



# Interim Report 2007

## Announcement No. 【CMPD】 2007 - 049

### Chapter I. Important Prompt, Definitions and Table of Contents

#### (I) Important Prompt

The Board of Directors and the directors of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

Mr. Sun Chengming - the legal representative, Mr. Huang Peikun – the chief financial officer, and Ms. Xu Yixia – the manager of accounting department declare: the financial reports carried in this report is secured for its truthfulness and completeness.

None of the directors is holding uncertain or objective attitude on the truthfulness, accuracy, and completeness of this quarterly report.

This report is prepared both in English and Chinese. When there is any conflict in understanding, the Chinese version shall prevail.

The financial statements carried in this report are not audited.

#### (II) Definitions

These expressions are defined to the followings unless otherwise stated:

The Company, Company and CMPD: China Merchants Property Development Co., Ltd.

Shekou Industrial Zone: China Merchants Shekou Industrial Zone Co., Ltd.

Shenzhen CMRE: Shenzhen China Merchants Real Estate Co., Ltd.

CMPS: Shenzhen China Merchants Power Supply Co., Ltd.

CMWS: Shenzhen China Merchants Water Supply Co., Ltd.

[Note] The standard currency of the financial data or amount in this report is RMB (except for special explanation).

**(III) Table of Contents**

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## Chapter II. Company Profile

### (I) Basic information

1. Legal Name of the Company in Chinese and English and Abbreviations:

Full Name in Chinese: 招商局地产控股股份有限公司

Abbreviation in Chinese: 招商地产

Full Name in English: CHINA MERCHANTS PROPERTY DEVELOPMENT CO., LTD

Abbreviation in English: CMPD

2. Legal Representative: Sun Chengming

3. Secretary of the Board: Chen Yu

Securities Affairs Representative of the Board: Liu Ning

Contact Address: 9/F, New Times Plaza, Shekou Industrial Zone, Nanshan District, Shenzhen

Postcode: 518067

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Tel.: (0755) 26819600

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4. Registered Address: 9/F, New Times Plaza, Shekou Industrial Zone, Nanshan District, Shenzhen

Office Address: 9/F, New Times Plaza, Shekou Industrial Zone, Nanshan District, Shenzhen

Postcode: 518067

E-mail: investor@cmpd.cn

5. Presses Assigned by the Company for Information Disclosure:

China Securities Journal, Securities Times and Hong Kong Commercial Daily

Internet Website Designated by the CSRC: <http://www.cninfo.com.cn>

Place Where the Semi-Annual Report Is Prepared and Kept: Secretariat of the Board of the Company

6. Stock Exchange Listed with: Shenzhen Stock Exchange

The 2nd Stock Exchange Listed with: Singapore Exchange

Short Forms of the Stocks: China Merchants, China Merchants B

Stock Codes: 000024, 200024

7. Other Relevant Information

(1) Initial Registration Date: Sep. 19, 1990

(2) Initial Registered Address: Shenzhen

(3) Registration Number of the Business License for Enterprises as Legal Persons:

QGYSSZ No. 101828

(4) Tax Registration Number: GSSZ 440305618845136, DSSZ 440305618845136

(5) Names and Office Addresses of the CPAs Engaged by the Company:

Domestic: Deloitte Touche Tohmatsu CPA Ltd.

Office Address: 30/F, Bund Center, Yandong E. Road, Shanghai

Overseas: Deloitte Touche Tohmatsu

Office Address: 26/F, Wing On Center, No. 111, Connaught Road Central, Hong Kong

**(II) Financial Highlights**

	Ended this report term	Ended previous year		Increase/decrease (%)	
		Not adjusted	Adjusted	Not adjusted	Adjusted
Gross Assets	14,211,951,147	14,201,844,482	12,335,778,343	0.07%	15.21%
Owners' (shareholders') equity	5,180,727,228	4,338,186,414	3,453,712,567	19.42%	50.00%
Net asset per share	7.06	7.01	5.58	0.71%	26.52%
	The report term	Same period last year		Increase/decrease (%)	
		Not adjusted	Adjusted	Not adjusted	Adjusted
Operation profit	510,665,365	172,198,384	176,993,418	196.56%	188.52%
Total profit	530,682,282	174,745,659	194,611,459	203.69%	172.69%
Net profit (attributable to the parent company)	417,246,419	138,865,458	161,138,493	200.47%	158.94%
Net profit deducted non-recurring gain/loss (same as above)	415,216,818	136,280,825	160,211,896	204.68%	159.17%
Basic gains per share	0.635 /share	0.224/share	0.260 /share	183.48%	144.23%
Diluted gains per share	0.635/share	0.224/share	0.260 /share	183.48%	144.23%
Net earnings / asset	9.65%	3.61%	5.70%	167.31%	69.30%
Cash flow generated by business operation, net	-1,689,354,444	507,769,305		-432.70%	
Net Cash flow per share generated by business operation	-2.301/share	0.821/share		-380.27%	

## Non-recurring gains and losses in RMB

Non-recurring gain and loss items	Amount
Disposal of fixed assets	-12,482
Other non-business gain/expenditure (net)	2,532,487
Impact of income tax and minor shareholders' gains/losses	-490,404
Total	2,029,601

Indexes calculated in accordance with Regulations on the Information Disclosure of Companies Publicly Issuing Shares (No. 9) are as follows:

Profit indices	Net return on equity (%)		Earnings per share (RMB)	
	On full amortizing basis	Weighted average	Basic	Diluted
Net profit	8.05	9.65	0.635	0.635
Net profit deducted non-recurring gain/loss	8.01	9.60	0.632	0.632

Influence on the net profit and net assets by the adjustments in accordance with the IAS (RMB'000)

	Net profit Jan-Jun 2007	Net asset Jun 30 2007
As reported under Chinese Accounting Standards	43,605	552,036
Adjusted under International Accounting Standards		
Adjustment of assets exchange	-726	-12,249
Goodwill adjustment	-	116,813
Adjustment of minor shareholders' equity	25	2,008
Adjustment of deferred tax	127	-4,535
Others	-123	1,760
On IAS	42,908	655,833

[Note] The above differences are caused by different treatment of IAS on asset exchange and goodwill occurred in previous years from that of the Chinese Accounting Standard.

