Fund	91,581,674	Ordinary RMB-denominated shares (A shares)
Bosera Value Growth Securities Investment Fund	91,000,000	Ordinary RMB-denominated shares (A shares)
Bosera Theme Industry Stock Securities Investment Fund	90,000,000	Ordinary RMB-denominated shares (A shares)
Bosera Third Industry Growth Stock Securities Investment Fund	85,000,000	Ordinary RMB-denominated shares (A shares)
HTHK/CMG FSGUFP-CMG First State China Growth FD	76,161,115	Domestic listed foreign shares (B shares)
CCB Optimizing Allocation Mixed Security Investment Fund (建信优化配置混合型证券投资基金)	75,979,918	Ordinary RMB-denominated shares (A shares)
Remarks on the connected relationship or action in concert of the aforementioned shareholders	Bosera Emerging Growth Stock Securities Investment Fund, Bosera Value Growth Securities Investment Fund, Bosera Theme Industry Stock Securities Investment Fund and Bosera Third Industry Growth Stock Securities Investment Fund are both managed by Bosera Fund Management. Apart from the above-mentioned ralationships, it is not known as to whether there are other connections or be the action-in-concert people specified in Administration of theTakeover of Listed Companies Procedures among the above-mentioned shareholders.	

3. Bond holdings of the Company's top 10 bondholders as at the end of reporting period

(1) Name of the top 10 bondholders of 08 Vanke G1 bonds and their bond holdings

No.	Bondholder	No. of bonds held
1	New China Life Insurance Company–Dividend Distribution–Individual Dividend-018L-FH002 Shen	5,548,262
2	China Pacific Life Insurance Company Limited	3,433,312
3	China Ping An Life Insurance Company Limited – Traditional –General Insurance Products	2,218,727
4	China Life Property and Casualty Insurance Company Limited–Traditional–General Insurance Products	1,820,000
5	China Life Insurance Company Limited	1,770,000
6	China Petroleum Finance Co., Ltd (中油财务有限责任公司)	1,557,137
7	China Life Pension Company Limited–Internal Resources	1,000,000
8	Ping An Property and Casualty Insurance Company of China–Investment-oriented Insurance Products	999,995
9	China Reinsurance (Group) Corporation	776,162
10	Generali China Life Insurance Co., Ltd – Investment Products – Stock Account (中意人寿保险有限公司－投连产品－股票账户)	713,500

Note: China Ping An Life Insurance Company Limited, which manages "China Ping An Life Insurance Company Limited–Traditional–General Insurance Products", and Ping An Property and Casualty Insurance Company of China, which manages "Ping An Property and Casualty Insurance Company of China–Investment-oriented Insurance Products", are subsidiaries of Ping An Insurance (Group) Company Of China, Limited. China Life Property and Casualty Insurance Company Limited, which manages "China Life Property and Casualty Insurance Company Limited–Traditional–General Insurance Products", and China Life Pension Company Limited, which manages "China Life Pension Company Limited–Internal Resources", are subsidiaries of China Life Insurance Company Limited. Apart from the above-mentioned ralationships, it is not known as to whether there are other connections or be the action-in-concert people specified in Administration of theTakeover of Listed Companies Procedures among the above-mentioned bondholders.

（2）Name of the top 10 bondholders of 08 Vanke G2 bonds and their bondholdings

No.	Bondholder	No. of bonds held
1	ICBC/Credit Suisse Credit Tianli Bond Securities Investment Fund	2,346,450
2	Bank of Communications Schroder Principal-Protected Mixed Securities Investment Fund	1,824,607
3	China National Machinery Import & Export Corporation (中国机械进出口（集团）有限公司)	1,691,844
4	CITIC Securities Ltd	1,650,000
5	Fullgoal Tianfeng Surging Income Bond Securities Investment Fund	1,420,000
6	206 Portfolio of National Social Security Fund, PRC	1,030,459
7	Harvest Bonds Open Securities Investment Fund (嘉实债券开放式证券投资基金)	767,664
8	801 Portfolio of National Social Security Fund, PRC	709,778
9	202 Portfolio of National Social Security Fund, PRC	700,000
10	ChinaAMC Stable Growth Mixed Securities Investment Fund	630,501

Note: ChinaAMC Stable Growth Mixed Securities Investment Fund is managed by China Asset Management Company Limited, whose controlling shareholder is Citic Securities Company Limited. Apart from the above-mentioned ralationships, it is not known as to whether there are other connections among the above-mentioned bondholders.。

4. Changes in controlling shareholder and beneficial controller

There was neither controlling shareholder nor beneficial controller in the Company, and this situation remained the same during the reporting period.

III.Directors, Members of the Supervisory Committee and Senior Management

1. Changes in the shareholdings of Directors, members of the Supervisory Committee and senior management during the reporting period (Unit: shares)

Name	Capacity	No. of shares held at the beginning of the reporting period	No. of shares held at the end of the reporting period
Wang Shi	Chairman	6,817,201	6,817,201
Yu Liang	Director, President	4,106,245	4,106,245
Ding Fuyuan	Convenor of the Supervisory Committee	2,018,408	2,018,408
Sun Jianyi	Director	692,236	692,236
Zhang Li	Member of the Supervisory Committee	1,036,204	1,036,204
Liu Aiming	Executive Vice President	1,650,978	1,650,978
Ding Changfeng	Executive Vice President	1,487,660	1,487,660
Xie Dong	Executive Vice President	1,487,660	1,487,660
Zhang Jiwen	Executive Vice President	1,548,950	1,548,950
Mo Jun	Executive Vice President	1,548,950	1,548,950
Xu Hongge	Executive Vice President	1,650,978	1,650,978
Shirley L. Xiao	Director, Executive Vice President	1,446,849	1,446,849
Wang Wenjin	Executive Vice President	1,343,591	1,343,591

Notes: Save for the above-mentioned persons, other Directors, members of the Supervisory Committee and senior management of the Company did not hold any of the Company’s shares.

2. Appointment of Directors, members of the Supervisory Committee and senior management of the Company during the reporting period

Varjak H. Tan was appointed as Secretary of the Board of Directors at the fourth meeting of the fifteenth Board held on 6 March 2009.

IV. Directors’ Report

1. Management Discussion and Analysis
Changes in operating environment and the Company’s judgment

In 2008, the world encountered an economic crisis rarely seen in history. Consumer confidence in economic outlook, income and wealth growth had hit rock bottom, while the property market entered a period of adjustment, with property price moving downward. A large number of home purchasers had withhold their purchase plans, piling up substantial demand from end-users.

Since the end of 2008, this piled up demand has started to unleash under the influence of several factors. These factors include: sharp decline in property prices in certain cities after significant market adjustment and corresponding increase in the purchasing power of property buyers; the promulgation of a series of policies to stabilise the property market since the beginning of the fourth quarter of 2008, including preferential terms for mortgage loans and home purchase tax, which further ease pressure on home buyers. In addition, effect of the State’s revitalization plan was reflected in the expectations of an improving economy. Owing to the impact of the abovementioned factors, the residential property market quickly rebounded from rock bottom in the first quarter of this year.

Entering the second quarter, there were clear signs of a stable economy, indicating the effect of the moderately relaxed credit policy. The strengthened stock market produced positive effect on wealth, while inflation expectations, to some extent, also stimulated housing demand, leading to a robust residential property market.

Demand for self-use housing remained the key driver of residential property sales during the reporting period. Over 80 per cent of the Company’s product sales were attributable to first time home purchasers buyers seeking an upgrade in living conditions. However, as market rebound was expected, different types of housing demand emerged. In the second quarter, the share of large units in the total sales volume increased.

With the rise in transaction volume, the overall property price began to pick up. However, the price adjustment varied with each region, and certain districts started to see a relatively sharp rise in their housing prices. Such a price upsurge was mainly attributable to fast declining inventory levels and insufficient new supply in the short run, which is different from the excessive rise in housing prices in 2007 when the market was filled with overly optimistic sentiment.

Statistics showed that housing price in major cities was relatively stable in the first quarter of 2009, and the market was in a stage of clearing inventory. In the second quarter of 2009, against the backdrop of rising transaction volume, housing inventory levels in various regions declined significantly. In addition, new housing supply was unable to meet market demand in the short run, due to decrease in housing construction by property developers as a result of the market adjustment in 2008. According to the statistics compiled by China Vanke based on its supply and sales of residential properties in 14 major cities, in the first half of 2009, the actual pre-sales area to approved pre-sales area ratio of commodity housing in the 14 cities was 1.65 in average, which far exceeds 0.74 of the same period of 2008 and 1.23 of the same period of 2007.

Driven by rising market confidence and sales rebound, enterprises' investment appetite returned during the reporting period. Corporations accelerated the pace of project development, and unless a tremendous market change emerges, the market supply at the end of 2009 is expected to grow significantly. By that time, the problem of insufficient new housing supply will be alleviated.

Since April and May, the land market has become more active. The frequent occurrence of failed auctions in 2008 has stopped and over 50% of the transactions were closed with premium. Scenes of intense bidding returned in core cities. Robust land market reflected rising confidence in enterprises and market and improvement in financial situation. Moreover, the quantity supplied of land in core cities has been consistently lower than the quantity of land used for residential property development and sales volume of housing. To certain extent, this has intensified competition for land, prompting speculations on the land price of certain projects. Thus, while China Vanke will be aggressive with respect to project acquisition, it will also adhere to a "careful selection" strategy. The Company will thoroughly consider price reasonableness and feasibility of risk management, and will make stringent assessment of project profitability.

Although the market recovered quickly during the reporting period, China Vanke will not be lax in improving its operations. Taking a long-term perspective, an enterprise should rely on its management, innovation and ability to continue to generate profits for sustainable development instead of gains from the market. Facing the various uncertainties and new challenges of the macro environment, industry trends and competitions, the Company's management will persevere with its established development strategy to enhance its professionalism, swift the Company's development focus from "scale and speed" to "quality and efficiency", in order to enhance its ability to create value for its shareholders.

Company's response and operating results

During the reporting period, the Company's revenue and net profit amounted to RMB20.6 billion and RMB2.52 billion respectively, representing increases of 26.5 per cent and 22.5 per cent from those of the same period of the previous year respectively.

From January to June 2009, the Company realised sales area of 3,488,000 sq m, with a sales revenue of RMB30.76 billion, representing increases of 31.2 per cent and 27.5 per cent from those in the same period of the previous year respectively. Geographically, the Company realised a sales area of 1,101,000 sq m and a sales revenue of RMB10.44 billion in the Pearl River Delta region, representing increases of 46.3 per cent and 38.8 per cent when compared to those of the same period of previous year respectively. In the Yangtze River Delta region, the Company realised a sales area of 929,000 sq m and a sales revenue of RMB9.83 billion, representing increases of 1.4% and 0.5% when compared to those of the same period of previous year respectively. The Company realised a sales area of 1,026,000 sq m and a sales revenue of RMB7.47 billion in the Bohai-Rim region, representing increases of 64.2 per cent and 59.8 per cent when compared to those of the same period of previous year respectively. The other regions of the Company contributed a sales area of 431,000 sq m and a sales revenue of RMB3.01 billion, representing increases of 18.7 per cent and 40.3 per cent when compared to those of the same period of previous year respectively.

In the first half of the year, the booked area and booked revenue of the Company amounted to 2,485,000 sq m and

RMB20.39 billion respectively, representing increases of 19.4 per cent and 27.3 per cent from those of the same period last year respectively. At the end of the reporting period, the Company had an area of 4,091,000 sq m sold but not yet booked, which involved a total contract amount of approximately RMB32.18 billion.

From January to June 2009, the Company's booked gross margin dropped by 3.2 percentage points from that of the same period of previous year to 26.0 per cent. In the real estate industry, revenue recognition generally lags behind the developer's incurring of land costs. The decline in booked gross margin reflected the rise of land premium in the previous years as well as the change in property price during the adjustment period in 2008.The Company's management realised that a precise understanding of customer needs becomes increasingly important with the residential property sector exhibiting obvious traits of the manufacturing industry. Only by having an accurate analysis of customer needs can the Company allocate its construction costs more efficiently and effectively enhance market recognition of its product value. This is also one of the important steps for the Company's major approaches in its move from scale and speed-oriented growth to quality and efficiency-oriented expansion.

During the reporting period, the Company continued to intensify its cost control measures. It stepped up efforts to standardise regulation, extended the application of cost benchmarking, and increased the use of central purchasing to make purchases in order to benefit from bulk purchase. The results of the Company's efforts made in improving cost control will be gradually reflected in the future.

At the beginning of the reporting period, the Company proposed to lower its administrative expenses and distribution costs as a percentage of revenue in 2009 by 20% when compared with that of 2008. Through simplifying management process, adopting stringent control and supervision of expense budget, strengthening market and customers research in marketing, and modifying its advertising strategy. As a result, the Company's administrative expenses and distribution costs in the first half of 2009 decreased by 30% and 22% respectively from those of the same period last year. The aggregate amount of administrative expenses and distribution costs as a percentage of revenue decreased by 42.0% from that of the same period last year.

At the end of the reporting period, the Company, according to the latest market and sales situation, made an assessment of the projects for which provision for diminution in value was made at the end of 2008. At the end of the first quarter of 2009, the Company adjusted the provision for diminution in value of Jinyu Tixiang Project in Nanjing from RMB63.59 million to RMB49.57 million. According to the current situation, the Company further adjusted the provision for diminution in value of the project to RMB27.81 million. In addition, the provisions for diminution in value of Aureate City, Guangzhou, Hupo Junyuan, Shanghai, Golden City, Wuxi have all been reversed. The provision for diminution in value of Holiday Dew Garden, Tianjin has been adjusted from RMB70.23 million to RMB44.26 million. The aforementioned adjustments increased the profit attributable to equity holders of the Company by RMB162.34 million. The assessment of the other eight projects made at the end of 2008 remained unchanged.

Changes of provision for diminution in value of inventories

（Unit: RMB'000）

No.	City	Project name	Provision as at 31 Dec. 2008	Provision as at 30 Jun. 2009
1	Shanghai	Hupo Junyuan	65,780	-
2	Guangzhou	Aureate City	87,390	-
3	Wuxi	Golden City	53,910	-
4	Nanjing	JinyuTixiang	63,590	27,814
5	Tianjin	Holiday Dew Garden	70,230	44,258
6	Fuzhou	Golden Rongjun	152,166	152,166
7	Chengdu	Jinrun Huafu	31,530	31,530
8	Nanjing	Aureate City	80,060	80,060
9	Beijing	Aureate City	121,120	121,120
10	Wuhan	Yuanfang (former Aureate City)	40,284	40,284
11	Chengdu	Haiyue Huicheng	81,500	81,500

12	Chengdu	Golden Lingyu	216,120	216,120
13	Nanjing	The Paradiso	166,880	166,880
Total			**1,230,560**	**961,732**

Since the fourth quarter of last year, the Company has insisted on "building inventory based on sales", adjusting project launch plan according to sales progress and adjusting construction commencement schedule according to project launch plan. In view of the rapid recovery of the market, the Company has adjusted its planned area for newly commenced construction for the year from 4.03 million sq m set at the beginning of the year to 5.85 million sq m, representing an increase of 45.2%.

During the reporting period, the Company adhered to the principle of "careful selection and capturing opportunities", and acquired 15 new projects, with a total planned gross floor area (the "GFA") attributable to China Vanke's equity holding of 3.332 million sq m. From the end of the reporting period to the date of the announcement of this report, a total planned GFA attributable to China Vanke's equity holding increased by 814,000 sq m. Up to the date of announcement of this report, the aggregate increase in total planned GFA in proportion to China Vanke's equity holding in 2009 was 4.146 million sq m. As at the date of announcement of this report, the GFA of the projects under planning in proportion to China Vanke's equity holding amounted to 20.79 million sq m.

Amid market rebound, sales in first tier cities recovered with remarkable speed and growth rate. Outlook for first tier cities was more optimistic. This led to intensified competition for land in first tier cities than in any other cities. In order to secure profitability of projects, the Company's newly acquired projects during the year are mainly located in Shenyang, Anshan, Qingdao, Wuxi, Foshan, Xiamen, Fuzhou, Chongqing, etc.

During the reporting period, the Company's financial position further improved. As at the end of the reporting period, the cash and cash equivalents of by the Company amounted to RMB26.9 billion, up by RMB6.9 billion from that at the end of 2008. The Company's net debt ratio was 10.7%, representing a decrease of 22.4 percentage points when compared to that at the end of 2008.

At the beginning of the year, the Company mentioned that it would further expand its source of funding, and would consider equity financing at an appropriate timing. The Company will take full account of the level of acceptance by the capital market and investors, and will ensure the financing exercise will lead to profit growth for its shareholders when considering the timing, scope and method of financing. At present, the Company is actively exploring a feasible approach for financing.

2. Principal operations of the Company during the reporting period

(1) The scope and operations of the Company's core businesses

The Company specialises in property development with commodity housing as its major products. During the reporting period, the booked area and booked revenue from the Company's property projects were 2,485,000 sq m and RMB20.39 billion respectively, representing increases of 19.4 per cent and 27.28 per cent respectively when compared with those of the corresponding period of the previous year. The gross margin from the property business was26.01 per cent, down by 3.22 percentage points from that of the same period last year.

（Unit: '000 RMB）

Sector	Revenue		Cost of sales		Gross margin	
	Amount	Change	Amount	Change	%	Change
Property sales	20,389,885	27.28%	14,705,465	46.32%	26.01	Down by 3.22 percentage point
Property management and others	163,593	-27.88%	135,383	-13.08%	17.24	Down by 12.28 percentage point
Total	**20,553,478**	**26.51%**	**14,840,849**	**45.42%**	**25.94**	**Down by 3.29 percentage point**

Note: Gross margins are exclusive of land appreciation tax, business tax and surcharges.

(2) Comparison of major assets and liabilities and operating metrics (Unit: ’000 RMB)

Financial indicators	30-Jun-09	31-Dec-08	Change (+/-)	Reasons for change
Cash and cash equivalents	26,880,424	19,978,286	34.55%	Increase in cash received from sales and increase in cash deposit
Completed properties for sale	5,476,279	7,890,962	-30.60%	Delivery of more properties
Investment properties	168,374	198,395	-15.13%	Disposal of certain investment properties
Construction in progress	236,610	188,587	25.46%	Increase in cost of Vanke Center
Interest in associates	566,788	508,175	11.53%	The invested entity gained profit during the period
Shareholders' equity	34,521,272	31,891,925	8.24%	Increase in net profit
Financial indicators	**Jan-Jun 2009**	**Jan-Jun 2008**	**Change (+/-)**	**Reasons for change**
Revenue	20,553,478	16,246,106	26.51%	Increase in sales volume of properties
Cost of sales	14,840,848	10,205,844	45.42%	Increase in sales volume of properties and increase of cost of land
Distribution costs	551,447	709,183	-22.24%	Revising marketing strategy and performing stringent control over sales expenses
Administrative expenses	581,874	834,559	-30.28%	No expenses from employee's stock incentive plan charged to the period
Financial income	134,732	165,087	-18.39%	No foreign exchange gain
Share of profits less losses of associates	163,366	1,766	9150.62%	The invested entity gained profit during the period
Income taxation	1,397,167	2,017,085	-30.73%	Decrease in accrued land appreciation tax
Profit for the period	3,100,227	2,306,670	34.40%	Growth in profit before taxation
Profit attributable to equity shareholders of the Company	2,524,392	2,061,056	22.48%	Growth in net profit for the period

（3）Analysis of the core businesses by geographical regions

The revenue and profits from the core operations of the property business by geographical regions during the reporting period are as follows:

	Revenue（RMB '000）	Change	Net profit（RMB '000）	Change	Booked Area（'000 sq m）	Change
Pearl River Delta Region						
Shenzhen	1,260,846	6.18%	55,913	2.01%	161.2	6.49%
Guangzhou	1,674,000	8.21%	291,694	10.47%	209.5	8.43%
Dongguan	1,065,866	5.23%	30,396	1.09%	65.9	2.65%
Zhuhai	70,430	0.35%	7,810	0.28%	6.5	0.26%
Zhongshan	42,676	0.21%	(1,662)	-0.06%	11.1	0.45%
Foshan	910,854	4.47%	145,805	5.23%	151.9	6.11%
Changsha	61,352	0.30%	632	0.02%	11.9	0.48%
Xiamen	442,271	2.17%	90,344	3.24%	35.8	1.44%
Hainan	296,124	1.45%	(60,607)	-2.18%	32.2	1.29%
Sub-total	**5,824,419**	**28.57%**	**560,325**	**20.10%**	**686.0**	**27.60%**
Yangtze River Delta Region						
Shanghai	2,863,940	14.05%	446,223	16.02%	393.9	15.85%
Suzhou	463,826	2.27%	77,730	2.79%	37.9	1.53%
Hangzhou	3,193,107	15.66%	481,513	17.28%	273.3	11.00%
Nanjing	729,799	3.58%	85,397	3.07%	73.0	2.94%
Nanchang	94,522	0.46%	34,251	1.23%	28.6	1.15%
Ningbo	643,573	3.16%	141,047	5.06%	60.4	2.43%

Zhenjiang	2,277	0.01%	(3,590)	-0.13%	1.5	0.06%
Wuxi	224,006	1.10%	11,415	0.41%	45.7	1.84%
Hefei	-	-	(1,503)	-0.05%	-	-
Sub-total	**8,215,050**	**40.29%**	**1,272,483**	**45.68%**	**914.3**	**36.79%**
Bohai-rim Region						
Beijing	790,803	3.88%	117,871	4.23%	83.2	3.35%
Tianjin	1,597,479	7.83%	229,092	8.22%	179.1	7.21%
Shenyang	665,825	3.27%	95,166	3.42%	131.3	5.28%
Dalian	235,317	1.15%	2,595	0.09%	29.5	1.19%
Qingdao	163,925	0.80%	(2,469)	-0.09%	36.0	1.45%
Changchun	17,996	0.09%	(12,777)	-0.46%	1.7	0.07%
Sub-total	**3,471,345**	**17.02%**	**429,478**	**15.41%**	**460.8**	**18.54%**
Others						
Chengdu	2,295,112	11.26%	455,484	16.35%	337.1	13.56%
Wuhan	583,958	2.86%	75,927	2.74%	87.1	3.50%
Chongqing	-	-	(3,933)	-0.14%	-	-
Xi'an	-	-	(3,895)	-0.14%	-	-
Sub-total	**2,879,070**	**14.12%**	**523,583**	**18.81%**	**424.2**	**17.07%**
Total	**20,389,885**	**100.00%**	**2,785,869**	**100.00%**	**2485.3**	**100%**

Note: Anshan was included in Shenyang and Fuzhou was included in Shenzhen.

3. Investment of the Company

（1）Use of proceeds from the capital market

A. Public issue of A shares in 2007

Having obtained the approval from the relevant authorities, on 22 August 2007, the Company published the prospectus for the public issue of A shares. 317,158,261 A shares (with a nominal value of RMB1 per share) were issued at an issue price of RMB31.53 per share. The total proceeds raised from the public issue were RMB9,999,999,969.33. After deducting the issue expenses of RMB63,398,268.11, the net proceeds amounted to RMB9,936,601,701.22, which were received on 30 August 2007 and were certified and filed under Shennan Yanzi (2007) No. 155 by Shenzhen Nanfang Minhe CPA (深圳南方民和会计师事务所).

Details on the investment amount, investment gain, development progress of the projects as at the end of the reporting period are as follows: (Unit: RMB ’000)

Total amount of proceeds	9,936,600		Fund used during the year		783,160		
			Accumulated fund used		9,473,640		
Investment project	Change in project	Planned investment amount	Actual investment made	Progress	Promised yield (net margin of the entire project)	Net margin of the booked portion	Currently estimated net margin of the entire project
Golden Yazhu, Shanghai (former Zhonglin project)	No	700,000	700,000	100%	14.94%	19.52%	19.47%
Wujiefang Project, Pudong, Shanghai	No	1,200,000	1,044,250	Construction not yet commenced	10.34%		19.35%
West Spring Butterfly Garden, Hangzhou (former Jiangcun project)	No	700,000	700,000	32%	10.12%	17.13%	19.65%
Liangzhu project, Yuhang District, Hangzhou	No	1,700,000	1,700,000	33%	10.29%	8.40%	12.58%
Golden Town project, Qinzhou District, Ningbo	No	1,636,600	1,636,600	72%	11.42%	16.99%	18.77%
The Dream Town, Foshan (former Nanzhuang project）	No	900,000	900,000	32%	17.08%	21.10%	17.58%

Everest Town, Guangzhou (former Science City H3 project)	No	600,000	600,000	87%	9.20%	2.54%	5.61%
The Paradiso, Guangzhou (former Jinshazhou project)	No	800,000	800,000	42%	13.70%	8.65%	9.71%
Zhuhai Hotel project, Xiangzhou District, Zhuhai	No	650,000	546,490	Construction not yet commenced	11.73%		15.25%
Anpin Street, Baixia District, Nanjing	No	650,000	446,300	Construction not yet commenced	12.09%		3.00%
Stratford, Nanjing (former Huangjiadun project)	No	400,000	400,000	96%	20.54%	8.60%	10.21%
Total	-	9,936,600	9,473,640	-	-	-	-
Remarks on failure to reach progress target and estimated gains (by project)	1. Construction of Wujiefang Project did not commence as scheduled due to the effect of the adjustment in road planning for World Expo by the government of Shanghai. All the factors previously affecting the project now no longer exist. To maximize the land value of the project, the Company is fine-tuning the development plan of the project according to market demand, and is actively preparing for construction of the project. Construction of Zhuhai Hotel, Xiangzhou District, Zhuhai did not commence as scheduled due to the effect of the adjustment in the overall planning of the town centre by Zhuhai Municipal Government. The Company has received the planning permit for construction works of the residential section and is now applying for the construction permit while actively preparing for construction of the project. The plot ratio and height of Anpin Street Project, Nanjing had to be reduced due to government policy to preserve old town, affecting the construction commencement schedule and investment return. The overall planning of the project is now basically finalised. The Company is applying for the planning permit and is engaged in negotiations of relevant matters while actively preparing for construction of the project. 2. Based on sales performance up till now and market forecast, Everest Town project, Guangzhou, The Paradiso project, Guangzhou, Anpin Street project, Nanjing ,and Stratford project, Nanjing are expected to generate a profit less than that as stated in the prospectus. Other investment projects financed by the proceeds are expected to generate a profit higher than the estimated gains. Using the weighted average method, the total gains from the investment projects financed by the proceeds are expected to exceed the estimated gains stated in the prospectus.						
Remarks on reasons and procedures for the change (by project)	No change.						
Use of the remaining balance of the proceeds	As at 30 June 2009, the Company had applied RMB9.474 billion of the proceeds in accordance with the prospectus. The amount represented 95 per cent of the net proceeds of RMB9.937 billion. The remaining balance of RMB46 3million will be fully used in accordance with the progress of the project development.						

（2）Use of capital not from the capital market

① Major equity investment

1）During the reporting period , the Company promoted and established two new subsidiaries. The details are as follows:

	Companies	Currency	Registered capital	Equity interest	Core business
1	Qingdao Vanke Company Limited (青島万科企业有限公司)	RMB	50,000,000.00	100%	Property development
2	Shenyang Vanke Jinyu Xijun Real Estate Development Co., Ltd. (沈阳万科金域曦郡房地产开发有限公司)	RMB	10,000,000.00	100%	Property development

2） The major companies the Company acquired during the reporting period are as follows:

A. The procedure for acquiring Wuhan Wangjiadun Xiandaicheng Real Estate Development Co., Ltd. (武汉王家墩现代城房地产开发有限公司) was completed during the reporting period and the financial statements of Wuhan Wangjiadun Xiandaicheng Real Estate Development Co., Ltd. were included in the Company’s consolidated financial statements.

B. The Company acquired 100 per cent equity interests of Charm Crystal Limited (耀晶有限公司) for a total investment amount of HK$1,000.

3）During the reporting period, the Company increased the capital of four subsidiaries by an aggregate amount of RMB136 million to facilitate their business development. Of this amount, RMB69 million was injected into the capital of Wuxi Dongcheng Real Estate Co., Ltd. (无锡东城房地产有限公司), RMB40 million was injected into the capital of Jiangxi Vanke Qingshanhu Real Estate Development Co., Ltd. (江西万科青山湖房地产发展有限公司), and USD4 million was injected into the capital of Fuyang Spring Bay Property Company Limited (富阳泉水湾置业有限公司). During the reporting period, the Company increased the capital of other companies by HK$99,000.

② Other Investments

During the reporting period, the Company had 15 new projects, with a total planned GFA of approximately 4,080,000 sq m, of which approximately 3,330,000 sq m of planned GFA is in proportion to China Vanke's equity holding. The details of the projects are as follows:

City	Project	Location	Percentage of shareholding	Site Area (sq m）	Planned GFA (sq m)	Planned GFA in proportion to Vanke's equity holding (sq m)	Progress
Guangzhou	Le Bonheur（大坦沙项目）	Liwan District	100%	38,111	135,689	135,689	On sale
Foshan	The Paradiso	Nanhai District	55%	221,035	574,690	316,080	Pre-construction
	Chencun Project	Shunde District	100%	38,986	134,891	134,891	Pre-construction
Xiamen	Huxin Island Project	Huli District	100%	95,098	199,710	199,710	Pre-construction
Fuzhou	Paper Box Plant Project	Cangshan District	100%	16,168	35,570	35,570	Pre-construction
Shanghai	Land Lot No. 35, Qibao	Minhang District	51%	39,366	69,913	35,656	Pre-construction
Wuxi	Southern land lot of Golden City	New district	55%	102,170	306,510	168,581	Pre-construction
Shenyang	Jinyu Guoji (金域国际)	Tiexi District	100%	27,580	108,581	108,581	Pre-construction
	Wulihe Project	Shenhe District	55%	83,175	276,048	151,826	Pre-construction
Anshan	Dongan Project	Tiedong District	100%	303,700	530,560	530,560	Pre-construction
Qingdao	King Metropolis（双山南山地块）	North District	100%	68,153	221,057	221,057	Pre-construction
	The Dream Town（308国道以北地块）	Sifang District	55%	154,607	434,161	238,789	Pre-construction
Chongqing	Gaoxinyuan Zone I Project	Yubei District	100%	138,071	376,737	376,737	Pre-construction
	Gaoxinyuan Zone H Project	Yubei District	100%	41,448	145,068	145,068	Pre-construction
	Chongqing Jiaotong University (Yuzhong campus) Project	Yuzhong District	100%	105,463	533,486	533,486	Pre-construction
	Total			**1,473,131**	**4,082,671**	**3,332,280**	

From the end of the reporting period to the date of announcement of this report, the Company acquired four new projects, with a planned GFA of 1,176,000 sq m, of which 814,000 sq m of planned GFA is in proportion to China Vanke's equity holding. The total land premium is RMB3.52 billion. Details are as follows:

City	Project	Location	Percentage of shareholding	Site Area (sq m)	Currently planned GFA (sq m)	Planned GFA in proportion to Vanke's equity holding (sq m)	Progress
Zhongshan	Land lot at Kuchong	Eastern district	100%	76,387	87,960	87,960	Pre-construction
Wuhan	Last phase of City Garden	Dongxihu District	100%	230,972	346,800	346,800	Pre-construction
Foshan	Land lot at Dengzhou, Shunde	Shunde District	49%	284,036	710,092	347,945	Pre-construction
Guangzhou	Land Lot B04, Jinshazhou	Baiyun District	100%	17,207	30,973	30,973	Pre-construction
Total				**608,602**	**1,175,825**	**813,678**	-

4. Comparison between the actual operating results during the reporting period and the planned targets at the beginning of the period

The Company's actual operating results during the reporting period did not deviate much from the planned targets at the beginning of the period.

5. Adjustment in operation plan for the second half of the year

In view of the rapid recovery of the market, the Company has adjusted its planned area for newly commenced construction for the year from 4.03 million sq m set at the beginning of the year to 5.85 million sq m, representing an increase of 45.2%.

V. Significant events

1. Corporate governance

As one of the first companies listed in the PRC, the Company has always abided by its corporate values: to pursue simplicity, to be transparent, to be regulated and responsible. It continues to explore ways to raise its corporate governance standard. With a foundation built on sound corporate governance, China Vanke has established long-standing trust and win-win relationships with its investors.

The Company's actual corporate governance practice showed no deviation from the requirements of the relevant documents issued by the CSRC.

As the Company's single largest shareholder, CRC and its connected companies have remained independent of the Company in respect of operations, employees, assets, organisation and finance, thereby ensuring the Company's operation autonomy.

During the reporting period, the Company amended the implementation details of the Audit Committee according to the relevant requirements. The Company will continue to commit to improving its corporate governance through adopting various measures, thereby providing a solid foundation for the Company's healthy long-term development.

2. Implementation of the Company's proposal on dividend distribution for the previous year and profit appropriation for the interim period of 2009

Dividend distribution for the year 2008 was approved at the 2008 Annual General Meeting held on 10 April 2009. The proposal on the dividend distribution was: based on the total share capital as at the close of the market on the registration day for entitlement of the Company, a cash dividend of RMB0.50 (including tax; after deducting tax, a cash dividend of RMB0.45 is paid for every 10 existing shares beneficially held by individual shareholders, investment funds, and qualified foreign institutional investors of A shares; for other non-resident enterprises, the Company will not withhold nor pay the income tax on their behalf – the taxpayer shall pay the tax in the place where the income is received; B shares are not subject to taxation for the time being) will be paid to all the shareholders on the basis of every 10 existing shares held.

The aforesaid proposals were implemented during the reporting period: the registration day for entitlement for A shares was 5 June 2009, and ex-dividend date was 8 June 2009, while the last trading day of B shares was 5 June 2009, ex-dividend date was 8 June 2009, and the registration day for entitlement was 10 June 2009. For details on the implementation of the proposals, please refer to China Securities Journal, Securities Times, Shanghai Securities News on 27 May 2009 and irasia.com.

The Company will not carry out profit appropriation nor the transfer of capital surplus reserve to share capital for the interim period of 2009.

3. Implementation of The Restricted Stock Incentive Plan

(1) Incentive plan for year 2008

Since the Company's net profit after extraordinary gains or losses in 2008 declined by 15.61% compared with that of 2007, the performance target of "over 15% increase in net profit after extraordinary gains or losses" as stipulated in Provision 12 of Phase One of The Restricted Stock Incentive Plan could not be reached. On 14 April 2009, the Company made an announcement regarding termination of the implementation of the restricted stock incentive plan for year 2008. All of 60,925,820 Vanke A shares which had been held by the incentive plan for year 2008 were sold on the secondary market within trading days of the window period, and the proceeds from the sale amounted to RMB620,003,685.63. During the reporting period, RMB620,656,308.20 (being the total amount of funds under the incentive plan for year 2008, together with accrued interest) had been transferred to the Company's designated account. Termination of the implementation of the incentive plan for year 2008 was completed.

Please refer to the announcements on China Securities Journal, Securities Times, Shanghai Securities News and cninfo.com.cn on 14 April 2009 and 26 May 2009 for details.

(2) The Incentive plan for year 2007

Since the average closing price of Vanke A shares in 2008 after ex-right price backward adjustment was lower than that in 2007, the incentive plan for year 2007 did not meet the condition for stock price performance target of Phase One Restricted Stock Incentive Plan, and the incentive plan for year 2007 therefore entered into a supplementary vesting period.

During the reporting period, 46,341,761 Vanke A shares held by the incentive plan for year 2007 were entitled to a dividement payment of RMB2,317,088.05. Pursuant to the requirements of Phase One Restricted Stock Incentive Plan, the incentive plan used the related funds to purchase additional 210,000 Vanke A shares from the secondary market. As at the end of the reporting period, the incentive plan for year 2007 held a total of 46,551,761 Vanke A shares.