## Chapter III. Movement of Capital Share and Major Shareholders

### (I) Movement of Capital Share (in share)

	At this time Before the change		Changed Currently (+,-)					At this time After the change	
	Amount	Proportion	Issuing of new shares	Bonus shares	Transferred from reserves	Others	Sub-total	Amount	Proportion
I. Shares with conditional subscription	177,214,346	28.64%	0	0	0	43,147,465	43,147,465	220,361,811	30.02%
1. State-owned shares	0	0	0	0	0	0	0	0	0
2. State-owned legal person shares	147,426,958	23.82%	0		0	43,135,614	43,135,614	190,562,572	25.96%
3. Other domestic shares	173,942	0.03%	0	0	0	11,851	11,851	185,793	0.02%
Incl. Domestic legal person shares	0	0	0	0	0	0	0	0	0
Domestic nature person shares (executive shares)	173,942	0.03%	0		0	11,851	11,851	185,793	0
4. Foreign shareholding	29,613,446	4.79%	0	0	0	0	0	29,613,446	4.03%
Incl. Overseas legal person shares	29,461,546	4.76%	0	0	0	0	0	29,461,546	4.01%
Foreign nature person shares (executive shares)	151,900	0.02%	0	0	0	0	0	151,900	0.02%
II. Shares with unconditional subscription	441,608,326	71.36%	0	0	0	72,160,226	72,160,226	513,768,552	69.98%
1. Common shares in RMB	244,992,912	39.59%	0	0	0	72,160,226	72,160,226	317,153,138	43.20%
2. Foreign shares in domestic market	196,615,414	31.77%	0	0	0	0	0	196,615,414	26.78%
3. Foreign shares in overseas market	0	0	0	0	0	0	0	0	0
4. Others	0	0	0	0	0	0	0	0	0
III. Total of capital shares	618,822,672	100.00%	0	0	0	115,307,691	115,307,691	734,130,363	100.00%

Note: The Company issued RMB1.51 billion of convertible bonds on August 30th 2006. The capital shares of the Company has increased by 115,307,691 due to converting of bonds.

**(II) As of June 30 2007, the shareholders of the Company were totalled to 13,600, in which there were 8,901 of A-share holders and 4,699 of B-share holders.**

**(III) Particulars about shares held by the top ten shareholders (in share)**

Name of the shareholder	Properties of shareholder	Share proportion %	Total shares	Conditional shares	Pledged or frozen
China Merchants Shekou Industrial Zone Co., Ltd.	State-owned legal person	25.96%	190,562,572	190,562,572	0
FULL SPACE INVESTMENT LIMITED	Overseas legal person	8.55%	62,762,700	0	0
China Merchants Securities Hong Kong Ltd.	Overseas legal person	4.06%	29,809,646	29,461,546	0
FOXTROT INTERNATIONAL LIMITED	Overseas legal person	2.52%	18,480,000	0	0
ORIENTURE INVESTMENT LTD	Overseas legal person	2.42%	17,735,430	0	0
National Social Insurance Foundation 108 Portfolio	Domestic non-state-owned legal person	1.53%	11,200,000	0	N/A
China Industrial & Commercial Bank – Guangfa Strategy Best Choice Combination Securities Foundation	Domestic non-state-owned legal person	1.32%	9,700,565	0	N/A
GSI S/A GLODEN CHINA MASTER FUND	Overseas legal person	1.25%	9,174,977	0	N/A
National Social Insurance Foundation 102 Portfolio	Domestic non-state-owned legal person	1.21%	8,889,279	0	N/A
China Agriculture Bank – Communication Bank Shroder Securities Investment Fund	Domestic non-state-owned legal person	1.16%	8,500,000	0	N/A
<b>Top 10 holders of unconditional shares</b>					
Name of the shareholder	Unconditional shares		Category of shares		
FULL SPACE INVESTMENT LIMITED	62,762,700		Foreign shares placed in domestic exchange		
FOXTROT INTERNATIONAL LIMITED	18,480,000		Foreign shares placed in domestic exchange		
ORIENTURE INVESTMENT LTD	17,735,430		Foreign shares placed in domestic exchange		
National Social Insurance Foundation 108 Portfolio	11,200,000		RMB common shares		
China Industrial & Commercial Bank – Guangfa Strategy Best Choice Combination Securities Foundation	9,700,565		RMB common shares		
GSI S/A GLODEN CHINA MASTER FUND	9,174,977		Foreign shares placed in domestic exchange		
National Social Insurance Foundation 102 Portfolio	8,889,279		RMB common shares		
China Agriculture Bank – Communication Bank Shroder Securities Investment Fund	8,500,000		RMB common shares		
China Industrial & Commercial Bank – Jianxin Best Portfolio Securities Investment Fund	7,092,180		RMB common shares		
HCHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	6,984,983		Foreign shares placed in domestic exchange		
Notes to relationship or “action in concert” among the top ten shareholders.	(1) Dafeng International Limited, Hong Kong Panorama Investment Ltd., Foxtrot International Ltd., and Orienture Investment Ltd. are the wholly-owned subsidiaries of CMSIZ; (2) National Social Insurance Fund 108 Portfolio, and 102 Portfolio are both under the administration of Boshi Foundation Management Co., Ltd.				

## Chapter IV. Directors, Supervisors, and Senior Executives

### (I) Change of shareholding by directors, supervisors, and executives in the report term (in shares)

Name	Position	Shares held at the beginning of term	Amount of shares increased in the report term	Amount of shares decreased in the report term	Shares held at the end of term	Cause of change
He Jianya	Vice General Manager	38,522	6,000	0	44,522	Bought from the 2 <sup>nd</sup> market
Meng Cai	Vice General Manager	29,200	5,851	0	35,051	Converting of convertible bonds

### (II) Engaging and dismissing of directors, supervisors and senior executives.

On June 6 2007, the 5th term of Board convened a special meeting. The resigning proposal of Mr. Yang Baiqian was passed by mean of telecommunication voting. For change of position, the Board of Directors accepted the resigning request of Mr. Yang Baiqian from the position of Vice General Manager.