If, at the beginning of 2010, the average price of China Vanke A shares in 2009 after ex-right price backward adjustment is greater than the average price in 2007 after ex-right price backward adjustment, the shares held by the incentive plan for year 2007 can be transferred to the beneficiaries; if the stock price performance target can not be reached, vesting for the incentive plan for year 2007 will be cancelled. Shares held by the incentive plan for year 2007 will be sold on the market within the prescribed period after an announcement regarding the confirmation of the termination of the incentive plan for year 2007 is made, and the proceeds from the sale will be transferred to the Company.

4. Material litigation and arbitration

During the reporting period, the Company was not involved in any material litigation and arbitration.

5. Significant acquisition and disposal of assets

During the reporting period, there were no significant acquisition and disposal of assets by the Company.

6. Other matters in relation to investment

6.1 Securities investments

☐ Applicable √ Not applicable

6.2 Equity interests held in other listed companies

（Unit: RMB）

Stock code	Stock abbreviation	Initial investment amount	Percentage of shareholding	Balance as at the end of the reporting period	Gains/(losses) during the reporting period	Changes in equity attributable to equity shareholders during the reporting period
000001	Shenzhen Development Bank Co., Ltd – A	11,582,347.80	0.10%	65,763,734.40	-	37,252,051.20
600697	Changchun Eurasia Group Co., Ltd	5,070,000.00	1.18%	35,399,342.64	-	8,248,572.94
600680	Shanghai Potevio Co., Ltd	8,722,080.97	1.11%	39,021,192.80	-	14,887,433.34
600751	S*ST Tianjin Marine Shipping Co., Ltd.	143,600.00	0.04%	143,600.00	-	-
Total		25,518,028.77		140,327,869.84	-	60,388,057.48

Note:

1. The above-mentioned equity interests are legal person shares of the Company over the years. Up till now, the S*ST Tianjin Marine Shipping Co., Ltd has not undergone share reform, and Changchun Eurasia Group Co., Ltd is still subject to a lock-up period.

2. The change in fair value of equity interests at the end of the reporting period led to an increase in “available-for-sale finance assets”, and a corresponding increase in “capital reserve”.

6.3 Shareholding in non-listed financial corporations and companies planning for listing

No.

7. Major connected transactions

During the reporting period, the Company was not involved in any major connected transactions.

8. Major contracts and their implementation

（1） During the reporting period, the Company did not put any material assets under custodial management, sub-contract or lease any assets from other companies, nor were the Company’s material assets put under custodial management, subcontracted or leased by other companies.

（2） During the reporting period, the Company did not have any entrustment of financial management.

（3） Details on the new guarantees made by the Company during the reporting period are as follows:

No.	Guarantor (% of equity interest held by China Vanke)	Company for which guarantee was granted (% of equity interest held by China Vanke)	Guarantee amount	Remarks	Guarantee Period
1	China Vanke Co., Ltd.	Tianjin Xinghai Real Estate Development Co., Ltd (55%) (天津兴海房地产开发有限公司)	RMB16.5 million	Provided a guarantee in proportion to the Company's equity holding (55%) for a bank loan of RMB30 million	27 March 2009 to 26 March 2010
2	China Vanke Co., Ltd.	Shenzhen Vanke Real Estate Co., Ltd. (100%)	RMB120 million	Provided a guarantee in proportion to the Company's equity holding (100%) for a bank loan of RMB120 million	29 April 2009 to 29 April 2012

During the reporting period, the amount of new guarantees made by the Company and its majority-owned subsidiaries was RMB137 million, and the amount of guarantees terminated was RMB1,166 million. As at the end of the reporting period, the outstanding amount of guarantees made by the Company was RMB1,192 million, accounting for 3.45 per cent of the Company's net assets. (The amount of guarantees at the beginning of the reporting period changed slightly because of the exchange rate adjustment.) The outstanding amount of bank loan guarantees made by the Company and its majority-owned subsidiaries for other majority-owned subsidiaries was RMB1,094 million, the outstanding amount of bank loan guarantees made by the Company and its majority-owned subsidiaries for associated companies was RMB98 million, the outstanding amount of external guarantees made by the Company and its majority-owned subsidiaries was zero.

The Company did not provide guarantee for shareholders, beneficial controller and its connected parties, nor did it, directly or indirectly, provide guarantee for companies with an assets-liabilities ratio exceeding 70 per cent.

9. Specific elaboration and independent opinions of the independent directors on the use of capital by connected parties and external guarantees

There had been no non-operational use of capital by the controlling shareholder or other connected parties of the Company.

During the reporting period, the Company, in strict compliance with the related rules, regulated its external guarantee activities in order to control risks. There was no violation against the "Notice regarding the regulation of external guarantees by listed companies". The Company's guarantees had been made to meet its production and operational needs and the requirements for reasonable use of capital. The procedures for the determination of guarantees are legal and reasonable without prejudice to the interests of the Company and its shareholders.

10. 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, gave a significant 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 competition between the investment projects of the Company and that of CRNC and its subsidiaries, and in the event of any disagreements or disputes arising from horizontal competition. CRNC has fulfilled its undertaking.

Shareholders holding more than 5% of equity interests in the Company did not make additional undertaking for their restricted shares in 2008. For the Company's private placing of A shares in 2006, CRC, a shareholder holding more than 5% of the Company's equity interests, undertook to be subject to a lock-up period of 36 months for the subscribed shares of its own accord. CRC holds 264,000,000 restricted tradable shares of the Company from private placing, representing 2.4 per cent of the Company's total number of shares. The lock-up period of these shares will expire on 26 December 2009.

11. Meeting with investors

Type of meeting	Date	Location	Approach	Classification of visitors	Issues discussed and information provided
Goldman Sachs meeting	2009.1	Hong Kong	Face to Face Meeting	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. (II) Major information provided: Published information including the Company's regular reports.
UBS meeting	2009.1	Shanghai	Face to Face Meeting	Investors including securities companies, funds, etc	
Deutsche Bank meeting	2009.1	Beijing	Face to Face Meeting	Investors including securities companies, funds, etc	
Ping An Securities meeting	2009.1	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
United Securities meeting	2009.1	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
Merrill Lynch meeting	2009.1	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
Daiwa Securities meeting	2009.2	Tokyo	Face to Face Meeting	Investors including securities companies, funds, etc	
CLSA meeting	2009.2	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
CITIC Securities meeting	2009.2	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
China Merchants Securities meeting	2009.2	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
Annual results presentation	2009.3	Hong Kong, Shenzhen (Shanghai, Beijing)	Face to Face Meeting	Investors including securities companies, funds, individual investors, etc	
CLSA meeting	2009.3	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
Credit Suisse meeting	2009.3	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
UBS meeting	2009.3	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
Shenyin Wanguo meeting	2009.4	Beijing	Face to Face Meeting	Investors including securities companies, funds, etc	
Deutsche Bank meeting	2009.5	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
Macquarie meeting	2009.5	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
BOC International meeting	2009.5	Chengdu	Face to Face Meeting	Investors including securities companies, funds, etc	
CICC meeting	2009.5	Beijing	Face to Face Meeting	Investors including securities companies, funds, etc	
CLSA meeting	2009.5	Hong Kong	Face to Face Meeting	Investors including securities companies, funds, etc	
Ping An Securities meeting	2009.5	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
JP Morgan meeting	2009.6	Beijing	Face to Face Meeting	Investors including securities companies, funds, etc	
Essence Securities meeting	2009.6	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
CITIC Securities meeting	2009.6	Chengdu	Face to Face Meeting	Investors including securities companies, funds, etc	
Guotai Junan meeting	2009.6	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
China Merchants Securities meeting	2009.6	Shenzhen	Face to Face Meeting	Investors including securities companies, funds, etc	
Industrial Securities meeting	2009.6	Shanghai	Face to Face Meeting	Investors including securities companies, funds, etc	

Greatwall Securities meeting	2009.6	Beijing	Face to Face Meeting	Investors including securities companies, funds, etc	
UBS meeting	2009.6	Beijing	Face to Face Meeting	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.					
Securities Companies	During the reporting period	Shenzhen, Dongguan, Guangzhou, Suzhou, Shanghai, Hangzhou, Nanjiing, Wuxi, Tianjin, Shenyang, Beijing, Wuhan, Chengdu, Chongqing, Changsha, etc.	Small group or one-on-one	Goldman Sachs, Shenjin Wanguo, CLSA, UBS, Macquarie, First Shanghai Securities Co., JP Morgan, Morgan Stanley, Everbright Securities, Citi, Goldman Sachs Gaohua, CITIC Securities, Deutsche Bank, Credit Suisse, Nomura Securities, Changjiang Securities, CICC, BOC International, Hongta Securities, Donghai Securities 、Guodu Securities, China Merchants Securities, ABN Amro, Mitsubishi UFJ, Essence Securities, United Securities, Ping An Securities, Royal Bank of Scotland, BNP, DBS Vickers, Research-works, etc.	
Funds and other investment companies and individual investors	During the reporting period	Shenzhen, Dongguan, Guangzhou, Suzhou, Shanghai, Hangzhou, Nanjing, Wuxi, Tianjin, Shenyang, Beijing, Wuhan, Chengdu, Chongqing, Changsha, etc.	Small group or one-on-one	China Galaxy Securities Company Limited, Dalian Chenxi Investment Company (大连晨曦投资公司), China Life, E Fund, China AMC, Greenwoods Asset Management, Harvest Fund, Fortis Haitong Investment, Bosera Fund, Fullgoal Fund, Southern Fund, China Universal Fund, China Life Franklin Asset Management Co., Limited, Mirae Fund, Zhonghai Fund, Taikang Life, Runhui Investment, Bank of Communications Schroder Fund, Dacheng Fund, Lion Fund, Invesco Great Wall Fund, Guangfa Fund, Hua An Fund, Rongtong Fund, Fuh Hwa Securities Investment Trust, Ignis Investment Services Limited, Emerging Markets Mgmt LLC, Fortress Investment Group, ING Real Estate, Cohen & Steers, Galleon Asia, JPMorgan Asset Management, Fidelity, Bain Capital, Portman Holdings, UBS AG, UBS Global Asset Management, Rexiter, American Century Investment, CM Asia Pacific, Hamon Asset Management Limited, Blackstone Group Asia Limited, Fox-Pitt, Sansar, Oppenheimer Fund, Acru Asset Management, HT Capital, MFC Global Investment Management, Broad Peak Investment, Sloane Robinson, Alliance Bernstein, Lansdowne, Templeton, Marshall Wace, T Rowe Price, Robeco, Kingdon Capital, TPG—Axon, Tiger Asia, Montpelier Asset Management, Joho Partner, Newton Investment Management, BEA Union Investment, JF Asset Management, Farallon, Hellman & Friedman, Capital, PMA, Soros Capital Management, Partner Fund, Keywise Capital, Blue Ridge, Norges Bank, APG Investments, Janus Capital, MICH Investments, Highbridge, Sumitomo Trust & Banking, TY Advisor, Piper Jaffray & Co. , Triskele Capital Management Limited, Marverick Capital, Bennelong, Dragon Back, Union Investment Privatfords GMBH, AMP Capital, Henderson Global Marvin & Palmer,	

				Harding Loevner LLC, UOB Kay Hian, GLG Partners LP, DIAM Asset Management, Nomura Securities, TIAA CREF, GMO, Owl Creek Asset Management,Buena Vista Fund,Dodge and Cox US,Tiedemann,Aberdeen,Tiburon Partners,Clairvoyance,Mirae Asset Inv Mgmt,SAC Capital,ABC-CA Fund Mgmt,Daiwa Asset Management,Fair Asset Management,NPJ AM,Boyer Allan Investment Management,GE Asset Management,Jupiter Asset Management Ltd,Kelusa Capital,Alpine Woods Capital,GIC,Kylin Fund,orange capital partners,Wellington,Black Rock,Allegiant Asset Management Company,TIAA-CREF,Lazard Asset Management,Putnam Investments,William Blair,Kingdom,T-Rowe Price,emperor investments ,etc.	

12. Corporate bonds and related matters

During the reporting period, the Company's credit standing was relatively stable. The Company's issued bonds, including "08 Vanke G1" (Bond code: 112005) and "08 Vanke G2" (Bond code: 112006), had been tracked and rated by China Chengxin Securities Rating Co., Ltd. (中诚信证券评估有限公司). The rating company renewed its AAA credit rating for the secured corporate bonds, "08 Vanke G1", and AA+ credit rating for the unsecured bonds, "08 Vanke G2", and AA+ credit rating for the Company as a whole, and assigned the Company a stable rating outlook. The Company will pay the first year interest on its corporate bonds on 7 September 2009, and such interest payment will be funded by internal resources.

VI. Financial and Accounting Reports (unaudited)

China Vanke Co., Ltd.

萬科企業股份有限公司

30 June 2009

Consolidated income statement for the period ended 30 June 2009

(Expressed in Renminbi Yuan)

	Note	2009 Jan. – Jun	2008 Jan. – Jun
Revenue	7	20,553,477,931	16,246,106,110
Cost of sales		(14,840,848,429)	(10,205,843,769)
Gross profit		5,712,629,502	6,040,262,341
Other income	8	53,561,476	41,685,283
Distribution costs		(551,447,479)	(709,183,337)
Administrative expenses		(581,874,279)	(834,558,734)
Other expenses	9	(68,404,243)	(53,275,327)
Profit from operating activities		4,564,464,977	4,484,930,226
Financial income	11	134,732,205	165,087,195
Financial expenses	11	(346,839,320)	(348,042,936)
Net finance costs	11	(212,107,115)	(182,955,741)
Share of profits less losses of associates	20	163,366,356	1,765,632
Share of profits less losses of jointly controlled entities	21	(18,330,042)	20,015,404
Profit before income tax		4,497,394,176	4,323,755,521
Income tax	13(a)	(1,397,166,922)	(2,017,085,451)
Profit for the period		3,100,227,254	2,306,670,070
Attributable to:			
Equity shareholders of the Company		2,524,392,406	2,061,055,712
Minority interests	30	575,834,848	245,614,358
Profit for the period		3,100,227,254	2,306,670,070
Earnings per share			
Basic earnings per share	14	0.230	0.187
Diluted earnings per share	14	0.230	0.187

Consolidated statement of comprehensive income for the period ended 30 June 2009

(Expressed in Renminbi Yuan)

	Note	*2009 Jan. – Jun*	*2008 Jan. – Jun*
Profit for the period		3,100,227,254	2,306,670,070
Other comprehensive income for the period (after tax and reclassification adjustments)			
Exchange differences on translation of financial statements of foreign subsidiaries	12	230,369	130,804,522
Available-for-sale securities, net movement in the fair value reserve	12	48,310,446	(64,787,076)
Total comprehensive income for the period		3,148,768,069	2,372,687,516
Attributable to:			
Equity shareholders of the Company		2,572,933,221	2,127,073,158
Minority interests	30	575,834,848	245,614,358
Total comprehensive income for the period		3,148,768,069	2,372,687,516

The accompanying notes form part of these financial statements.

Consolidated balance sheet at 30 June 2009

(Expressed in Renminbi Yuan)

	Note	*30 June 2009*	*31 December 2008*
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,188,018,836	1,290,600,931
Investment properties	17	168,374,069	198,394,767
Construction in progress	18	236,609,988	188,587,023
Interest in associates	20	566,788,286	508,175,188
Interest in jointly controlled entities	21	1,870,479,117	1,888,809,160
Other financial assets	22	234,101,486	256,158,816
Deferred tax assets	23(a)	1,446,780,447	1,449,480,633
Total non-current assets		5,711,152,229	5,780,206,518
Current assets			
Inventories	24	34,285,742	48,111,356
Properties held for development	25	33,330,999,772	34,131,859,032
Properties under development	25	45,762,666,607	44,340,453,697
Completed properties for sale	25	5,476,278,613	7,890,962,140
Trade and other receivables	26	9,050,328,893	8,416,531,561
Cash and cash equivalents	27	26,880,423,543	19,978,285,930
Total current assets		120,534,983,170	114,806,203,716
TOTAL ASSETS		126,246,135,399	120,586,410,234
EQUITY			
Share capital	28	10,995,210,218	10,995,210,218
Reserves	29	24,012,197,083	22,146,755,978
Awarded Shares purchased for the Employees' Share Award Scheme	35	(486,135,416)	(1,250,040,934)
Total equity attributable to equity shareholders of the Company		34,521,271,885	31,891,925,262
Minority interests	30	7,283,669,810	6,926,624,219
TOTAL EQUITY		41,804,941,695	38,818,549,481

The accompanying notes form part of these financial statements.

Consolidated balance sheet at 30 June 2009 (continued)

(Expressed in Renminbi Yuan)

	Note	*30 June 2009*	*31 December 2008*
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings and bonds	31	19,220,323,341	14,942,136,092
Deferred tax liabilities	23(b)	1,244,364,769	1,380,487,627
Other long term liabilities	32	19,724,960	12,644,850
Provisions	34	30,392,447	41,729,468
Total non-current liabilities		**20,514,805,517**	**16,376,998,037**
Current liabilities			
Interest-bearing borrowings	31	12,126,809,557	17,866,342,910
Financial derivatives		3,544,200	1,694,880
Trade and other payables	33	48,366,045,359	43,979,207,733
Current taxation	13(c)	3,429,989,071	3,543,617,193
Total current liabilities		**63,926,388,187**	**65,390,862,716**
TOTAL LIABILITIES		**84,441,193,704**	**81,767,860,753**
TOTAL EQUITY AND LIABILITIES		**126,246,135,399**	**120,586,410,234**

Approved and authorised for issue by the board of directors on 31 July 2009.

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) Directors
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The accompanying notes form part of these financial statements.