## Chapter V. Board of Director's Report

### (I) Business analyse

Year 2007 is the Company's "Year of Efficiency". This is the key year for the Company to achieve a breakthrough in profitability. On the other hand, it is also a year to test the leadership of the Company with their decision making and execution abilities.

In the report term, development projects were entering the stage of sales one after another in several locations in the country. The newly released projects were: Garden City Phase III Land 2, Yishanjun 1st Phase, Yishanjun 2nd Phase, and Suzhou Yiyunshuian 2nd Phase. All projects have achieved great sales performance and market reaction. All of the major business turnover, operational profit and net profit have doubled over the same period of last year. Among them, the income from property development – the core operation of the Company – has increased by over 400%.

In the report term, the company successfully introduced strategic partners. Through cooperation with Hong Kong Wharf Ltd. and Nanshan Development, the Company has obtained the new projects in Foshan and Suzhou, and Zhuhai Yuanfeng Company, Baijiazhuang Commercial Projects in Beijing as well. These have accelerated the land preserve effort. As of the date of this report, the Company's land preserve has increased by 1.6805 million square meters of construction area. The Company has started business in Foshan and Zhuhai which are the 2nd line cities. 34 property projects have been launched in 11 cities. This will help to distribute the geographic risk.

In capital market, the Company has accomplished converting of the 1.51 billion convertible shares, which was a 99.96% converting rate. This was reflecting the investors' accepting of the Company's value and good expectation. From the end of report term to the date of this report, the application for placing of RMB2.3 billion A shares privately to Shekou Industrial Zone has been approved by China Securities Regulatory Commission Share Placing Committee with certain condition. In the monetary market, the Company also achieved in obtaining of RMB13.2 billion of integrated credit. Sufficient in capital reservation has laid a sound foundation for the Company's multi-territory development strategy.

At present the national economy was growing rapidly, for the 1st half year, GDP has increased by 11.5%. But the domestic economy and policy circumstances has become more and more complicated. Government policies frequently released to overcontrol the property market. And the market factors are not in a common understanding over the situation. On one hand, the rapid growth of economy, appreciation of Renminbi, rapid expanding of cities, releasing population bonus, and upgrading of consuming have formed a good expectation for the property market. On the other hand, the frequently release of macro policies, coming of interest rate rising circle, overheating property price, and public critical on the prices have brought great pressure and rising risks to the whole industry.

But regardless the economic change and the vibration of property price, the Company will keep pursuing the concept of "Strength from Efficiency and Core Competitive Power". Basing on the above acknowledgement and judgment, the Company will further enforce the following works in the 2nd half of year.

1. Accelerate the circulation of current projects, to explore an effective way to shorten the development circle.
2. Enhance new project reservation, pay more attention on potential cities at the 2nd and 3rd line of economy.
3. Develop new profitability points, looking forward to the cooperation with outstanding technical and industrial enterprises to explore the development of technical properties and industrial properties, to develop a middle-price, large-scale, and easy-to-copy pattern for the property industry.
4. Do greater effort in developing cash flow assets, to enforce the risk-resistant ability. Depending on the advantage



of high quality property projects, further develop and expand new financing resources.

We believe that, under the overall strategic guidance of the government, following with the extraordinary growth of economy, accelerating of city expanding, and expanding of financial resources, the Company will achieve a healthy and constant development.

## (II) Summary of business performance in the report term

### 1. Business performance

In RMB0'000

Items	Jan-Jun 2006	Jan-Jun 2006	Changed (± %)
Major business turnover	171,737	83,812	104.91%
Main business profit	51,067	17,699	188.53%
Net profit attributable to the parent company	41,725	16,114	158.94%

[Remarks] Notes to the changes

(1) Business turnover has increased remarkably, which was benefit from the high rising of property development business – the core business of the Company.

(2) Business profit and net profit have increased by 188.53% and 158.94% respectively for the report term. Other than the increasing of property development business, the investment gains from affiliates have increased by RMB80.70 million over the same period of last year, the increase scale has reached up to 890.10%.

### 2. Financial position

In RMB 100 million

Items	2007.06.30	2006.12.31	Changed (± %)	Major causes
Gross Assets	142.12	123.36	16%	Increase of property development projects
Monetary fund	10.11	9.95	5%	Expanding of property business, increasing of need in capital.
Other account receivable	14.67	5.90	168%	Increasing of prepayment for land using rights
Long-term share equity investment	4.39	2.68	64%	Newly established joint companies and other equity investment
Inventories	91.47	83.08	10%	Increasing of developing projects
Property investment	15.55	15.94	-7%	Amortizing of leasing property
Short-term loans	27.95	18.01	20%	Increasing of investment in development project
Account payable	3.52	11.28	-69%	Paying of land using rights which was payable in previous year
Tax payable	0.78	1.70	-54%	Paying of land contract tax by subsidiaries which was payable in the previous year.
Other account payable	12.19	6.23	96%	Increasing of trades payable by the subsidiaries to external shareholders
Long-term borrowings	32.80	23.70	38%	Increasing of investment in development project
Bond payable	-	13.87	-100%	Repurchasing and converting of convertible bonds in all

Shareholders' equity	55.20	36.13	53%	Increased by converting of bonds and newly realized profit
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### 3. Major business situation

#### (1) Distribution over industries

On Industries	Business turnover			Business cost			Business gross profit			Gross profit ratio of business	
	Amount RMB0' 000	Changed over the prev. year	Portion in total	Amount RMB0' 000	Changed over the prev. year	Portion in total	Amount RMB0' 000	Changed over the prev. year	Portion in total	profit ratio %	Changed over the prev. year
Property development and sales	101,936	400.97%	59.36%	58,423	387.74%	55.41%	43,513	419.91%	65.63%	42.69%	3.79%
Property leasing	17,109	21.78%	9.96%	8,345	18.38%	7.92%	8,764	25.12%	13.22%	51.22%	2.81%
Water and power supply	32,258	-0.01%	18.78%	25,253	-1.17%	23.95%	7,005	6.64%	10.57%	21.72%	6.68%
Property management	12,297	-4.75%	7.16%	9,690	-4.33%	9.19%	2,607	-6.3%	3.93%	21.20%	-1.62%

[Remarks] Notes to the changes

#### Developing and sales of property

Business turnover, costs, and profit have increased remarkably over the same period of last year. This was benefited from the rapid growth of property development business. The turnover from property development has increased by 401%, that was caused by two factors: 1) Great increase of properties newly transferred into merchandise, which was 103.4 thousand square meters, increased by 70 thousand (201%) over the same period. 2) The sales of properties was in good condition and the price was rising.

#### Property leasing business

In the report term, following with the increasing of management standard in the property leasing business, the rental income has increased significantly.

- Property development and sales

In the report term, the Company released several new properties including Land 2 apartment of Garden City, Apartment phase 1 and houses phase 2 of Yishanjun, and Suzhou Yiyunshui'an 2nd phase. All of them have achieved ideal sales and totaled to 123.8 thousand square meters.

- Operation of leasing properties

Leasing properties are apartments, houses, office buildings, workshops, and shops. The leading properties are Taige Apartment, Wale Mountain Villa, Finance Center, Technique Building, and City Garden Center. Most of them are located in Shenzhen. For the 1st half of year, the leasing rates of office buildings, workshops and shops have reached over 90%. The leasing area has reached up to 2.88 million square meters. The income and profit were increasing constantly.

- Water and electricity supply

The Company has a completed water and electricity supply system. Together with the property developing and operation business, it has formed an integrated industrial structure. In the report term, the industrial zone was promoting structural reconstruction and upgrading. As the result, industrial enterprises were moving out from the area, and the Company's water and power supply business has decreased. Therefore the Company was pushing the business to areas outside Shekou Industrial Zone. Following with the expanding of business outside Shekou Industrial Zone, the water and power supply business will achieve great breakthrough outside the zone.

- Property management

In the report term, the Company was further improving the concordance between property management and development. After sales services were enforced. Other business exploration were carried forward to the whole country. The service area has reached up to 14.88 million sq. meter.

## (2) Geographic distribution of main business

In RMB0'000

Regions	Turnover	Increase/decrease of turnover over the last year (%)
Shenzhen	109,088	37.75%
Shanghai	55,462	8703.49%
Suzhou	3,081	5035.00%
Others	4,106	4.45%
Total:	171,737	104.91%

Cause of change: For there was no transferred income from Shanghai and Suzhou projects in the same period of last year, thus the income has increased significantly in this term.

## 4. Difficulties and problems encountered in business operation

Along with the accelerating of project development and national wide strategy, the Company keeps close observe over the market trend, and be aware of any possible periodic turn point of the whole industry. The market quitting mechanism will be further improved, multiple financial resources will be developed, the land preservation will be expanded, development processes will be optimized, and the constrains of operating capital will be eliminated.

**(III) Investment****1. Application of financing proceeds in the report term.**

The Company raised no financing in the report term. Application of finance raised previously and carried over to the report term are as the followings: (RMB0'000)

Total of proceeds	148,166		Total of fund from financing used up to the report term		5,569	
			Accumulated fund used		148,166	
Committed projects	Planned investment	Changed or not	Practical investment	Accumulated gains generated	Schedule fulfilled or not	Profit prediction fulfilled?
Lanxi Valley 2 <sup>nd</sup> Phase	49,166	No	49,166	-	Note 1	Note 1
Garden City Center	30,000	No	30,000	389	Yes	Yes
Yishanjun	52,500	No	52,500	11,245	Note 2	Yes
Garden City 3 <sup>rd</sup> phase, land No. 2	16,500	No	16,500	35,479	Yes	Yes
Total	148,166	No	148,166	47,113		
Statement for overdue (in detailed projects)	Note 1. To fit with the market trend, the Company decided to decorate the 2 <sup>nd</sup> phase of Lanxigu before put it into sales. Thus the completion date was postponed, and made no income in the report term. Note 2. Yishanjun project was divided into three phases. The first phase has already been accomplished and transferred gross profit RMB113.45 million.. The 2 <sup>nd</sup> phase has started public offer except for block 22 and will be completed in the year. The 3 <sup>rd</sup> phase is in the final stage of designing.					
Statement for reason of changing and procedure (in detailed projects)	The net amount of fund raised after deducting of placing expense was RMB1,481,660,000. This was different from the amount of RMB1,510,000,000 predicted by the placing prospectus of the convertible bonds. Thus the Company has changed the capital investment plan for Lanxigu 2 <sup>nd</sup> phase to RMB491.66 million.					
Application plan of retained fund from financing	Not applicable					

**2. Actual progress and income status of major investment projects by non-financing fund (in RMB0'000)**

Projects	Investment in the report term	Investment progress of the project	Profitability of the year
Marine Center	2,808	Decoration of public space.	No income yet
Haiyue Huating	1,713	Base support engineering and bidding for overall contract has been completed	No income yet
Guanglan Project	1,740	Initial planning	No income yet
Beijing-Park 1872	11,501	Phase 1 underground engineering, phase 2 under initial planning	No income yet
Xikang Proj. Tianjin	765	Initial planning	No income yet
Tianjin Weijinnan	4,135	Phase 1 under initial planning	No income yet
Nanjing International Finance Center	3,591	Decoration of public space, overall engineering	No income yet
Nanjing Yunxigu	3,678	Phase 1 body finished, phase 2 in blueprint improving stage	No income yet
Suzhou Yiyunshuian	5,323	Part of phase 2 body completed, phase 3 under initial planning	Gross profit (operation tax deducted) realized by RMB11.22 million
Shanghai Yiyuntingxiang Garden	8,122	Phase 1 finished, phase 2 under initial planning	Gross profit (operation tax deducted) realized by RMB117,900,000
Shanghai Zhuanqiao	1,299	Phase 1 under initial planning	No income yet

Guangzhou Panyu project	1,290	Initial planning	No income yet
Chongqing Jiangwan City	1,503	Local residence moving completed, land clearing completed	No income yet
Zhuhai project(A)	22,490	Under initial planning	No income yet
Suzhou Wuzhong project	60,386	Under initial planning	No income yet

### 3. Profile of newly established subsidiaries

(1) January 18 2007, Tianjin Zhaosheng Property Development Co., Ltd. established with registered capital of RMB30 million. The business scope is real-estate developing, sales, leasing, decoration, agency, property management, furniture and electronic appliances leasing. (National specialized business shall be handled particularly). The Company and Shenzhen CM Property hold 60% and 40% of the equity respectively.