Consolidated statement of change in equity for the period ended 30 June 2009

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the company												
	Share capital	Share premium (note 29 (a))	Foreign exchange reserve	Statutory reserves (note 29 (b))	Employee share-based compensation reserve (note 29 (c))	Awarded shares purchased for the employees' share award scheme (note 35)	Revaluation reserve (note 29 (d))	Capital reserve arising from stepped acquisitions	Capital reserve arising from disposal of awarded shares (note 35)	Retained profits	Total	Minority interests	Total equity
Balance at 1 January 2009	10,995,210,218	8,826,644,405	277,307,760	6,581,984,978	473,226,067	(1,250,040,934)	44,647,125	(241,332,344)	-	6,184,277,987	31,891,925,262	6,926,624,219	38,818,549,481
Changes in equity for the six months ended 30 June 2009													
Dividend approved in respect of the previous year	-	-	-	-	-	-	-	-	-	(549,760,511)	(549,760,511)	(128,533,121)	(678,293,632)
Capitalisation issue	-	-	-	-	-	-	-	-	-	-	-	(90,256,136)	(90,256,136)
Equity settled share-based transactions	-	-	-	-	-	763,905,518	-	-	(143,249,210)	-	620,656,308	-	620,656,308
Reserve of acquisition of minority interest	-	-	-	-	-	-	-	(14,482,395)	-	-	(14,482,395)	-	(14,482,395)
Total comprehensive income for the period	-	-	230,369	-	-	-	48,310,446	-	-	2,524,392,406	2,572,933,221	575,834,848	3,148,768,069
Balance at 30 June 2009	10,995,210,218	8,826,644,405	277,538,129	6,581,984,978	473,226,067	(486,135,416)	92,957,571	(255,814,739)	(143,249,210)	8,158,909,882	34,521,271,885	7,283,669,810	41,804,941,695

The accompanying notes form part of these financial statements.

Consolidated statement of change in equity for the period ended 30 June 2009 (continued)

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the company											
	Share capital	Share premium (note 29 (a))	Foreign exchange reserve	Statutory reserves (note 29 (b))	Employee share-based compensation reserve (note 29 (c))	Awarded shares purchased for the employees' share award scheme (note 35)	Revaluation reserve (note 29 (d))	Capital reserve arising from stepped acquisitions	Retained profits	Total	Minority interests	Total equity
Balance at 1 January 2008	6,872,006,387	12,949,848,236	147,798,941	5,395,470,156	453,690,000	(466,541,546)	134,801,554	(241,332,344)	4,032,906,217	29,278,647,601	4,640,875,428	33,919,523,029
Changes in equity for the six months ended 30 June 2008												
Dividend approved in respect of the previous year	-	-	-	-	-	-	-	-	(696,995,302)	(696,995,302)	(63,439,074)	(760,434,376)
Capitalisation issue	4,123,203,831	(4,123,203,831)	-	-	-	-	-	-	-	-	980,002,362	980,002,362
Equity settled share-based transactions	-	-	-	-	308,476,379	(997,251,454)	-	-		(688,775,075)	-	(688,775,075)
Total comprehensive income for the period	-	-	130,804,522	-	-	-	(64,787,076)	-	2,061,055,712	2,127,073,158	245,614,358	2,372,687,516
Balance at 30 June 2008 and 1 July 2008	10,995,210,218	8,826,644,405	278,603,463	5,395,470,156	762,166,379	(1,463,793,000)	70,014,478	(241,332,344)	5,396,966,627	30,019,950,382	5,803,053,074	35,823,003,456
Changes in equity for the six months ended 31 December 2008												
Dividend approved in respect of the previous year	-	-	-	-	-	-	-	-	-	-	(141,212,428)	(141,212,428)
Capitalisation issue	-	-	-	-	-	-	-	-	-	-	903,698,806	903,698,806
Equity settled share-based transactions	-	-	-	-	(288,940,312)	213,752,066	-	-	1,711,866	(73,476,380)	-	(73,476,380)
Transfer from retained profits	-	-	-	1,186,514,822	-	-	-	-	(1,186,514,822)	-		-
Total comprehensive income for the period	-	-	(1,295,703)	-	-	-	(25,367,353)	-	1,972,114,316	1,945,451,260	361,084,767	2,306,536,027
Balance at 31 December 2008	10,995,210,218	8,826,644,405	277,307,760	6,581,984,978	473,226,067	(1,250,040,934)	44,647,125	(241,332,344)	6,184,277,987	31,891,925,262	6,926,624,219	38,818,549,481

The accompanying notes form part of these financial statements.

Condensed consolidated cash flow statement for the period ended 30 June 2009

(Expressed in Renminbi Yuan)

	2009 Jan. – Jun	*2008 Jan. – Jun*
Operating activities		
Cash received from customers	27,326,850,631	21,952,546,322
Cash paid to suppliers	(11,498,223,641)	(16,079,764,320)
Cash paid to and for employees	(656,464,889)	(1,850,285,760)
Cash paid for taxes	(3,534,320,990)	(4,624,472,477)
Cash generated from other operating activities	788,899,488	1,546,511,369
Cash used in other operating activities	(2,605,155,965)	(2,433,423,857)
Net cash generated from/(used in) operating activities	9,821,584,634	(1,488,888,723)
Investing activities		
Acquisitions of subsidiaries, net of cash acquired	(252,880,464)	(1,768,566,734)
Acquisitions of interest in associates, jointly controlled entities and other investments	-	(731,273,193)
Acquisitions of property, plant and equipment and construction in progress	(19,369,517)	(228,756,900)
Prepayment for investments	(13,912,578)	-
Proceeds from disposal of property, plant and equipment	84,177,822	3,412,609
Proceeds from sales of investments	80,060,000	306,000
Dividends received	134,830,514	32,426,533
Proceeds from other investment activities	144,202,567	122,869,659
Net cash generated from/(used in) investing activities	157,108,344	(2,569,582,026)

The accompanying notes form part of these financial statements.

Condensed consolidated cash flow statement for the period ended 30 June 2009 (continued)

(Expressed in Renminbi Yuan)

	2009 Jan. – Jun	*2008 Jan. – Jun*
Financing activities		
Capital injections from minority interests of subsidiaries	-	356,507,408
Proceeds from loans and borrowings	11,039,015,369	10,545,464,342
Repayment of loans and borrowings	(12,382,381,037)	(6,614,274,805)
Interests and dividends paid	(1,733,306,033)	(1,842,913,054)
Net cash generated from/(used in) financing activities	(3,076,671,701)	2,444,783,891
Net increase/(decrease) in cash and cash equivalents	6,902,021,277	(1,613,686,858)
Cash and cash equivalents at 1 January	19,978,285,930	17,046,504,584
Effect of foreign exchange rates	116,336	(62,972,096)
Cash and cash equivalents at 30 June	26,880,423,543	15,369,845,630

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements

(Expressed in Renminbi Yuan)

1 Reporting entity

China Vanke Co., Ltd (the "Company") is a company domiciled in the People's Republic of China (the "PRC"). The consolidated financial statements of the Company for the period ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The Group is primarily involved in the development and sale of properties in the PRC (see note 7).

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved and authorised for issue by the Company's board of directors on 31 July 2009.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in note 5.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi Yuan, which is the Group's functional currency.

2 Basis of preparation (continued)

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 16 and 17 – depreciation and impairment of property, plant and equipment and investment properties
- Note 25 – write down of properties
- Note 26 – impairment of trade debtors and other receivables
- Note 40 – accounting estimates and judgments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 3(q) and 3(s) depending on the nature of the liability.

(ii) Associates and jointly controlled entities

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Associates and jointly controlled entities (continued)

Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group of that is classified as held for sale). Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of investees' net assets and any impairment loss relating to the investment (see notes 3(h)(i)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated income statement.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the jointly controlled entity. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealized profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

(iii) Business combinations

When an acquisition is completed by a series of successive transactions, each significant transaction is considered individually for the purpose of the determination of the fair value of the identifiable assets, liabilities and contingent liabilities acquired and hence for the goodwill associated with the acquisition.

The fair values of the identifiable assets and liabilities acquired can vary at the date of each transaction. When a transaction results in taking over the control of the entity, the interests of the entity previously recorded in the Group's financial statements are revalued on the basis of the fair values of the identifiable assets and liabilities at the transaction date. Any revaluation surplus/deficits are recorded in equity.

When control already exists at the date of addition in interest in an entity, no fair value adjustment is made to the identifiable assets, liabilities and contingent liabilities of the entity. Any difference between the considerations and the carrying amount of interests previously recorded in the Group's financial statements is dealt with in equity.

Where the Group decreases its interest in a subsidiary without losing control, any gain or loss on the partial disposal is recognised in profit or loss.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units and is tested annually for impairment (see note 3(h)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate jointly controlled entity and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (see note 3(h)).

Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly entity is recognized immediately in profit or loss.

On disposal of a cash generating unit, an associate or a jointly controlled entity during the year, and attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Renminbi at exchange rate at the reporting date. The income and expenses of foreign operations are translated to Renminbi at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity. Such differences have been recognised in the foreign exchange reserve. When a foreign operation is disposed of, in part of in full, the relevant amount in the foreign exchange reserve is transferred to profit or loss.

3 Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, including cash and cash equivalents, bonds and interest-bearing borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)), are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Others

Other non-derivative financial instruments are measured at amortized cost using effective interest rate method, less any impairment losses.

(ii) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in the profit or loss when incurred. Subsequent to initial reorganization, derivatives are measured at fair values, and all changes in its fair value are recognized immediately in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3 Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Hotel and other properties held for own use, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3(m)). Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" or "other expenses" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follow:

	Year	*Estimated residual value as a percentage of costs*
Hotel buildings	34	4%
Other buildings	12.5 - 25	4%
Improvements to premises	5 years or over terms of leases	-
Plant and machinery	5 - 10	4%
Furniture, fixtures and equipment	5 - 10	4%
Motor vehicles	5	4%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

3 Significant accounting policies (continued)

(e) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest (see note 3(g)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated in the consolidated balance sheet at cost less accumulated depreciation and impairment losses (see note 3(h)). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3(m)).

Any gain or loss arising from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment property is accounted for as described in note 3(l)(iii).

Depreciation is calculated to write off the cost of items of investment properties, less their estimated residual value of 4% of costs, using straight line method over their estimated useful lives of 12.5 to 40 years.

(f) Construction in progress

Construction in progress represents items of property, plant and equipment or investment properties under construction and pending installation, and is stated at cost less impairment losses (see note 3(h)). Cost comprises cost of materials, direct labour, borrowing costs capitalized (see note 3(m)), and an appropriate proportion of production overheads incurred during the periods of construction and installation. Capitalization of those costs ceases and the construction in progress is transferred to property, plant and equipment or investment properties, as appropriate, when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

3 Significant accounting policies (continued)

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is held for development, under development or completed and held for sale (see notes 3(j) and 3(k)).

(h) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

3 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and jointly controlled entities recognised using the equity method, the impairment loss is measure by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 3(h)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 3(h)(ii).
- For unquoted securities that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for securities are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.
- For available-for-sale securities, the cumulative loss that has been recognised directly in equity is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

3 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss were recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- investment properties;
- property, plant and equipment; and
- construction in progress.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3 Significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Properties under development and properties held for development

Properties under development are stated at the lower of cost and net realisable value. The cost of properties under development and properties held for development comprise specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 3(m)). Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs to be incurred in selling the properties.

3 Significant accounting policies (continued)

(k) Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value represents the estimated selling price less the estimated costs to be incurred in selling the properties.

The cost of completed properties for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When properties are sold, the carrying amount of those properties is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of properties to net realisable value and all losses of properties are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of properties is recognised as a reduction in the amount of properties recognised as an expense in the period in which the reversal occurs.

(l) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue from the sale of completed properties for sale is recognised upon the signing of the sale and purchase agreement and the receipt of the deposits pursuant to the sale and purchase agreement or the achievement of status ready for hand-over to customers as stipulated in the sales and purchase agreements, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet under sales deposits received in advance.

(ii) Provision of services

Revenue from services is recognised when services are rendered.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(l) Revenue recognition (continued)

(v) Dividend income

-Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

-Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other sundry income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vii) Construction revenue

The construction revenue is recognized by refernce to the stage of completion of the contruction activity at the end of the reporting period, only when the following conditions are met,

- It is the buyer who can make decision to the design of the main construction before the construction activity, and make decision to change the design during the construction activity;
- The outcome of the construction contract can be estimated reliably.

The above revenue is net of the relevant taxes and is after the deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(m) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

3 Significant accounting policies (continued)

(n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group's contributions to defined contribution retirement plans administrated by the PRC government are recognised as an expense when incurred according to the contribution defined by the plans.

(ii) Share based payments

The Group has adopted an equity-settled Employees' Share Award Scheme (the "Scheme") for its employees (note 35) and the Group's policy for the Scheme is set out below.

The fair value of the shares granted to the employees (the "Awarded Shares") is recognised as an employee cost with a corresponding increase in employee share based compensation reserve within equity. The fair value is measured at grant date using the Monte-Carlo option pricing model, taking into account the terms and conditions upon which the Awarded Shares were granted. As the employees have to meet vesting conditions before becoming unconditionally entitled to the Awarded Shares, the total estimated fair value of the Awarded Shares is spread over the vesting period, taking into account the probability that the Awarded Shares will vest. As the duration of the vesting period depends on the market price of the Company's A shares, the estimation on the vesting period is reviewed at each balance sheet date. Any adjustment to the employee cost recognised in prior years is charged / credited to the profit or loss for the year of review with a corresponding adjustment to the compensation reserve.

The Group's contribution to the Scheme is stated at cost and is presented as a contra account, namely, Awarded Shares purchased for the Employees' Share Award Scheme, within equity.

When the Awarded Shares are transferred to the awardees upon vesting, the related costs of the Awarded Shares vested are credited to Awarded shares purchased for the Employee's Share Award Scheme with a corresponding adjustment to the employee share based compensation reserve.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred assets and liabilities. Current tax and movement in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3 Significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria is adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

No temporary differences are recognised on the initial recognition of goodwill. In addition, the following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

3 Significant accounting policies (continued)

(o) Income tax (continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter at amortised cost less impairment losses for bad and doubtful debts (see note 3(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 3(h)).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 3(t), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and demand deposits with banks. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(s) Interest-bearing borrowings and bonds

Interest-bearing borrowings and bonds are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings/bonds are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings/bonds, together with any interest and fees payable, using the effective interest method.

3 Significant accounting policies (continued)

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(t)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 3(t)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 3(t)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 Significant accounting policies (continued)

(u) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group.

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

There were no dilutive ordinary shares during the years ended 30 June 2009 and 31 December 2008; therefore, dilutive earnings per share are not presented.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the group's various lines of business.

Individually material operating segments are not aggregated for the financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 Changes in accounting policies

In the current period, the Company has applied the following new and revised International Financial Reporting Standards ("IFRSs") in these financial statements.

(1) IFRSs 8 Operating Segments

IFRS 8 becomes effective for annual periods beginning on or after 1 January 2009. As of 1 January 2009 the Company determines and presents operating segments based on the information that internally is provided to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. Comparative segment information has been re-presented in conformity with the transitional requirement of IFRSs 8. The change in accounting policy only impacts presentation and disclosure aspects; there is no impact on earnings per share.

(2) IAS 1 Presentation of Financial Statements

The revised IAS 1 becomes effective for annual periods beginning on or after 1 January 2009. As a result, the Company presents in the consolidated statement of change in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these financial statements as of and for the six months period ended on 30 June 2009. Comparative information has been re-presented in conformity with the revised standards. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 41).

5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment, properties held for development, properties under development and completed properties for sale

The fair value of property, plant and equipment, properties held for development, properties under development and completed properties for sale recognised as a result of business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

5 Determination of fair values (continued)

(ii) Investment property

The fair value of investment properties, which is determined for disclosure purposes in note 17, is estimated by the directors having regard to recent market transactions of similar properties in the same location as the Group's investment properties.

(iii) Investments in debt and equity securities

The fair value of listed available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date without any deduction for transaction costs. There is no quoted market price in an active market for the unlisted equity and debt securities and thus their fair value cannot be reliably estimated.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Derivatives

The fair value of financial derivatives, namely non-deliverable forward contracts, is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

(vi) Interest bearing financial instruments

The fair value of interest bearing amounts is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments and it approximates carrying value as at 30 June 2009 and 31 December 2008.

(vii) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Given the terms of non-interest bearing and no fixed repayment terms for certain amounts due from associates and jointly controlled entities, their fair value cannot be reliably estimated.

6 Acquisitions of subsidiaries

Acquisitions of subsidiaries by the Group during the period ended 30 June 2009:

(a) Pursuant to an equity transfer agreement dated 6 January 2008, the Company acquired a 90% equity interest in Wu Han Wangjiadun Morden City Real Estate Development Co., Ltd. "Wangjiadun" with a consideration of RMB 368 Million. The acquisition was completed on 31 May 2009. Upon acquisition date, the total assets and total liabilities of Wangjiadun were RMB 780 million and RMB371 million respectively (note).

Note: In the circumstances, the acquired subsidiaries' major assets are properties under development. The directors consider that the purpose of acquiring above subsidiary is solely to acquire the underlying properties.

(b) Pursuant to an equity transfer agreement dated 1 April 2009, the Company acquired a 100% equity interest in Charm Crystal Limited with a consideration of HKD 1,000. Upon acquisition date, the total assets and total liabilities of Charm Crystal Limited were HKD 2,249.29 and HKD 1,674.29 respectively.

The acquisitions had the following effect on the Group's assets and liabilities on acquisition date:

	Carrying amount	*Adjustments*	*Recognised Values on acquisitions*
Cash and cash equivalents	4,464	-	4,464
Properties held for development, properties under development and completed properties for sales	570,870,456	209,374,491	780,244,947
Trade and other payables	(370,874,634)	-	(370,874,634)
Minority interests	(19,999,978)	(20,937,449)	(40,937,427)
Net identifiable assets and liabilities	180,000,308	188,437,042	368,437,350
Considerations, satisfied in cash			368,437,350
Cash acquired			(4,464)
Considerations prepaid in prior years			(368,436,468)
Considerations to be paid subsequent to June 2009			(882)
Net cash outflow			(4,464)

All subsidiaries set out above were acquired from third parties.