(2) January 31 2007, Shanghai CM Minsheng Property Co., Ltd. established with registered capital of RMB30 million. The business scope is real-estate development, sales, leasing, interior decoration, and sales of construction materials (materials under government supervision need to be authorized before hand). Shenzhen CM Property hold 100% of the equity.

(3) March 13 2007, China Merchants Property (BJ) Co., Ltd. acquired 40% equities of Beijing Henshihuarong Property Development Co., Ltd. with RMB24,220,904. On April 10th 2007, the Shareholders' Annual Meeting 2006, the proposal on acquisition of 16% share equities of Beijing Henshihuarong Property Development Co., Ltd. by Shekou Dazhong Investment Co., Ltd. It has been approved to trade the 16% share equities of Beijing Henshihuarong Property Development Co., Ltd. to Shekou Dazhong Investment Co., Ltd.- the fully owned subsidiary of Shekou Industrial Zone. As of the report date, business registration changing routines have been completed. Beijing Henshihuarong Property Development Co., Ltd. is registered with RMB50 million. Its business scope is property developing, and sales of properties developed by itself. China Merchants Property (BJ) Co., Ltd. is holding 24% of the equities of this company.

(4) May 22 2007, Foshan Xincheng Property Co., Ltd. established with registered capital of RMB29 million. Guangzhou China Merchants Property Co., Ltd. – controlled subsidiary of the Company, and Jiashen International – subsidiary of Hong Kong Wharf (Holdings) Limited take 50% of the share equities respectively. This company is under preparation. The Company holds practical controlling over this company.

(5) On May 30 2007, Suzhou China Merchants Nanshan Property Co., Ltd. established with registered capital of RMB100 million. Its business scope is property development, operation, leasing and sales. Real-estate agency, property management, interior decoration service. Sales of construction materials. The Company and Shenzhen Nanshan Development Industrial Co., Ltd. take 60% and 40% of its equities respectively.

(6) June 1 2007, Shenzhen China Merchants Anye Investment Development Co., Ltd. established with registered capital of RMB5 million. The business scope is investment of industrial projects (projects shall be filed to the government particularly). Shenzhen CM Property and Shenzhen Anye Property Shareholding Co., Ltd. hold 51% and 49% of the equity respectively.

(7) June 5 2007, Shenzhen CM Property, the subsidiary of the Company, acquired 51% of the equities of Zhuhai Yuanfeng Property Co., Ltd. with RMB4,080,000. This Company was registered with RMB8,000,000 and its business scope is developing of individual real-estate.

### 4. Investment in newly added land preservation (From beginning of report term to the date of report).

(1) January 17 2007, the Company and Shenzhen Nanshan Development Industry Co., Ltd. purchased the land using right of 569,317 sq. meter located in Zhongjing Economic & Technology Development Zone, Suzhou with RMB868 million.

(2) February 1 2007, Guangzhou China Merchants Property Co., Ltd. – controlled subsidiary of the Company, and Jiashen International – subsidiary of Hong Kong Wharf (Holdings) Limited purchased the land using right of 459,408.6 sq. meter located at Foshan Center Group New Area with RMB950 million.

(3) June 5 2007, Shenzhen CM Property, the subsidiary of the Company, acquired 51% of the equities of Zhuhai Yuanfeng Property Co., Ltd., and also the land using right of 61,469 sq. meter located in Cuiwei Village, Qianshan, Xiangzhou, Zhuhai.

(4) July 26 2007, Suzhou CM Nanshan Property Co., Ltd. – the controlled subsidiary of the Company, purchased the land using right of 94,432.3 sq. meter located in Wuzhong Economic & Technologies Development Zone, Suzhou.

(5) July 26 2007, Jiarui Investment Co., Ltd. – subsidiary of the Company, and Xuquan Ltd. – subsidiary of Wharf (Holdings) Limited purchased the land using right of 183,598.62 sq. meter located in Suzhou Industrial Zone with RMB1.01 billion.

#### **(IV) Revising of business plan for the 2nd half of year**

No revising of business plan has been undertaken in the report term.

## Chapter VI. Important Events

### (I) Company Administration

The Company keeps following with the requirement and standard provided by the Company Law, Listed Company Administrative Rules, and Share Listing Rules of Shenzhen Stock Exchange. There is no difference between the practical situation of the Company's administration and the requirements of above documents.

In the report term, according to "Circular about enforcing the administration of listed companies" issued by China Securities Regulatory Commission, and the relative requirements of Shenzhen Securities Regulatory Bureau and Shenzhen Stock Exchange, the Company performed internal verification on the Company's administration. June 29 2007, the 5th term of Board convened a special meeting, to examine and passed "Internal Verification Report 2007 and Improving Plan". This report and relative documents and papers have been released at <http://www.cninfo.com.cn> and the official website of Shenzhen Stock Exchange. The Company would implement the improving plan against the internal verification result.

In the report, the Board of Directors formulated a number of criteria to further standardize the Company's internal control, information disclosure, and investor communication, which are, Working Criteria of Reward & Assessment Committee, Working Criteria of Auditing Committee, Working Criteria of Strategy Committee, Internal Control Rules, Information Disclosure Management Rules, Reception and Promotion Criteria, and Criteria of Holding and Change of Shares by the Directors, Supervisors, and Senior Executives. The above criteria and rules will further standardize the Company's operation and make it more transparent to and widely accepted by the investors.

### (II) Execution of profit distribution plan for year 2006

The Dividend Distribution Plan for year 2006 of China Merchants Property Development Co., Ltd.(the Company) was approved on the Shareholders' Annual Meeting 2006 held on April 10th 2007. The details are: From the net profit of year 2006, upon the total capital shares of 618,822,672 ended December 31st 2006, the Company is about to distribute RMB2.50 of cash dividend to each 10 shares (tax included; and RMB2.25 of cash upon each 10 shares of domestic negotiable shares including individual shareholders and investment funds. No tax for B shares for this time.) There will be RMB154,705,668 in total distributed as dividend. No capitalizing of common capital reserves will be performed at this time. The convertible company bond (CMPD bond) has been in the convertible period since March 1st 2007. Thus the total of capital shares is increasing. It has been decided on the meeting to carry out the dividend distribution at upon the total capital shares at the closing of market on the registration day. However the cash dividend will stay unchanged for year 2006, namely RMB154,705,668. Therefore the dividend for each share will be calculated upon the new capital shares.

The Company issued the Announcement of Dividend Distribution of Year 2006 on May 23rd 2007 issues of China Securities Journal, Securities Times, and <http://www.cninfo.com.cn>. The announcement has provided the details of the dividend distribution for year 2006. And the share equity registration day would be May 28 2007 and the ex-dividend day would be May 29 2007.

For the convertible bonds of the Company (China Merchants Convertible Bond) are in convertible period, the total capital share of the Company had increased from 618,822,672 shares at the end of 2006 up to 734,130,363 shares on May 28 2007. According to the dividend distribution plan of year 2006, is has been decided to carry out the dividend distribution upon the total capital shares amounted to 734,130,363 shares. The dividend of RMB2.107332 will be distributed to each 10 shares (tax included; practically RMB1.896598 of cash will be distributed to each 10 shares to the individual A share holders and investment funds after tax. Dividend for B shares are free of tax at this moment.)

The cash dividend would be totaled to RMB154,705,668. The supplementary announcement of dividend distribution 2006 was published twice on May 28 and May 29 2007.

Dividend distribution has been accomplished in the report term.

### **(III) Interim dividend plan of year 2007**

No dividend distribution nor capitalizing of common reserves will be carried out for the interim of 2007.

### **(IV) Material Lawsuits and Arbitration**

The Company has not involved in any material lawsuit or arbitration in the report period.

### **(V) Status of shareholding in other listed companies**

Stock Code	Stock ID	Initial investment	Share portion	Book value at the end of term	Gain/loss of the report term	Change of owners' equity in the report term
000004	ST Guonong	15,050,013	5.58%	6,633,917	-	-
000012	Nanbo A	3,593,400	0.09%	12,545,650	-	9,924,893
Total		18,643,413	-	19,179,567	-	9,924,893

### **(VI) Major purchasing, selling or restructuring process of assets**

Neither acquisition / selling of asset, intake, nor merger event occurred during the report term.

### **(VII) Major related transactions**

**1. The Company has no material related transactions of product sale or labor service provision in the report period.**

**2. The Company has no material related transactions of asset purchase or sale in the report period.**

**3. In the end of the report period, the Company has the credit, liability or guarantee events with related parties:**

(1) Ended Jun. 30, 2007, controlling shareholder, Shekou Industrial Zone provided RMB1,464,960,000 of bank loan guarantee for the Company and its subsidiaries; while another RMB224,771 thousand for accepted bank draft.

(2) Ended June 30th 2007, the Company has RMB10,659 thousand payable to Shekou Industrial Zone;

(3) Ended Jun. 30, 2007, the Company has RMB25,400 thousand payable to the affiliate, Shenzhen China Merchants Everbright Technology Park Co., Ltd.



- (4) Ended Jun. 30, 2007, the Company has RMB15,875 thousand payable to the subsidiary of the controlling shareholder, China Merchants Landmark (Shenzhen) Co., Ltd.
- (5) Ended Jun. 30, 2007, the Company has RMB60,650 thousand payable to the subsidiary, China Merchants Port Service (Singapore) Co., Ltd.
- (6) Ended Jun. 30, 2007, the Company has RMB317,625 thousand receivable from the affiliate, Beijing Henshihuarong Property Co., Ltd.
- (7) Ended Jun. 30, 2007, the Company has RMB293,643 thousand receivable from the affiliate, Shenzhen China Merchants OCT Investment Co., Ltd.
- (8) Ended Jun. 30, 2007, the Company has RMB67,523 thousand receivable from the subsidiary, Zhangzhou China Merchants Property Co., Ltd.
- (9) Ended Jun. 30, 2007, the balance of short-term bank loans was including the 1-year loan provided by Shekou Industrial Zone through China Merchants Bank New Age Branch amounted to RMB300,000 thousand.
- (10) Ended Jun. 30, 2007, the balance of short-term bank loans was including the 3-year loan provided by Shekou Industrial Zone through China Merchants Bank New Age Branch amounted to RMB500,000 thousand.

The above issues made no major influence on the Company's business operation.

#### **4. Other related transactions**

- (1) China Merchants Water Services supplies water to the principal shareholder, Shekou Industrial Zone and its subsidiaries.
- (2) China Merchants Power Supply supplies power to the principal shareholder, Shekou Industrial Zone and its subsidiaries.
- (3) Related transactions concerning land use

The facilities, equipments, and offices locations of supplying electricity and water business of the Company were located in Shekou. Most of the leasing properties in real estate business were built in Shekou. Therefore, the Company and subsidiaries rent land of CMSIZ since they were set up. For the 1st half of 2007, land using expenses of the Company and controlling subsidiaries were totaled to RMB6,865 thousand.

### **(VIII) Material Contracts and Implementation**

#### **1. In the report period, there was no other material trust, contract or lease events.**

#### **2. Material contracts**

(1) The Company received the confirmation letter for integrated credit from China Industrial and Commercial Bank Shekou Branch. It includes the credit of RMB1.51 billion specialized for operation of convertible bonds, RMB0.4 billion for current capital, RMB0.89 billion for property development projects outside Shenzhen, RMB0.65 billion for the residential project under Shenzhen China Merchants Property Co., Ltd., and RMB0.1 billion for Shenzhen China Merchants Power Supply Co., Ltd. The above credit is available from September 18 2007 to September 18 2008.