7 Segment reporting

As of 1 January 2009 the Company determines and presents operating segments based on the information that internally is provided to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. Comparative segment information has been re-presented in conformity with the transitional requirement of IFRSs 8.

An analysis of the revenue of the Group within the PRC is set out below:

for the six months ended 30 June 2009	Real Estate Development							
	Beijing region (note (1))	Shenzhen region (note (2))	Shanghai region (note (3))	Others (note (4))	Property Management	Others	Eliminations	Total
Revenue from external revenue	3,472,717,731	5,826,722,651	8,218,298,653	2,873,283,969	156,420,228	6,034,699	-	20,553,477,931
Inter-segment revenue	-	-	-	-	201,722,477	164,422,262	(366,144,739)	-
Reportable segment revenue	3,472,717,731	5,826,722,651	8,218,298,653	2,873,283,969	358,142,705	170,456,961	(366,144,739)	20,553,477,931
Reportable segment profit	642,224,476	897,932,348	2,105,486,037	920,412,138	194,177,870	(290,423,013)	(237,341,433)	4,232,468,423
Reportable segment assets	25,024,929,763	41,629,572,480	41,395,545,072	12,552,558,466	693,623,570	60,221,708,752	(55,271,802,704)	126,246,135,399
Reportable segment liabilities	19,525,275,120	34,585,311,107	35,026,443,799	10,254,964,037	512,239,199	33,265,018,017	(48,728,057,575)	84,441,193,704

7 Segment reporting (continued)

for the six months ended 30 June 2008	Real Estate Development Beijing region (note (1))	Shenzhen region (note (2))	Shanghai region (note (3))	Others (note (4))	Property Management	Others	Eliminations	Total
Revenue from external revenue	5,142,549,155	5,421,927,694	4,867,208,235	665,254,391	144,783,022	4,383,613	-	16,246,106,110
Inter-segment revenue	-	-	-	-	223,854,594	13,099,440	(236,954,034)	-
Reportable segment revenue	5,142,549,155	5,421,927,694	4,867,208,235	665,254,391	368,637,616	17,483,053	(236,954,034)	16,246,106,110
Reportable segment profit	1,510,940,533	1,975,958,260	1,013,916,562	168,844,887	19,934,030	(323,897,439)	(217,219,500)	4,148,477,333
Reportable segment assets	19,976,436,069	41,812,562,372	44,581,649,501	10,642,382,482	618,636,453	61,447,496,150	(66,554,857,287)	112,524,305,740
Reportable segment liabilities	14,640,284,883	35,416,636,139	40,625,601,675	8,760,353,561	488,851,517	38,049,855,476	(61,280,280,966)	76,701,302,285

Notes:

(1) Beijing region represents Beijing, Tianjin, Shenyang, Changchun, Dalian, Anshan, and Qingdao.

(2) Shenzhen region represents Shenzhen, Guangzhou, Zhuhai, Zhongshan, Huizhou, Foshan, Dongguan, Hainan, Changsha, Xiamen and Fuzhou.

(3) Shanghai region represents Shanghai, Nanjing, Wuxi, Suzhou, Zhejiang, Ningbo, Zhenjiang, Kunshan, Hefei and Nanchang.

(4) Other represents Chengdu, Xi’an, Chongqing, and Wuhan.

8 Other income

	2009 Jan-Jun	*2008 Jan-Jun*
Forfeited deposits and compensation from customers	7,465,219	6,641,152
Gain on disposals of subsidiaries	7,176,572	116,218
Gain on disposals of interest in associates	406,596	-
Gain on disposals of other investments	60,000	601,533
Gain on disposals of property, plant and equipment	1,301,084	4,367,678
Government subsidies	7,067,158	19,151,553
Other sundry income	30,084,847	10,807,149
	53,561,476	41,685,283

9 Other expenses

	2009 Jan-Jun	*2008 Jan-Jun*
Compensation to customers	11,427,022	12,238,244
Provision for doubtful debts	18,067,010	9,768,106
Donations	24,509,714	25,147,688
Penalties	2,735,546	993,685
Net unrealized loss on financial derivatives	1,849,320	3,016,728
Realised loss on financial derivatives	2,728,093	-
Other sundry expenses	7,087,538	2,110,876
	68,404,243	53,275,327

10 Personnel expenses

	2009 Jan-Jun	*2008 Jan-Jun*
Wages, salaries and other staff costs	471,757,082	346,898,085
Contributions to defined contribution plans	44,521,893	48,779,027
Equity-settled share-based compensation	-	308,476,380
	516,278,975	704,153,492

11 Net finance costs

	2009 Jan-Jun	*2008 Jan-Jun*
Interest income	122,577,386	122,869,658
Dividend income	12,154,819	-
Net foreign exchange gain	-	42,217,537
Finance income	134,732,205	165,087,195
Interest expense and borrowing costs	1,143,840,250	932,074,076
Less：Interest capitalized	(798,139,224)	(584,031,140)
Foreign exchange loss	1,138,294	-
Finance expenses	346,839,320	348,042,936
Net finance costs	(212,107,115)	(182,955,741)

Interest expense and other borrowing costs have been capitalised at an average rate of 6.3% (2008: 7.0%) per annum.

12 Other comprehensive income

Disclosure of tax effects relating to each component of other comprehensive income

	Jan. - Jun. 2009		
	Before-tax amount	Tax (expense)	Net-of-tax amount
Exchange differences on translation of financial statements of foreign subsidiaries	230,369	-	230,369
Available-for-sale finance assets:	60,388,057	(12,077,611)	48,310,446
Other comprehensive income for the period	60,618,426	(12,077,611)	48,540,815

	Jan. - Jun. 2008		
	Before-tax amount	Tax benefit	Net-of-tax amount
Exchange differences on translation of financial statements of foreign subsidiaries	130,804,522	-	130,804,522
Available-for-sale finance assets:	(78,889,436)	14,102,360	(64,787,076)
Other comprehensive income for the period	51,915,086	14,102,360	66,017,446

13 Taxation

(a) Taxation in the consolidated income statement represents:

	2009 Jan - Jun	*2008 Jan - Jun*
Current tax		
PRC Enterprise Income Tax		
Provision for the period	1,162,020,154	1,398,247,132
Land Appreciation Tax	380,647,052	1,030,231,356
	1,542,667,206	2,428,478,488
Deferred tax		
Fair value adjustments arising from business combinations		
PRC Enterprise Income Tax	(73,942,237)	(57,197,726)
Land Appreciation Tax	(74,258,233)	(34,432,225)
Accrual for Land Appreciation Tax	(13,876,941)	(186,656,472)
Tax losses	(93,879,551)	(53,859,788)
Provision for diminution in value of properties	54,960,940	9,609,752
Accruals for construction costs	51,185,710	(73,377,993)
Other temporary differences	4,310,028	(15,478,585)
	(145,500,284)	(411,393,037)
Total	1,397,166,922	2,017,085,451

The provision for PRC Corporate Income Tax is calculated based on the estimated taxable income at the rates applicable to each company in the Group. The income tax rates applicable to the principal subsidiaries in the PRC range between 20% and 25%.

According to the China's Corporate Income Tax ("CIT") Law that was passed by the Standing Committee of the Tenth National People's Congress ("NPC") on 16 March 2007 and the Notice of the State Council on the Transitional Preferential Policy regarding implementation of the CIT Law (Guo Fa [2007] No.39) issued on 26 December 2007, income tax rate is revised to 25% with effect from 1 January 2008. For certain enterprises that are entitled to preferential income tax rate of 15% before the implementation of the CIT Law, the income tax rate applicable will be 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011, and 2012 and thereafter respectively.

Land Appreciation Tax is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant property development expenditures.

13 Taxation (continued)

(b) Taxation recognized directly in equity

	2009 Jan - Jun	*2008 Jan - Jun*
Arising from fair value adjustments on available-for-sale securities (note 23(b))	12,077,611	(14,102,360)

(c) Current taxation in the consolidated balance sheet represents:

	30 Jun. 2009	*31 Dec. 2008*
Corporate Income tax		
Brought forward balance	103,616,161	1,359,800,654
Provision for the period	1,162,020,154	2,631,939,752
PRC Corporate Income Tax paid	(1,244,787,034)	(3,888,124,245)
	20,849,281	103,616,161
Land appreciation tax		
Brought forward balance	3,440,001,032	2,020,375,156
Provision for the period	380,647,052	2,161,307,854
Land appreciation tax paid	(411,508,294)	(741,681,978)
	3,409,139,790	3,440,001,032
Total	3,429,989,071	3,543,617,193

Land Appreciation Tax provisions have been made pursuant to Guo Shui Fa (2006) No 187 Circular of State Administration of Taxation on Relevant Issues of Settlement and Management of Land Appreciation Tax for Real Estate Developers. The management consider the timing of settlement is dependent on the implementation practice of local tax bureau. As a result of the uncertainty of timing of payment of Land Appreciation Tax, the provisions have been recorded as current liabilities as at 30 June 2009 and 31 December 2008.

14 Basic earnings per share

The calculation of basic earnings per share is based on the net profit for the period attributable to equity shareholders of the Company of RMB2,524,392,406 (2008:RMB2,061,055,712) and on the weighted average number of ordinary shares outstanding during the period of 10,995,210,218 (2008: 10,995,210,218) shares.

15 Dividends

A cash dividend of RMB0.05 per share, resulting in a dividend payment of RMB549,760,511 in respect of the year ended 31 December 2008 was declared during the period ended 30 June 2009.

A cash dividend of RMB0.1 per share, resulting in a dividend payment of RMB 687,200,639 in respect of the year ended 31 December 2007 was declared during the period ended 30 June 2008.

16 Property, plant and equipment

	Hotel and other buildings held for own use	*Improvements to premises*	*Plant and machinery*	*Furniture, fixtures and equipment*	*Motor vehicles*	*Total*
Cost:						
At 1 January 2008	571,015,951	52,060,424	25,250,395	146,038,119	96,310,218	890,675,107
Additions:						
- via acquisitions of subsidiaries	2,854,256	-	-	3,606,227	1,066,429	7,526,912
- transfer from completed properties for sale	483,677,655	-	-	-	-	483,677,655
- others	237,404,662	37,196,242	1,686,605	40,932,376	13,341,598	330,561,483
Disposals	(20,683,753)	(13,115,878)	(710,164)	(10,096,065)	(20,568,167)	(65,174,027)
At 31 December 2008	1,274,268,771	76,140,788	26,226,836	180,480,657	90,150,078	1,647,267,130
At 1 January 2009	1,274,268,771	76,140,788	26,226,836	180,480,657	90,150,078	1,647,267,130
Additions:	2,511,280	1,349,233	125,733	3,867,714	694,538	8,548,498
Disposals	(57,770,341)	(3,024,299)	(7,113,080)	(15,458,835)	(4,954,991)	(88,321,546)
At 30 June 2009	1,219,009,710	74,465,722	19,239,489	168,889,536	85,889,625	1,567,494,082

16 Property, plant and equipment (continued)

	Hotel and other buildings held for own use	*Improvements to premises*	*Furniture, Plant and machinery*	*fixtures and equipment*	*Motor vehicles*	*Total*
Accumulated depreciation and impairment loss:						
At 1 January 2008	123,530,957	33,414,027	8,672,051	79,512,155	63,468,711	308,597,901
Additions:						
- via business combinations	896,542	-	-	1,505,882	304,265	2,706,689
Charge for the year	33,241,383	6,048,379	1,260,969	25,235,806	11,135,083	76,921,620
Written back on disposals	(7,039,351)	(811,464)	(234,146)	(6,795,685)	(16,679,365)	(31,560,011)
At 31 December 2008	150,629,531	38,650,942	9,698,874	99,458,158	58,228,694	356,666,199
At 1 January 2009	150,629,531	38,650,942	9,698,874	99,458,158	58,228,694	356,666,199
Additions:	-	-	-	-	-	-
Charge for the period	20,868,109	4,157,193	688,876	12,605,858	5,005,731	43,325,767
Written back on disposals	(650,679)	-	(1,806,716)	(14,711,970)	(3,347,355)	(20,516,720)
At 30 June 2009	170,846,961	42,808,135	8,581,034	97,352,046	59,887,070	379,475,246
Net book value:						
At 30 June 2009	1,048,162,749	31,657,587	10,658,455	71,537,490	26,002,555	1,188,018,836
At 30 June 2008	1,123,639,240	37,489,846	16,527,962	81,022,499	31,921,384	1,290,600,931

17 Investment properties

	30 Jun. 2009	*31 Dec. 2008*
Cost:		
At 1 January	225,849,490	290,242,224
Addition	120,000	74,164,374
Disposals	(31,694,027)	(138,557,108)
At balance sheet date	194,275,463	225,849,490
Accumulated depreciation and impairment loss:		
At 1 January	27,454,723	13,151,649
Charge for the period	4,080,510	14,540,704
Provision for impairment loss		
Written back on disposals	(5,633,839)	(237,630)
At balance sheet date	25,901,394	27,454,723
Net book value:		
At balance sheet date	168,374,069	198,394,767

Investment properties comprise certain commercial properties that are leased to external parties. The directors, having regard to recent market transactions of similar properties in the same location as the Group's investment properties, consider the estimated fair value of the investment properties to be RMB 278,163,208 (2008: RMB316,581,608).

The Group leases out investment properties under operating leases. The leases typically run for an initial period of two to five years. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 Jun. 2009	*31 Dec. 2008*
Within 1 year	11,532,528	10,317,612
After 1 year but within 5 years	42,530,776	32,692,959
After 5 years	95,731,467	75,950,458
	149,794,771	118,961,029

18 Construction in progress

	30 Jun. 2009	*31 Dec. 2008*
At 1 January	188,587,023	271,270,240
Additions	48,022,965	89,427,277
Transferred out to property, plant and equipment	-	(109,211,201)
Transferred out to properties under development	-	(62,899,293)
	236,609,988	188,587,023

Construction in progress represents self-constructed office premises under construction.

19 Principal subsidiaries

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Anshan Vanke Property Development Co., Ltd.	Anshan	USD5,172,700	100.00%	-	100.00%	Property development
Anshan Vanke Property Management Company Limited	Anshan	RMB3,000,000	100.00%	-	100.00%	Property management
Beijing Chaoyang Vanke Property Development Company Limited	Beijing	RMB200,000,000	60.00%	60.00%	-	Property development
Beijing Huayuhong Consultancy Company Limited	Beijing	RMB100,000	100.00%	-	100.00%	Enterprise Management
Beijing Vanke Wonderland Real Estate Development Company Limited	Beijing	RMB10,000,000	100.00%	-	100.00%	Property development
Beijing Vanke Enterprises Shareholding Company Limited	Beijing	RMB1,000,000,000	100.00%	90.00%	10.00%	Property development
Beijing Vanke Haikai Real Estate Development Company Limited	Beijing	RMB10,000,000	100.00%	-	100.00%	Property development
Beijing Vanke Property Company Limited	Beijing	USD18,400,000	100.00%	-	100.00%	Property development
Beijing Vanke Property Management Company Limited	Beijing	RMB22,000,000	100.00%	-	100.00%	Property management
Beijing Vanke Zhongliang Jiarifengjing Real Estate Development Company Limited (note)	Beijing	RMB830,000,000	50.00%	-	50.00%	Property development
Beijing Wanxin Investment Development Company Limited	Beijing	RMB30,000,000	100.00%	-	100.00%	Investment
Changchun Vanke Real Estate Company Limited	Changchun	RMB50,000,000	100.00%	95.00%	5.00%	Property development
Changchun Wanrun Real Estate Company Limited	Changchun	RMB10,000,000	100.00%	-	100.00%	Property development
Changchun Vanke Property Management Company Limited	Changchun	RMB3,000,000	100.00%	-	100.00%	Property management
Changsha Hongcheng Real Estate Development Company Limited	Changsha	RMB20,000,000	80.00%	-	80.00%	Property development
Changsha Vanke Property Management Company Limited	Changsha	RMB5,000,000	100.00%	-	100.00%	Property management
Changsha Vanke Real Estate Company Limited	Changsha	RMB20,000,000	100.00%	-	100.00%	Property development
Changsha Nandu Property Management Company Limited	Changsha	RMB500,000	100.00%	-	100.00%	Property management
Changsha Sihai Property Company Limited	Changsha	RMB8,000,000	80.00%	-	80.00%	Property development
Chengdu Vanke Beifu Property Company Limited	Chengdu	RMB10,000,000	100.00%	-	100.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Chengdu Vanke Chenghua Property Company Limited	Chengdu	USD75,142,857	100.00%	-	100.00%	Property development
Chengdu Vanke Guanghua Property Company Limited	Chengdu	USD131,428,571	100.00%	-	100.00%	Property development
Chengdu Vanke Guobin Property Company Limited	Chengdu	USD140,000,000	60.00%	-	60.00%	Property development
Chengdu Vanke Jinjiang Property Company Limited	Chengdu	RMB10,000,000	100.00%	-	100.00%	Property development
Chengdu Vanke Property Development Company Limited	Chengdu	USD12,100,000	60.00%	-	60.00%	Property development
Chengdu Vanke Property Management Company Limited	Chengdu	RMB5,000,000	100.00%	-	100.00%	Property management
Chengdu Vanke Real Estate Company Limited	Chengdu	RMB80,000,000	100.00%	90.00%	10.00%	Property development
Chengdu Vanke Huadong Real Estate Company Limited	Chengdu	RMB77,680,000	90.00%	-	90.00%	Property development
Chongqing Yu Development Coral Property Company Limited	Chongqing	RMB100,000,000	51.00%	-	51.00%	Property development
Vanke (Chongqing) Real Estate Company Limited	Chongqing	RMB80,000,000	100.00%	100.00%	-	Property development
Dalian Vanke City Real Property Company Limited	Dalian	USD42,000,000	55.00%	-	55.00%	Property development
Dalian Vanke Jinxiu Flower City Development Company Limited	Dalian	RMB70,000,000	100.00%	65.00%	35.00%	Property development
Dalian Vanke Real Estate Development Company Limited	Dalian	RMB32,000,000	100.00%	-	100.00%	Property development
Dalian Vanke Property Management Company Limited	Dalian	RMB3,860,000	100.00%	-	100.00%	Property management
Dalian Vanke Property Company Limited	Dalian	RMB30,000,000	100.00%	100.00%	0.00%	Property development
Dongguan Songshanju Property Company Limited	Dongguan	RMB10,000,000	100.00%	-	100.00%	Property development
Dongguan Sunshine Real Estate Company Limited	Dongguan	RMB25,000,000	100.00%	-	100.00%	Property development
Dongguan Vanke Construction Research Company Limited	Dongguan	RMB20,000,000	100.00%	100.00%	-	Construction research
Dongguan Vanke Real Estate Company Limited	Dongguan	RMB20,000,000	100.00%	-	100.00%	Property development
Dongguan Xinwan Property Development Company Limited	Dongguan	RMB10,000,000	51.00%	-	51.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Dongguan New Century Mingshangju Commercial Real Estate Development Company Limited	Dongguan	RMB1,000,000	51.00%	-	51.00%	Property development
Dongguan Songhuju Property Company Limited	Dongguan	RMB10,000,000	100.00%	-	100.00%	Property development
Dongguan Vanke Property Management Company Limited	Dongguan	RMB5,000,000	100.00%	-	100.00%	Property management
Foshan Vanke Property Management Company Limited	Foshan	RMB3,000,000	100.00%	-	100.00%	Property management
Foshan Shunde District Vanke Property Company Limited	Foshan	RMB10,000,000	100.00%	-	100.00%	Property development
Foshan Vanke Investment Company Limited	Foshan	RMB10,000,000	100.00%	-	100.00%	Property development
Foshan Vanke Property Company Limited	Foshan	RMB20,000,000	100.00%	20.00%	80.00%	Property development
Foshan Vanke Real Estate Company Limited	Foshan	RMB80,000,000	100.00%	-	100.00%	Property development
Foshan Nanhai District Jinyuhuating Propoerty Company Limited	Foshan	USD44,000,000	55.00%	-	55.00%	Property development
Vanke Property (Hong Kong) Company Limited	Hong Kong	USD9,500,000	100.00%	-	100.00%	Investment
Fuzhou Vanke Real Estate Company Limited	Fuzhou	RMB20,000,000	100.00%	40.00%	60.00%	Property development
Fuyang Quanshuiwan Property Company Limited	Hangzhou	USD49,000,000	100.00%	-	100.00%	Property development
Fuyang Vanke Real Estate Development Company Limited	Hangzhou	RMB300,000,000	100.00%	-	100.00%	Property development
Guangzhou Fusheng Decoration Engineering Company Limited	Guangzhou	RMB10,000,000	100.00%	-	100.00%	Decoration and Design
Guangzhou Pengwan Property Company Limited (note)	Guangzhou	RMB200,000,000	50.00%	-	50.00%	Property development
Guangzhou Vanke Property Company Limited	Guangzhou	RMB30,000,000	100.00%	-	100.00%	Property development
Guangzhou Vanke Property Management Company Limited	Guangzhou	RMB5,000,000	100.00%	-	100.00%	Property management
Guangzhou Vanke Real Estate Company Limited	Guangzhou	RMB50,000,000	100.00%	-	100.00%	Property development
Guangzhou Vanke Star Property Company Limited (note)	Guangzhou	USD18,600,000	50.00%	-	50.00%	Property development