(2) The Company entered the agreement with Shekou Branch of Agriculture Bank for the credit up to RMB500 million with term from January 12th 2007 through January 12th 2008.

(3) The Company entered the agreement with China Merchants Bank for the credit up to RMB3 billion with term from April 16 2007 to April 16 2009.

(4) The Company entered the agreement with Shekou Branch of Minsheng Bank for the credit up to RMB500 million with term from June 9th 2006 through June 9th 2007.

(5) The Company entered the agreement with Shenzhen Branch of Industrial Bank for the credit up to RMB0.5 billion with term from August 31 2006 to August 31 2007.

(6) The Company entered the agreement with New Times Branch of China Merchants Bank for the consigned loans of RMB500 million with term from September 28th 2005 through September 27th 2008.

(7) The Company entered the contract with Xinhua Trust & Investment Co., Ltd. for loans of RMB1 billion and financial consulting services with term from July 18th 2006 to July 17th 2009. According to the notification letter dated August 18th 2006 from Xinhua Trust & Investment Co., Ltd., Xinhua has transferred all of the credits and debts under this contract over to Shanghai Branch of Industrial Bank.

(8) For the Company need to pay for electricity power in foreign currency, the Company adopted future foreign currency security trade to avoid higher cost brought by exchange rate vibration. As of June 30th 2007, the Company has a total of USD200,494,000 of un-expired future exchange contract.

Apart from the aforementioned events, the Company was not involved with any material contract the amount of which takes up over 10% of the Company net assets.

### 3. Major guarantee issues

According to the requirements of Notification on Standardizing Capital Current between the Listed Companies and Related Parties and Several Problems about External Guarantee of Listed Companies (ZJF[2003] No. 56) and Notification on Normalizing External Guarantee of Listed Companies (ZJF[2005]No.120) promulgated by CSRC, the Company performed internal verification about the capital trade with the related parties and external guarantee:

In the report term, the capital occupation by the controlling shareholder and other related parties are as the followings:

Name of the parties	Relations to the parties occupied the capital	Accounting subjects kept by the listed co.	Amount of capital occupied up to the beginning of 2007	Amount occurred in current term	Balance at the end of report term	Causation	Property
Beijing Henshihuarong Property Co., Ltd.	Partnership company	Other account receivable	-	317,624,690	317,624,690	Current account	None business adoption
Zhangzhou China Merchants Properties Co., Ltd.	Joint venture	Other account receivable	39,464,425	28,058,823	67,523,248	Current account	None business adoption
Shenzhen China Merchants OCT Investment Co., Ltd.	Joint venture	Other account receivable	283,215,030	10,427,876	293,642,906	Current account	None business adoption
Total			322,679,455	356,111,389	678,790,844		

At the end of the report period, the guarantee provided to the controlled subsidiaries of the Company or parties outside the Company was amounted to RMB 0.

Time/date	Place	Way	Visitors	Main content involved and material provided
Jan 2007	Shekou Shenzhen	Investigation	9 persons from Shanghai General Technologies, JP-Morgan, Zhongtou Securities, Huabao Industry, and Damo	Company profile and open materials such as Annual Report 2006
Feb 2007	Shekou Shenzhen	Investigation	8 persons from HK Dafu Capital, Jiashi Fund, CICC, Global Investment (HK), and Shanghai Jinli Property	Company profile and open materials such as Annual Report 2006
Mar 2007	Shekou Shenzhen	Investigation	19 persons from 14 organizations including JP-Morgan, Guolianan Fund, Rongtong Fund, Changjiang Securities, Xihua Life Insurance, Jiashi Fund, Yongjin Group, Zhongjin, HINDSIGH, Henmao Investment Group, Ailishitong Investment, Zhongxin Jintong, Zhongtou Securities, and Guoyuan Securities	Company profile and open materials such as Annual Report 2006
Apr 2007	Shekou Shenzhen	Investigation	24 persons from 8 organizations including Tiger Fund, Penghua Fund, Guangfa Fund, Schroder Fund, Merrill Lynch Securities, KGI Securities, Shenzhen Minsen Investment, Communication Bank – Schroder Fund.	Company profile and open materials such as Annual Report 2006
Apr 2007	Beijing	JP-MORGAN promotion seminar	30 person from various organizations	Company profile and open materials such as Annual Report 2006
May 2007	Shekou Shenzhen	Investigation	8 persons from 6 organizations including Dahua Asset Management Co., Huabao Industry, Taizheng Shanghai Representative, Renbao Asset, Shenyin Wanguo, Puyin Ansheng Fund.	Company profile and open materials such as Annual Report 2006
Jun 2007	Shekou Shenzhen	Investigation	6 persons from 5 organizations including Oriental Securities, Yinhua Fund, Xinhua Life Insurance, China Merchants Securities, and Hua'an Fund.	Company profile and open materials such as Annual Report 2006

#### 4. In the report period, the Company did not commissioned others to manage cash assets.

#### (IX) Accepting of visiting, investigating, and communicating requests in the report term were as the followings

In the report term, the Company produced the Information Disclosure Management Criteria and Reception and Promoting Criteria. They contributed a lot to standardize the investor relation management and interaction with the investors.

#### (X) Fulfilling of commitment made by shareholders with 5% or over shares

(1) CMSIZ, the controlling shareholder of the Company, promised not to conduct or participate with 3<sup>rd</sup> parties in any business or activities possibly competing with the Company in terms of business, new commodities and new technology in any forms (including but not limited to direct operation, indirect operation, joint investment). Never use the information obtained from the Company to conduct or participate in and competitive activities against the Company. CMSIZ has fulfilled the commitment thoroughly for the report year.

(2) In the report term, Shekou Industrial Zone has fulfilled its commitments made in share relocation reformation which were: not to sale the shares of the Company it holds, and input high quality assets into the Company by way of private share placing.