19 Principal subsidiaries (continued)

Name of company	Place of establishment and operation	Paid in capital	Percentage of interest held by the Group	held by the Company	held by a subsidiary	Principal activities
Guangzhou Vanke Suidong Real Estate Company Limited	Guangzhou	RMB10,000,000	100.00%	-	100.00%	Property development
Guangzhou Wanxin Property Company Limited	Guangzhou	HKD760,000,000	100.00%	-	100.00%	Property development
Top Glory International Property (Guangzhou) Company Limited	Guangzhou	HKD85,550,000	100.00%	-	100.00%	Property development
Hainan Fuchun Dongfang Real Estate Development Company Limited	Hainan	RMB20,000,000	100.00%	-	100.00%	Property development
Hangzhou Vanke Property Management Company Limited	Hangzhou	RMB2,000,000	100.00%	-	100.00%	Property management
Hangzhou Bailuwan Holiday Hotel Company Limited	Hangzhou	RMB10,000,000	100.00%	-	100.00%	Hotel Investment
Hangzhou Vanke Property Company Limited	Hangzhou	RMB320,000,000	100.00%	-	100.00%	Property development
Hangzhou Vanke Rongda Real Estate Company Limited	Hangzhou	RMB30,000,000	55.00%	-	55.00%	Property development
Hangzhou Yuhang Xindu Real Estate Development Company Limited	Hangzhou	RMB20,000,000	100.00%	-	100.00%	Property development
Hangzhou Qianjiangwan Gargen Company Limited	Hangzhou	RMB30,000,000	90.00%	-	90.00%	Property development
Zhejiang Vanke Nandu Real Estate Company Limited	Hangzhou	RMB150,000,000	100.00%	-	100.00%	Property development
Hangzhou Changyuan Tourist Development Company Limited	Hangzhou	RMB90,000,000	100.00%	-	100.00%	Tourism
Hangzhou Liangzhu Culture Town Development Company Limited	Hangzhou	RMB30,000,000	100.00%	-	100.00%	Property development
Hangzhou Linlu Real Estate Development Company Limited	Hangzhou	RMB170,000,000	100.00%	-	100.00%	Property development
Hangzhou Nandu Yousheng Real Estate Development Company Limited	Hangzhou	RMB10,000,000	60.00%	-	60.00%	Property development
Hangzhou Wankun Property Development Company Limited	Hangzhou	RMB350,000,000	51.00%	-	51.00%	Property development
Hangzhou Yindu Property Company Limited	Hangzhou	RMB20,000,000	100.00%	-	100.00%	Property development
Hefei Vanke Property Company Limited	Hefei	RMB20,000,000	100.00%	100.00%	-	Property development
Tander China Investment Company Limited	Hong Kong	HKD10,000	100.00%	-	100.00%	Investment
Euston Capital Limited	Hong Kong	HKD1,000	100.00%	-	100.00%	Investment
Ample Gain Capital Ltd	Hong Kong	HKD1,000	100.00%	-	100.00%	Investment
Vanke Real Estate (Hong Kong) Company Limited	Hong Kong	HKD15,600,000	100.00%	-	100.00%	Investment

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Huizhou Liwan Real Estate Company Limited	Huizhou	RMB10,000,000	67.00%	-	67.00%	Property development
Huizhou Vanke Property Company Limited	Huizhou	RMB10,000,000	100.00%	-	100.00%	Property development
Huizhou Vanke Real Estate Company Limited	Huizhou	RMB10,000,000	100.00%	-	100.00%	Property development
Jiangxi Vanke Yida Property Management Company Limited	Nanchang	RMB1,000,000	90.00%	-	90.00%	Property management
Jiangxi Vanke Qingshanhu Real Estate Development Company Limited (note)	Nanchang	RMB100,000,000	50.00%	50.00%	-	Property development
Jiangxi Vanke Yida Property Development Company Limited (note)	Nanchang	RMB20,000,000	50.00%	50.00%	-	Property development
Kunshan Jiahua Investment Company Limited	Kunshan	RMB50,000,000	100.00%	-	100.00%	Property development
Nanjing Vanke Property Management Company Limited	Nanjing	RMB4,500,000	100.00%	-	100.00%	Property management
Nanjing Hengyue Property Company Limited	Nanjing	RMB10,000,000	100.00%	-	100.00%	Property development
Nanjing Hengbang Real Estate Development Company Limited	Nanjing	USD2,000,000	90.00%	-	90.00%	Property development
Nanjing Jinyu Blue Property Company Limited	Nanjing	RMB90,000,000	100.00%	-	100.00%	Property development
Nanjing Vanke Property Company Limited	Nanjing	RMB150,000,000	100.00%	-	100.00%	Property development
Nanjing Yunjie Real Estate Development Company Limited	Nanjing	RMB10,000,000	100.00%	-	100.00%	Property development
Nanjing Fuchun East Real Estate Development Company Limited	Nanjing	USD2,000,000	90.00%	-	90.00%	Property development
Ningbo Jinsheng Property Company Limited	Ningbo	RMB20,000,000	75.00%	-	75.00%	Property development
Ningbo Vanke Property Management Company Limited	Ningbo	RMB3,000,000	100.00%	-	100.00%	Property management
Ningbo Vanke Real Estate Company Limited	Ningbo	RMB150,000,000	100.00%	-	100.00%	Property development
Qingdao Da Shan Real Estate Development Company Limited	Qingdao	RMB100,000,000	60.00%	-	60.00%	Property development
Qingdao Haoren Property Company Limited	Qingdao	USD18,680,000	55.00%	-	55.00%	Property development
Qingdao Vanke Real Estate Company Limited	Qingdao	RMB20,000,000	100.00%	100.00%	-	Property development
Qingdao Vanke Yinshengtai Real Estate Development Co., Ltd	Qingdao	RMB100,000,000	80.00%	80.00%	-	Property development
Qingdao Vanke Qiye Company Limited	Qingdao	RMB50,000,000	100.00%	-	100.00%	Property development
Shanghai Blue Mountain Property Company Limited	Shanghai	RMB10,000,000	100.00%	-	100.00%	Property development
Shanghai Boxuan Decoration Engineering Company Limited	Shanghai	RMB5,000,000	100.00%	-	100.00%	Decoration and Design

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest* held by the Group	*Percentage of interest* held by the Company	*Percentage of interest* held by a subsidiary	*Principal activities*
Shanghai Hongjun Property Management Company Limited	Shanghai	RMB5,000,000	100.00%	-	100.00%	Property Management
Shanghai Jiaminglvhua Decoration Engineering Company Limited.	Shanghai	RMB2,000,000	100.00%	-	100.00%	Decoration and Design
Shanghai Jinchuan Property Development Company Limited	Shanghai	RMB100,000,000	100.00%	-	100.00%	Property development
Shanghai Jinhua Property Development Company Limited	Shanghai	RMB100,000,000	100.00%	-	100.00%	Property development
Shanghai Junke Investment Management Company Limited	Shanghai	RMB350,000,000	100.00%	-	100.00%	Investment
Shanghai Liantu Investment Management and Consultancy Company Limited	Shanghai	RMB1,000,000	100.00%	-	100.00%	Investment trading and Consultancy services
Shanghai Luolian Property Company Limited.	Shanghai	RMB470,000,000	100.00%	-	100.00%	Property development
Shanghai Meilanhuafu Property Company Limited	Shanghai	RMB700,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Investment Management Company Limited	Shanghai	RMB204,090,000	100.00%	100.00%	-	Property development
Shanghai Tianyi Property Development Company Limited	Shanghai	RMB50,000,000	90.00%	-	90.00%	Property development
Shanghai Vanke Baobei Property Company Limited	Shanghai	RMB10,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Baonan Property Company Limited	Shanghai	RMB10,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Baoshan Property Company Limited	Shanghai	RMB50,000,000	100.00%	-	100.00%	Property development
Shanghai Hengda Property Shareholding Company Limited	Shanghai	RMB141,348,200	99.80%	-	99.80%	Property development
Shanghai Vanke Property Management Company Limited	Shanghai	RMB10,000,000	100.00%	-	100.00%	Property management
Shanghai Vanke Pudong Property Company Limited	Shanghai	RMB160,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Real Estate Company Limited	Shanghai	RMB800,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Xiangnan Property Company Limited	Shanghai	RMB10,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Zhongshi Property Company Limited (note)	Shanghai	RMB20,000,000	50.00%	-	50.00%	Property development
Shanghai Xiangda Real Estate Development Company Limited	Shanghai	RMB1,783,000,000	75.00%	-	75.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Shanghai Zhonglin Property Development Company Limited	Shanghai	RMB20,000,000	100.00%	-	100.00%	Property development
Shanghai Vanke Changning Property Company Limited	Shanghai	RMB30,000,000	100.00%	-	100.00%	Property development
Shanghai Caohua Investment Company Limited	Shanghai	RMB78,000,000	100.00%	-	100.00%	Property development
Shanghai Landa Property Company Limited	Shanghai	RMB10,000,000	100.00%	-	100.00%	Property development
Shanghai Dijie Property Company Limited (note)	Shanghai	RMB20,000,000	50.00%	-	50.00%	Property development
Shanghai Jingyuan Property Company Limited	Shanghai	RMB31,180,000	55.00%	-	55.00%	Property development and management
Shanxi Hualian Property Development Company Limited	Xi'an	RMB367,850,000	51.00%	-	51.00%	Property development
Shenyang East Property Development Company Limited	Shenyang	RMB10,000,000	80.00%	-	80.00%	Property development
Shenyang Vanke Jinyuxijun Property Development Company Limited	Shenyang	RMB10,000,000	100.00%	-	100.00%	Property development
Shenyang Vanke Property Development Company Limited	Shenyang	RMB10,000,000	75.00%	-	75.00%	Property development
Shenyang Vanke Hunnan Real Estate Company Limited	Shenyang	RMB10,000,000	100.00%	-	100.00%	Property development
Shenyang Vanke Property Management Company Limited	Shenyang	RMB10,000,000	100.00%	-	100.00%	Property management
Shenyang Vanke Real Estate Development Company Limited	Shenyang	RMB100,000,000	100.00%	95.00%	5.00%	Property development
Shenyang Vanke Wonderland Company Limited	Shenyang	RMB10,000,000	100.00%	-	100.00%	Property development
Shenyang Vanke Xinshu Property Company Limited	Shenyang	USD15,800,000	100.00%	-	100.00%	Property development
Shenyang Vanke Jinyu Blue Bay Property Development Company Limited	Shenyang	RMB578,150,000	100.00%	-	100.00%	Property development
Shenyang Vanke Hunnan Jinyu Property Development Company Limited	Shenyang	RMB1,022,520,258	100.00%	-	100.00%	Property development
Shenyang Zhengdayongfeng Real Estate Development Company Limited	Shenyang	RMB8,000,000	100.00%	-	100.00%	Property development
Guangdong Shangcheng Construction Company Limited	Shenzhen	RMB20,000,000	100.00%	-	100.00%	Decoration and design, engineering, Property development
Shenzhen Vanke Daolin Investment Development Company Limited	Shenzhen	RMB20,000,000	100.00%	-	100.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Shenzhen East Xinyue Property Company Limited	Shenzhen	RMB10,000,000	100.00%	-	100.00%	Property development
Shenzhen East Zunyu Real Estate Company Limited	Shenzhen	RMB10,000,000	100.00%	-	100.00%	Property development
Shenzhen Fuchun East (Group) Company Limited	Shenzhen	RMB14,600,000	90.00%	-	90.00%	Property development
Shenzhen Fuchun East Real Estate Company Limited	Shenzhen	RMB158,000,000	100.00%	-	100.00%	Property development
Shenzhen Vanke Hengda Property Company Limited	Shenzhen	RMB96,375,000	100.00%	-	100.00%	Property development
Shenzhen Longcheer Yacht Club Company Limited	Shenzhen	RMB57,100,000	100.00%	-	100.00%	Club Service
Shenzhen Vanke City Real Estate Development Company Limited	Shenzhen	USD12,100,000	100.00%	-	100.00%	Property development
Shenzhen Vanke City Scenery Property Company Limited	Shenzhen	RMB120,000,000	100.00%	-	100.00%	Property development
Shenzhen Vanke East Coast Property Development Company Limited	Shenzhen	RMB10,000,000	100.00%	-	100.00%	Property development
Shenzhen Vanke Real Estate Company Limited	Shenzhen	RMB600,000,000	100.00%	95.00%	5.00%	Property development
Shenzhen Vanke East Coast Real Estate Development Company Limited	Shenzhen	RMB10,000,000	100.00%	-	100.00%	Property development
Shenzhen Vanke Financial Consultancy Company Limited	Shenzhen	RMB15,000,000	100.00%	95.00%	5.00%	Investment trading and consultancy services
Shenzhen Vanke Hengfeng Real Estate Company Limited	Shenzhen	RMB51,871,586	55.00%	-	55.00%	Property development
Shenzhen Vanke Huayu Garden Real Estate Development Company Limited	Shenzhen	RMB95,909,045	60.00%	-	60.00%	Property development
Shenzhen Vanke Jiuzhou Property Company Limited	Shenzhen	RMB10,000,000	90.00%	-	90.00%	Property development
Shenzhen Vanke Nancheng Real Estate Company Limited	Shenzhen	RMB10,000,000	90.00%	-	90.00%	Property development
Shenzhen Vanke Fifth Garden Company Limited	Shenzhen	RMB200,000,000	100.00%	-	100.00%	Property development
Zhejiang Nandu Property Group Company Limited	Hangzhou	RMB300,000,000	100.00%	-	100.00%	Property development
Shenzhen Vanke Property Company Limited	Shenzhen	RMB80,000,000	100.00%	-	100.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Shenzhen Vanke Property Management Company Limited	Shenzhen	RMB10,000,000	100.00%	95.00%	5.00%	Property management
Shenzhen Vanke Xingye Property Company Limited	Shenzhen	RMB62,413,230	95.00%	-	95.00%	Property development
Shenzhen Vanke Xizhigu Real Estate Company Limited	Shenzhen	RMB10,000,000	60.00%	-	60.00%	Property development
Shenzhen Wanzhuang Investment Development Company Limited	Shenzhen	RMB10,000,000	100.00%	-	100.00%	Decoration and design
Shenzhen Yili Real Estate Development Company Limited	Shenzhen	RMB39,000,000	100.00%	-	100.00%	Property development
Wanxuan Property (Shenzhen) Company Limited	Shenzhen	USD10,000,000	100.00%	-	100.00%	Property development
Suzhou Huihua Investment and Property Company Limited	Suzhou	RMB355,000,000	51.00%	-	51.00%	Property development
Suzhou Nandu Jianwu Company Limited	Suzhou	RMB300,000,000	70.00%	70.00%	-	Property development
Suzhou Vanke Property Company Limited	Suzhou	USD42,500,000	55.00%	-	55.00%	Property development
Jiangsu Sunan Vanke Real Estate Company Limited	Suzhou	RMB30,000,000	100.00%	-	100.00%	Property development
Suzhou Vanke Zhongliang Property Company Limited	Suzhou	RMB230,000,000	51.00%	-	51.00%	Property development
Tianjin Binhai Fashion Property Company Limited	Tianjin	RMB160,000,000	100.00%	-	100.00%	Property development
Tianjin Shangmei Landscape and Decoration Engineering Company Limited.	Tianjin	RMB5,000,000	100.00%	-	100.00%	Engineering and Design
Tianjin Vanke Property Management Company Limited	Tianjin	RMB10,000,000	100.00%	-	100.00%	Property management
Tianjin Vanke Real Estate Company Limited	Tianjin	RMB390,000,000	100.00%	-	100.00%	Property development
Tianjin Vanke Xingye Development Company Limited	Tianjin	RMB60,000,000	100.00%	15.00%	85.00%	Property development
Tianjin Vanke Xinhu Property Company Limited	Tianjin	RMB17,000,000	100.00%	75.00%	25.00%	Property development
Tianjin Vanke Xinlicheng Company Limited	Tianjin	RMB230,000,000	55.00%	-	55.00%	Property development
Tianjin Vanke Xinrui Real Estate Company Limited	Tianjin	RMB120,000,000	100.00%	-	100.00%	Property development
Tianjin Wanbin Real Estate Development Company Limited	Tianjin	RMB140,000,000	100.00%	-	100.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Tianjin Wanfu Investment Company Limited	Tianjin	RMB10,000,000	100.00%	-	100.00%	Investment
Tianjin Wanju Decoration Engineering Company Limited	Tianjin	RMB2,000,000	100.00%	-	100.00%	Decoration, engineering and design
Tianjin Wansheng Investment Company Limited	Tianjin	RMB80,000,000	100.00%	-	100.00%	Investment
Tianjin Wantai Fashion Property Company Limited	Tianjin	RMB200,000,000	96.00%	-	96.00%	Property development
Tianjin Wanzhu Investment Company Limited	Tianjin	RMB20,000,000	100.00%	-	100.00%	Investment
Tianjin Xinfeng Time Investment Company Limited	Tianjin	RMB10,000,000	80.00%	-	80.00%	Investment
Tianjin Xinghai Real Estate Development Company Limited	Tianjin	RMB15,000,000	55.00%	-	55.00%	Property development
Tianjin Zhongtian Wanfang Investment Company Limited	Tianjin	RMB20,000,000	100.00%	-	100.00%	Investment
Wuhan Guohao Property Company Limited	Wuhan	RMB10,000,000	55.00%	-	55.00%	Property development
Wuhan Vanke Property Management Company Limited	Wuhan	RMB12,000,000	100.00%	-	100.00%	Property management
Wuhan Vanke Real Estate Company Limited	Wuhan	RMB150,000,000	100.00%	95.00%	5.00%	Property development
Wuhan Vanke Tiancheng Real Estate Co., Ltd	Wuhan	USD12,100,000	55.00%	-	55.00%	Property development
Wuhan Vanke Tianrun Real Estate Company Limited	Wuhan	USD57,600,000	100.00%	-	100.00%	Property development
Wuhan Wangjiadun Morden City Property Company Limited	Wuhan	RMB200,000,000	90.00%	-	90.00%	Property development
Wuhan Wanwei Consultancy Company Limited	Wuhan	RMB10,000,000	55.00%	-	55.00%	Enterprise management and consultancy
Wuxi Dingan Real Estate Company Limited	Wuxi	RMB10,000,000	100.00%	-	100.00%	Property development
Wuxi Dongcheng Real Estate Company Limited	Wuxi	USD99,600,000	55.00%	-	55.00%	Property development
Wuxi Vanke Property management Company Limited	Wuxi	RMB3,000,000	100.00%	-	100.00%	Property management
Wuxi Vanke Real Estate Company Limited	Wuxi	RMB300,000,000	60.00%	60.00%	-	Property development
Wuxi Wansheng Real Estate Development Company Limited	Wuxi	USD49,200,000	55.00%	-	55.00%	Property development
Wuxi Xinwan Real Estate Company Limited	Wuxi	RMB126,000,000	70.00%	-	70.00%	Property development
Xiamen Vanke Real Estate Company Limited	Xiamen	RMB50,000,000	100.00%	-	100.00%	Property development
Xiamen Hengbang Real Estate Development Company Limited	Xiamen	RMB50,000,000	100.00%	-	100.00%	Property development

19 Principal subsidiaries (continued)

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*held by the Company*	*held by a subsidiary*	*Principal activities*
Xiamen Fuchun East Real Estate Development Company Limited	Xiamen	RMB10,000,000	100.00%	-	100.00%	Property development
Xiamen Vanke Star Property Company Limited	Xiamen	USD2,333,000	55.00%	-	55.00%	Property development
Xiamen Vanke Property Management Company Limited	Xiamen	RMB3,000,000	100.00%	-	100.00%	Property management
Xi'an Vanke Cheng'nan Property Company Limited	Xi'an	RMB10,000,000	100.00%	-	100.00%	Property development
Xi'an Vanke Real Estate Company Limited	Xi'an	RMB20,000,000	100.00%	-	100.00%	Property development
Xian Vanke Property Management Company Limited	Xi'an	RMB500,000	100.00%	-	100.00%	Property management
Zhenjiang Rundu Property Company Limited	Zhenjiang	RMB10,000,000	100.00%	-	100.00%	Property development
Zhenjiang Runnan Property Company Limited	Zhenjiang	RMB50,000,000	100.00%	-	100.00%	Property development
Zhenjiang Runqiao Property Company Limited	Zhenjiang	RMB10,000,000	100.00%	-	100.00%	Property development
Zhenjiang Runzhong Property Company Limited	Zhenjiang	RMB10,000,000	100.00%	-	100.00%	Property development
Zhongshan Vanke Real Estate Company Limited	Zhongshan	USD12,000,000	100.00%	-	100.00%	Property development
Zhuhai Vanke Property Management Company Limited	Zhuhai	RMB3,000,000	100.00%	-	100.00%	Property management
Zhuhai Vanke Real Estate Company Limited	Zhuhai	RMB10,000,000	100.00%	-	100.00%	Property development
Zhuhai Zhubin Property Development Company Limited	Zhuhai	RMB109,000,000	100.00%	-	100.00%	Property development
Zhuhai Wanmao Real Estate Development Company Limited	Zhuhai	USD33,400,000	55.00%	-	55.00%	Property development

Note: The directors consider these entities as subsidiaries of the Group as the Group has the power to govern the financial and operating policies of these entities.

20 Interest in associates

Details of the Group's principal associates at 30 June 2009 are as follows:

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest held by the Group*	*Percentage of interest held by the Company*	*Percentage of interest held by a subsidiary*	*Principal activities*
Beijing Jinyu Vanke Property Development Company Limited	Beijing	RMB100,000,000	49.00%	-	49.00%	Property development
Beijing Vanke Consultancy Company Limited	Beijing	RMB100,000	20.00%	-	20.00%	Corporation consultation
Shanghai Zhongfang Binjiang Real Estate Company Limited	Shanghai	RMB200,000,000	25.00%	-	25.00%	Property development
Wuhan Golf City Gardern Real Estate Company Limited (note)	Wuhan	RMB219,000,000	15.00%	-	15.00%	Property development
Shanghai Nandu White Horse Real Estate Company Limited (note)	Shanghai	RMB27,000,000	15.00%	-	15.00%	Property development
Chengdu Yihang Vanke Binjiang Real Estate Company Limited (note)	Chengdu	RMB140,000,000	15.00%	-	15.00%	Property development
Hefei Yihang Vanke Real Estate Company Limited	Hefei	RMB101,500,000	29.60%	-	50.00%	Property development
Suzhou Zhonghang Vanke Changfeng Real Estate Company Limited	Suzhou	RMB200,000,000	21.60%	-	21.60%	Property development
Beihai Wanda Real Estate Company Limited	Beihai	RMB20,000,000	40.00%	-	40.00%	Property development
Hangzhou Star Real Estate Company Limited	Hangzhou	RMB50,000,000	20.00%	-	20.00%	Property development
Changsha Oriental City Real Estate Company Limited	Changsha	RMB20,000,000	20.00%	-	20.00%	Property development
Dongguan Vanke Real Estate Company Limited	Dongguan	RMB83,000,000	20.00%	-	20.00%	Property development
Shanghai Wansheng Real Estate Company Limited	Shanghai	RMB5,737,400	50.00%	-	50.00%	Property management
Shanghai Zunyi Property Management Company Limited	Shanghai	RMB3,000,000	30.00%	-	30.00%	Property management

Note: Except for the 15% equity interest held directly, the Group also hold 34% effective equity interest in these associates through a jointly controlled entity.

Summary financial information on associates:

	Assets	*Liabilities*	*Equity attributable to parent*	*Revenue*	*Profit*
2009					
100 per cent	7,188,930,749	4,907,973,361	2,280,957,388	3,751,460,389	739,586,034
Group's effective interest	2,940,650,880	2,373,862,594	566,788,286	902,227,489	163,366,356
2008					
100 per cent	7,312,096,864	5,435,615,027	1,876,481,837	2,283,305,003	601,706,907
Group's effective interest	2,963,597,886	2,455,422,698	508,175,188	818,977,888	219,115,497

21 Interest in jointly controlled entities

Details of the Group's principal jointly controlled entities at 30 June 2009 are as follows:

Name of company	*Place of establishment and operation*	*Paid in capital*	*Percentage of interest* held by the Group	*Percentage of interest* held by the Company	*Percentage of interest* held by a subsidiary	*Principal activities*
Shenyang Yong Da Property Company Limited	Shenyang	RMB93,431,369	49.00%	-	49.00%	Property development
Hangzhou Nandu Songcheng Property Company Limited	Hangzhou	RMB130,000,000	50.00%	-	50.00%	Property development
Shanghai Jialai Real Estate Development Company Limited	Shanghai	RMB180,000,000	49.00%	-	49.00%	Property development
Zhonghang Vanke Company Limited	Beijing	RMB1,000,000,000	40.00%	40.00%	-	Property development
Shenyang Vanke Shengbao Consultancy Company Limited	Shenyang	RMB1,048,763	20.00%	-	20.00%	Corporation consultation
Dongguan Xintong Industry Company Limited	Dongguan	RMB10,000,000	38.61%	-	38.61%	Property development
Dongguan Vanke Property Company limited	Dongguan	RMB83,000,000,	50.00%	-	50.00%	Property development
Dalian Vanke Charming City Property Development Company Limited	Dalian	RMB 340,000,000	5.00%	-	50.00%	Property development
Wuhan Vanke Qinganju Property Development Limited	Wuhan	RMB100,000,000	100.00%	-	100.00%	Property development

Summary financial information on jointly controlled entities – Group's effective interest

	30 Jun. 2009	*31 Dec.2008*
Non-current assets	400,797,536	374,540,476
Current assets	4,074,606,372	3,360,015,120
Non-current liabilities	(82,208,834)	(19,600,000)
Current liabilities	(2,522,715,957)	(1,826,146,436)
Net assets	1,870,479,117	1,888,809,160
Income	138,779,472	466,170,606
Expenses	(157,109,514)	(475,550,240)
Loss for the period	(18,330,042)	(9,379,634)

22 Other financial assets

	30 Jun. 2009	*31 Dec. 2008*
Available-for-sale securities in the PRC		
Equity securities		
- Unlisted	89,153,616	88,740,921
- Listed in the PRC	144,947,870	84,559,813
Debt securities		
- Unlisted	-	82,858,082
	234,101,486	256,158,816

23 Deferred tax assets / liabilities

(a) Deferred tax assets

Deferred tax assets are attributable to the items detailed as follows:

	30 Jun. 2009	*31 Dec. 2008*
Tax losses	235,805,007	141,925,456
Impairment loss of trade and other receivables	12,246,258	8,323,552
Provision for diminution in value of properties	242,285,075	309,492,273
Accruals for construction costs	123,974,291	175,160,001
Accrual for Land Appreciation Tax	798,695,551	784,818,610
Other temporary differences	33,774,265	29,760,741
	1,446,780,447	1,449,480,633

Movements in deferred tax assets:

	30 Jun. 2009	*31 Dec. 2008*
At 1 January	1,449,480,633	604,057,419
Transferred to consolidated income statement	(2,700,186)	845,423,214
At balance sheet date	1,446,780,447	1,449,480,633

23 Deferred tax assets / liabilities (continued)

(a) Deferred tax assets (continued)

Deferred tax assets have not been recognised in respect of the following items:

	30 Jun. 2009	*31 Dec. 2008*
Tax losses	1,056,207,050	917,582,959
Other temporary differences	143,940,298	148,199,000
	1,200,147,348	1,065,781,959

The tax losses expire between 2010 and 2014. The deductible temporary differences will not expire under current the tax legislation. The above deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefore.

(b) Deferred tax liabilities

Deferred tax liabilities are attributable to the items detailed as follows:

	30 Jun. 2009	*31 Dec. 2008*
Fair value adjustments on available-for-sale securities	22,623,382	10,545,770
Fair value adjustments arising from business combinations	1,221,741,387	1,369,941,857
	1,244,364,769	1,380,487,627

Movements in deferred tax liabilities:

	30 Jun. 2009	*31 Dec. 2008*
At 1 January	1,380,487,627	1,567,060,453
Recognized in equity (note 13(b))	12,077,611	(19,106,620)
Arising from business combinations	-	-
Transfer out upon disposals of subsidiaries	-	-
Transferred to consolidated income statement	(148,200,469)	(167,466,206)
At balance sheet date	1,244,364,769	1,380,487,627

24 Inventories

	30 Jun. 2009	*31 Dec. 2008*
Raw materials	34,285,742	43,917,023
Finished goods	-	4,194,333
	34,285,742	48,111,356
Inventories recognized as cost of sales for the period	3,662,253	16,309,805

25 Properties held for development, properties under development and completed properties for sale

(a) The analysis of carrying value of land held for property development for sale is as follows:

	30 Jun. 2009	*31 Dec. 2008*
With lease term of 50 years or more	51,667,099,477	54,737,002,663
With lease term of less than 50 years	3,416,047,097	3,906,402,115
	55,083,146,574	58,643,404,778

(b) The analysis of the amount of completed properties for sale recognized as an expense is as follows:

	30 Jun. 2009	*30 Jun. 2008*
Carrying amount of properties sold	14,924,704,108	10,043,199,951
Write down of properties	-	-
Reversal of write-down of properties	(240,713,169)	-
	14,683,990,939	10,043,199,951

The reversal of write-down of properties made in prior years arose due to an increase in the estimated net realisable value of certain completed properties as a result of recovery in certain regional property markets.

(c) Included in properties held for development, property under development and completed properties for sale an amount of RMB33,331 million (2008: RMB34,131 million) is not expected to be recovered within one year.

26 Trade and other receivables

	30 Jun. 2009	*31 Dec.2008*
Debtors and other receivables	3,594,127,539	2,943,528,935
Less: allowance for doubtful debts	(154,037,936)	(141,023,757)
	3,440,089,603	2,802,505,178
Amount due from associates and jointly controlled entities	1,465,850,067	1,617,804,867
Less: allowance for doubtful debts	(1,438,296)	(1,438,296)
	1,464,411,771	1,616,366,571
Prepaid taxes	1,287,775,238	837,140,813
Deposits and prepayments	2,858,052,281	3,160,518,999
	9,050,328,893	8,416,531,561

Note: Deposits and prepayments represent deposits paid for purchasing properties held for development and prepayments to contractors for constructions.

The Group’s credit policy is set out in note 39(b).

All of the trade and other receivables, apart from deposits of RMB807 million (2008: RMB658 million) are expected to be recovered within one year.

Apart from the amounts due from associates of RMB273million (2008: RMB314 million) which are interest bearing at market interest rate, amounts due from associates and jointly controlled entities are interest free, unsecured and have no fixed terms of repayment. The interest income received from associates during the period amounted to RMB6 million (2008 Jan - Jun: RMB16 million).

Deposits and prepayments mainly represented tendering deposits for acquisitions of land and prepayment for land and development costs of projects undertaken by the Group.

Impairment of trade debtors and other receivables

Impairment losses in respect of trade debtors and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

The movements in the allowance for specific doubtful debts during the period are as follows:

	30 Jun. 2009	*31 Dec.2008*
At 1 January	142,462,053	105,704,325
Impaired loss recognised	18,067,010	37,552,195
Uncollectible amounts written off	(5,052,831)	(794,467)
At balance sheet date	155,476,232	142,462,053

26 Trade and other receivables (continued)

Impairment of trade debtors and other receivables (continued)

At 30 June 2009, the Group's trade debtors and other receivables of RMB155 million, (2008: RMB142 million) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB155 million (2008: RMB142 million) were recognised. The Group does not hold any collateral over these balances.

27 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. The balance includes deposits with banks of RMB15 million (2008: RMB8 million) with restriction for designated purposes.

28 Share capital

	30 Jun. 2009		*31 Dec. 2008*	
	Number of shares	*Nominal value*	*Number of shares*	*Nominal value*
Registered, issued and fully paid:				
A shares of RMB1 each	9,680,254,750	9,680,254,750	9,680,254,750	9,680,254,750
B shares of RMB1 each	1,314,955,468	1,314,955,468	1,314,955,468	1,314,955,468
	10,995,210,218	10,995,210,218	10,995,210,218	10,995,210,218

The holders of A and B share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

A summary of the movements in the Company's share capital during the period is as follows:

	Issued share capital		
	A shares	*B shares*	*Total*
At 1 January 2008	6,050,159,219	821,847,168	6,872,006,387
Capitalisation of share premium (note)	3,630,095,531	493,108,300	4,123,203,831
At 31 December 2008	9,680,254,750	1,314,955,468	10,995,210,218
At 1 January 2009 and 30 June 2009	9,680,254,750	1,314,955,468	10,995,210,218

29 Reserves

The amount of the Group's reserves and the movements therein for the current and prior years are represented in the consolidated statement of changes in equity on page 6 to 7 of the financial statements.

Notes:

(a) Share premium

During the period ended 30 June 2009, the Company issued nil shares (2008: 4,123,203,831 shares) with a par value of RMB1 each to all shareholders (2008: in the ratio of 6 shares for every 10 shares held) upon capitalisation of share premium.

(b) Statutory reserves

Statutory reserves include the following items:

(i) Statutory surplus reserve

According to the PRC Company Law, the Company is required to transfer 10% of its profit after taxation, as determined under PRC Accounting Regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to equity shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

For the period ended 30 June 2009, the Company transferred RMB nil (2008: RMB158,201,976), being 10% of the Company's current period's net profit as determined in according with the PRC Accounting Rules and Regulations, to this reserve.

(ii) Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

For the period ended 30 June 2009, the directors proposed to transfer RMB nil (2008: RMB1,028,312,846), being nil (2008: 65%) of the Company's current period's net profit as determined in accordance with the PRC Accounting Rules and Regulations, to this reserve.

29 Reserves (continued)

Notes (continued):

(c) Employee share-based compensation reserve

Employee share-based compensation reserve comprises the fair value of the shares awarded under the Employees' Share Award Scheme (see note 35) to the employees of the Company recognised in accordance with the accounting policy adopted for equity compensation benefits in note 3(n)(ii).

The reserve of 2006 Scheme and 2007 Scheme have been completely amortised to income statement of the year ended 31 December 2007, and the year ended 31 December 2008. The 2008 Scheme has been terminated due to that the non-market performance condition can not be achieved(see note 35).

(d) Revaluation reserve

Revaluation reserve comprises the cumulative net change in fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policy in note 3(c)(i).

30 Minority interests

	30 Jun. 2009	*31 Dec. 2008*
At 1 January	6,926,624,219	4,640,875,428
Profit attributable to minority interests for the period	575,834,848	606,699,125
Capital injections from minority interests of subsidiaries	(164,754,389)	695,603,280
Dividends paid to minority interests	(128,533,121)	(204,651,502)
Minority interests arising from acquisitions of non-wholly owned subsidiaries	80,937,427	560,417,984
Acquisitions of minority interests	(6,439,174)	(122,028,497)
Increase in minority interests resulting from disposal of partial interest in a subsidiary	-	839,030,034
Decrease in minority interests resulting from change of a non-wholly owned subsidiary to a jointly controlled entity	-	(19,882,996)
Decrease in minority interests resulting from liquidation of subsidiaries	-	(65,009,125)
Others	-	(4,429,512)
At balance sheet date	7,283,669,810	6,926,624,219

31 Interest-bearing borrowings and bonds

This note provides information about the contractual terms of the Group's interest-bearing borrowings and bonds. For more information about the Group's exposure to interest rate and foreign exchange risks, please refer to note 39.

	30 Jun. 2009	*31 Dec. 2008*
Non-current		
Secured or guaranteed		
- bank loans (note (a))	1,445,400,000	1,553,110,000
- corporate bonds (note (b))	2,904,790,933	2,894,365,250
	4,350,190,933	4,447,475,250
Unsecured		
- bank loans (note (a))	6,975,967,717	7,621,010,095
- corporate bonds (note (b))	2,875,895,247	2,873,650,747
- other borrowings (note (c))	5,018,269,444	-
	14,870,132,408	10,494,660,842
	19,220,323,341	14,942,136,092

At 30 June 2009, non-current interest-bearing borrowings and bonds were repayable as follows:

	30 Jun. 2009	*31 Dec. 2008*
After 1 year but within 2 years	12,523,108,599	7,876,887,677
After 2 years but within 5 years	6,697,214,742	7,065,248,415
	19,220,323,341	14,942,136,092

	30 Jun. 2009	*31 Dec. 2008*
Current		
Secured		
- bank loans (note (a))	78,430,000	60,000,000
- current portion of long term bank loans (note (a))	680,857,860	363,995,220
- other borrowings (note (c))	-	120,000,000
	759,287,860	543,995,220
Unsecured		
- bank loans (note (a))	80,000,000	190,000,000
- current portion of long term bank loans (note (a))	4,829,783,753	5,792,489,356
- other borrowings (note (c))	1,982,866,944	4,351,968,334
- current portion of long term other borrowings	4,474,871,000	6,987,890,000
	11,367,521,697	17,322,347,690
	12,126,809,557	17,866,342,910

31 Interest-bearing borrowings and bonds (continued)

Notes:

(a) Bank loans

The interest rate of bank loans ranges from 4.17% to 10.00% in 2009 (2008: from 4.86% to 10.00%).

(b) Corporate bonds

	‘2009	
	No.101688 Corporate bonds issued in 2008	*No.101699 Corporate bonds issued in 2008*
Proceeds from issue of corporate bonds of RMB100 each	2,900,000,000	3,000,000,000
Carrying value at 1 January 2009	2,873,650,747	2,894,365,250
Transaction costs amortized	2,244,500	10,425,683
Carrying value at balance sheet date	2,875,895,247	2,904,790,933

On 6 September 2008, the Company issued two series of corporate bonds, namely the “No. 101688 Bonds” and the “No. 101699 Bonds”, amounting to RMB5,900 million. Both Bonds are listed on the Shenzhen Stock Exchange.

The No. 101688 Bonds are with no guarantee and are interests bearing at a rate of 7% per annum payable in arrears on 6 September 2009, 2010 and 2011. In accordance with the terms of the No. 101688 Bonds, on 6 September 2011 the Company has the option to adjust upward the interest rate of the Bonds for the next two years by 0-100 points and each of the Bond is, at the option of the bondholder, redeemable at its par value of RMB 100 each on the same date. If not being redeemed on 6 September 2011, the Bonds are repayable on 6 September 2013 and the interest for the next two years is payable in arrear on 6 September 2012 and 2013 respectively.

The No. 101699 Bonds are guaranteed by the China Construction Bank Shenzhen branch and are repayable on 6 September 2013. The Bonds are interest bearing at a rate of 5.5% per annum payable in arrears on 6 September 2009, 2010, 2011, 2012 and 2013 respectively.

31 Interest-bearing borrowings and bonds (continued)

Notes: (continued)

(c) Other borrowings

	30 Jun. 2009	*31 Dec. 2008*
Non-current		
Proceeds	5,207,340,634	-
Transaction costs	(189,071,190)	-
	5,018,269,444	-
Current		
Proceeds	2,000,000,000	4,520,000,000
Transaction costs	(17,133,056)	(48,031,666)
	1,982,866,944	4,471,968,334

Other borrowings represent interest bearing borrowings raised from third party lenders through trust companies at market interest rate. The interest rate of other borrowings ranges from 5.0% to 5.4% in 2009 (2008: 4.86% to 10%).

32 Other long term liabilities

Other long term liabilities at 30 June 2009 and 31 December 2008 mainly represented consideration payable in connection with acquisitions of subsidiaries and was due for settlement by instalments in 2011and 2010 respectively.

33 Trade and other payables

	30 Jun. 2009	*31 Dec.2008*
Trade payable	12,572,139,549	12,895,962,837
Amounts due to associates	8,004,675	21,277,927
Amounts due to jointly controlled entities	761,708,321	841,977,518
Deposits received in advance	29,979,748,630	23,945,755,140
Other payables and accrued expenses	4,998,789,413	6,225,573,623
Other taxes	45,654,771	48,660,688
Total	48,366,045,359	43,979,207,733

34 Provisions

	30 Jun. 2009	*31 Dec. 2008*
Balance at 1 January	41,729,468	37,962,953
Provisions made during the period	6,880,858	8,300,215
Provisions used during the period	(18,217,879)	(4,533,700)
Balance at 31 December	30,392,447	41,729,468

The balance represents the estimated losses to be borne by the Group in relation to the property management projects.

35 Employees' share award scheme

Pursuant to a shareholders' resolution passed on 30 May 2006, the Company adopted an Employees' Share Award Scheme (the "Scheme") for each of the years ended 31 December 2006, 2007 and 2008 under which certain employees of the Group, including certain directors of the Company, will be entitled to certain A shares of the Company if the vesting conditions as set out in the Scheme are met.

Details of the Awarded Shares purchased by the trust under the Scheme are as follows:

	Scheme for the year ended 31 December 2008 (The 2008 Scheme)		*Scheme for the year ended 31 December 2007 (The 2007 Scheme)*		*Scheme for the year ended 31 December 2006 (The 2006 Scheme)*		*Total*	
	Number of shares purchased	*Aggregate amount paid*	*Number of shares purchased*	*Aggregate amount paid*	*Number of shares purchased*	*Aggregate amount paid*	*Number of shares purchased*	*Aggregate amount paid*
At 1 January 2008	-	-	17,229,468	242,994,816	43,740,250	223,546,730	60,969,718	466,541,546
Purchased through the trust	37,804,258	763,905,518	11,533,195	243,140,600	-	-	49,337,453	1,007,046,118
New shares through bonus issue	22,682,555	-	17,257,598	-	17,282,420	-	57,222,573	-
Dividend reinvested through the trust	439,007	-	321,500	-	424,700	-	1,185,207	-
Distribution of Awarded Shares	-	-	-	-	(61,447,370)	(223,546,730)	(61,447,370)	(223,546,730)
At 31 December 2008	60,925,820	763,905,518	46,341,761	486,135,416	-	-	107,267,581	1,250,040,934
At 1 January 2009	60,925,820	763,905,518	46,341,761	486,135,416	-	-	107,267,581	1,250,040,934
Repurchased through the trust (note i)	(60,925,820)	(620,656,308)	-	-	-	-	(60,925,820)	(620,656,308)
Transfer-out of deficit sold awarded shares	-	(143,249,210)	-	-	-	-	-	(143,249,210)
Dividend reinvested through the trust	-	-	210,000	-	-	-	210,000	-
At 30 June 2009	-	-	46,551,761	486,135,416	-	-	46,551,761	486,135,416

35 Employees' share award scheme (continued)

Details of the Awarded Shares purchased by the trust under the Scheme are as follows: (continued)

Note:

(i) On 14 April 2009, the Group announced the termination of the 2008 employees' share award scheme as the 2008 Scheme's non-market performance condition of over 15% year-to-year profit growth was not achieved. The awarded shares under the scheme were completely resold in stock market, and the proceed of RMB620,656,308 was refunded to the Company.

36 Material related party transactions

(a) Reference should be made to the following notes regarding related parties:

Associates	(note 20)
Jointly controlled entities	(note 21)
Key management personnel	(see note (b) below)
Post-employment benefit plans	(note 10)

(b) Key management personnel compensations

The key management personnel compensations are as follows:

	2009 Jan. – Jun.	*2008 Jan. – Jun.*
Short-term employee benefits	4,224,400	4,241,250
	4,224,400	4,241,250

The above compensations are included in "personnel expenses" (see note 10).

37 Commitments

(a) Commitments outstanding at 31 December not provided for in the financial statements were as follows:

	30 Jun. 2009	*31 Dec. 2008*
Contracted for	16,412,093,985	23,202,031,151

Commitments mainly related to land and development costs for the Group's properties under development.

(b) At 30 June 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 Jun. 2009	*31 Dec. 2008*
Within 1 year	28,089,463	32,497,446
After 1 year but within 2 years	17,892,994	20,784,514
After 2 year but within 5 years	11,122,234	30,333,962
After 5 years	7,730,966	4,735,353
	64,835,657	88,351,275

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of two to ten years. None of the leases includes contingent rentals. During the period, the operating lease expense of the Group amounted to RMB19 million (2008 Jan – Jun: RMB29 million).

38 Contingent liabilities

(i) As at the balance sheet date, the Group has issued guarantees to banks to secure the mortgage arrangement of property buyers. The outstanding guarantees to the banks amounted to RMB21,940 million (2008: RMB17,969 million), including guarantees of RMB21,371 million (2008: RMB17,452 million) which will be terminated upon the completion of the transfer procedures with the buyers in respect of the legal title of the properties, and guarantees of RMB569 million (2008: RMB517 million) which will be terminated upon full repayment of mortgage loans by buyers to the banks.

The directors do not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recover the outstanding loan balance from the sale proceeds if the property buyers default payment. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors.

(ii) As at 30 June 2009, a subsidiary of the Group was sued by a contractor for repayment of deposit paid and construction cost payable, which amounted to RMB39 million, plus accrual of interest thereon. The relevant PRC court has yet to decide on the case. The directors do not consider it probable that the Group will sustain a compensation loss in this respect.

39 Financial risk management

Exposure to interest rate, credit, liquidity, and currency risks arises in the normal course of the Group's business. The risks are limited by the Group's financial management policies and practices described below.

(a) Interest rate risk

The Group's interest rate risk arises primarily from its borrowings and bonds. Borrowings and bonds issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and terms of repayment of bank loans, borrowings and bonds of the Group are disclosed in note 31 to the financial statements.

At 30 June 2009, it is estimated that a general increase of 0.5% in interest rates, with all other variables held constant, would decrease the Group's profit after tax by approximately RMB16,750,169 (2008: RMB48,754,734).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date.

39 Financial risk management (continued)

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, credit risk is minimised as the Group normally receives full payment from buyers before the transfer of property ownership.

In respect of other receivables and other financial assets, the Group reviews the exposures and closely monitors the recoverability of the balances on an ongoing basis. Normally, the Group does not obtain collateral from debtors. The impairment losses on bad and doubtful accounts are within management's expectation.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

39 Financial risk management (continued)

(c) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	30 Jun. 2009				
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 year	More than 2 years but less than 5 years
Interest-bearing borrowings	25,566,446,719	25,701,447,796	12,165,551,695	12,619,367,538	916,528,563
Corporate bonds	5,780,686,179	7,433,333,333	368,000,000	368,000,000	6,697,333,333
Creditors and accrued charges	17,570,928,962	17,570,928,962	17,570,928,962	-	-
Amounts due to jointly controlled entities and associates	769,712,996	769,712,996	769,712,996	-	-
Other long term liabilities	19,724,960	19,724,960	-	-	19,724,960

	31 Dec. 2008				
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 year	More than 2 years but less than 5 years
Interest-bearing borrowings	27,040,463,005	28,614,049,859	18,958,810,394	8,343,262,843	1,311,976,622
Corporate bonds	5,768,015,997	7,614,880,000	368,000,000	368,000,000	6,878,880,000
Creditors and accrued charges	19,121,536,460	19,121,536,460	19,121,536,460	-	-
Amounts due to jointly controlled entities and associates	863,255,445	863,255,445	863,255,445	-	-
Other long term liabilities	12,644,850	12,644,850	-	2,946,875	9,697,975

39 Financial risk management (continued)

(d) Foreign exchange risk

The Group is exposed to foreign currency risk primarily on borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars.

Cash and cash equivalents denominated in a currency other than the functional currency of the entity to which they relate are as follows:

	30 Jun. 2009	31 Dec. 2008
United States Dollars	USD 301,347,106	USD 420,141,957
Hong Kong Dollars	HKD 9,095,235	HKD 7,049,434

Interest-bearing borrowings denominated in a currency other than the functional currency of the entity to which they relate are as follows:

	30 Jun. 2009	31 Dec. 2008
United States Dollars	USD 2,305,037,212	USD 2,144,568,751
Hong Kong Dollars	HKD -	HKD 134,930,700

Financial assets at fair value through profit or loss denominated in a currency other than the functional currency of the entity to which they relate are as follows:

	30 Jun. 2009	31 Dec. 2008
United States Dollars	USD 3,544,200	USD 1,694,880

Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

		30 Jun. 2009		**31 Dec. 2008**	
Increase / (decrease)	Increase/(decrease) in foreign exchange rates	Effect on profit after tax and retained profits	Effect on other components of equity	Effect on profit after tax and retained profits	Effect on other components of equity
United States Dollars	10%	(150,010,943)	(150,206,618)	(112,192,264)	(113,246,603)
United States Dollars	(10%)	150,010,943	150,206,618	112,192,264	113,246,603
Hong Kong Dollars	10%	682,143	(263,172,731)	(9,718,976)	(220,462,035)
Hong Kong Dollars	(10%)	(682,143)	263,172,731	9,718,976	220,462,035

39 Financial risk management (continued)

(d) Foreign exchange risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The Group has entered into certain non-deliverable forwards to hedge its exchange risk and the above analysis has taken into account the effect brought from the non-deliverable forwards.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as available-for-sale equity securities (see note 22). The Group monitors the performance of the available-for-sale equity securities regularly.

40 Accounting estimates and judgments

Key sources of estimation uncertainty

(i) Impairment provision for properties held for development

As explained in note 3(h), the Group makes impairment provision for properties held for development taking into account the Group's estimates of the recoverable amount from such properties. Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than that estimated at the balance sheet date. Any increase or decrease in the provision would affect profit or loss in future years.

(ii) Impairment provision for completed properties for sale and properties under development

As explained in notes 3(j) and 3(k), the Group's completed properties for sale and properties under development are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties. Given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the balance sheet date. Any increase or decrease in the provision would affect profit or loss in future years

40 Accounting estimates and judgments (continued)

Key sources of estimation uncertainty (continued)

(iii) Land appreciation tax

As explained in note 13(a), land appreciation tax is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing cost and relevant property development expenditures. Given the uncertainties of the calculation basis of land appreciation tax to be interpreted local tax bureau, the actual outcomes may be higher or lower than that estimated at the balance sheet date. Any increase or decrease in estimates would affect profit or loss in future years.

41 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 June 2009

Up to date of issue of these financial statements, the IASB has issued a number if amendments, new standards and interpretations which are not yet effective for the period ended 30 June 2009 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
IFRS 3(Revised), Business combinations	1 July 2009
Amendments to IAS 27, Consolidated and separate financial statements	1 July 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's results of operations and financial position.

42 Comparative figures

Certain comparative figures have been reclassified to confirm with the current period's presentation.