(3) During the process of application for convertible bonds, Shekou Industrial Zone promised not to dispose the shares since completion of share converting. On May 17 2007, Shekou Industrial Zone has converted its convertible bonds into A shares of the Company. The commitment has been kept in the report term.

(4) Dafeng International Holding Co., Ltd. – the fully owned subsidiary of Shekou Industrial Zone promised not to reduce its shareholding of the Company before October 12 2008. The commitment has been kept in the report term.

### **(XI) Engaging and dismissing of CPAs**

The Company engaged Deloitte Touche Tohmatsu Certified Public Accountants Ltd. as domestic auditors and Deloitte Touche Tohmatsu Certified Public Accountants as overseas auditors of the Company. On April 10th 2007, the Shareholders' General Meeting 2006 approved relevant proposals on extending the service of the above auditors.

### **(XII) None of the Company, the Board of Directors, or the directors were criticized or condemned by any superior governing bodies.**

### **(XIII) Other major events**

1. CMPD Convertible Bonds placed by the Company has become convertible to A shares since March 1 2007. During the period from March 1 2007 to April 23 2007, the closing prices of the Company's A shares were not less than 130% (RMB17.02/share) of the current converting price (RMB13.09/share) for at least 20 days in successive 30 days. Namely the repurchasing conditions of CMPD Convertible Bonds were satisfied. Thus the Board of Directors of the Company executed the repurchasing right and repurchased all of the retained convertible bonds before May 25 2007. "CMPD Convertible Bonds" was therefore canceled from the list of Shenzhen Stock Exchange on May 31 2007.

2. On Shareholders' Annual Meeting 2006 held on April 10 2007, the proposal about private issuing of A shares was passed. The Company was about to issue 110,736,639 of A shares to Shekou Industrial Zone at RMB20.77 per share. It was proposed to raise RMB2.3 billion of fund. On July 27 2007, the application of private issuing has been approved by China Securities Regulatory Commission Share Placing Committee with certain conditions.

3. The Company's businesses are of the real estate industry. According to the relevant regulations of People's Republic Bank of China, the Company should provided mortgage loan guarantee for the purchaser of commercial houses. At present, the guarantee that the Company provided for he purchaser of commercial houses was staggered collateral guarantee with the guarantee term from the date that the mortgage bank gives loan to the date the purchaser transact certificate of house ownership. Provided that the purchaser didn't fulfill the obligation of debtors, the Company was authorized to call back the houses sold. Therefore, the guarantee would not cause actual loss to the Company. As of the end of report term, the Company has provided totally RMB114,614 thousand of above kind of guarantees.

## **Chapter VII. Financial Report (Not Audited)**

**China Merchants Property Development Co., Ltd.**

# **Financial Report**

For the period from January 1 2007 to June 30 2007

## Balance Sheet

### June 30 2007

Items	At the end of term		Beginning of term	
	Consolidated	Parent company	Consolidated	Parent company
Current asset:				
Monetary fund	1,010,788,864	319,564,027	995,193,810	547,191,487
Settlement provision				
Outgoing call loan				
Trading financial assets	421,678		182,025	
Notes receivable				
Account receivable	41,167,072		29,101,813	
Prepaid fund	745,736		2,497,461	
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable				
Other account receivable	1,466,783,727	7,311,258,188	589,941,179	5,422,096,919
Repurchasing of financial assets				
Inventories	9,146,681,792		8,307,517,417	1,234,064,000
Non-current asset due in 1 year				
Other current asset	2,594,980	-	2,535,817	
Total of current asset	11,669,183,849	7,630,822,215	9,926,969,522	7,203,352,406
Non-current assets				
Loans and payment on other's behalf disbursed				
Disposable financial asset	19,179,567	6,633,917	9,254,674	6,633,917
Expired investment in possess				
Long-term receivable				
Long-term share equity investment	438,905,314	2,946,762,538	267,644,663	2,856,053,184
Property investment	1,554,577,137		1,594,219,006	
Fixed assets	454,702,356	206,970,692	474,428,756	211,302,185
Construction in progress	57,811,776		42,728,684	
Engineering material				
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets	14,031,135		14,291,083	
R&D expense				
Goodwill				
Long-term expenses to be amortized	1,160,931	636,388	2,129,065	731,937
Differed income tax asset	2,399,082	1,419,768	4,112,890	1,419,768
Other non-current asset				
Total of non-current assets	2,542,767,298	3,162,423,303	2,408,808,821	3,076,140,991
Total of assets	14,211,951,147	10,793,245,518	12,335,778,343	10,279,493,397

Current liabilities				
Short-term loans	2,795,359,889	1,850,451,100	1,801,033,995	996,087,500
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities	17,041,461		21,503,522	
Notes payable	228,130,466		329,213,822	
Account payable	351,592,311		1,128,247,875	493,902,500
Prepayment received	429,031,823		542,501,963	
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	67,391,066	3,304,615	112,993,687	5,140,106
Tax payable	78,147,191	-5,682,890	169,556,597	24,449,830
Interest payable	29,813,381	29,660,352	52,503,945	46,291,849
Dividend payable	2,201,482		4,445,091	
Other account payable	1,219,143,780	1,961,257,164	623,219,648	1,658,639,885
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year			50,000,000	50,000,000
Other current liability	184,492,135	77,558	91,660,941	2,629
Total of current liability	5,402,344,985	3,839,067,899	4,926,881,086	3,274,514,299
Non-current liabilities				
Long-term borrowings	3,280,000,000	2,160,000,000	2,370,000,000	2,080,000,000
Bond payable			1,387,084,548	1,387,084,548
Long-term payable				
Special payable				
Expected liabilities	1,452,147		10,765,942	
Differed income tax liability			19,744,263	19,744,263
Other non-recurring liabilities	7,793,300		8,141,000	
Total of non-current liabilities	3,289,245,447	2,160,000,000	3,795,735,753	3,486,828,811
Total of liability	8,691,590,432	5,999,067,899	8,722,616,839	6,761,343,110
Owners' equity (or shareholders' equity)				
Practical capital collected (or share capital)	734,130,363	734,130,363	618,822,672	618,822,672
Capital reserves	2,895,065,312	2,885,636,666	1,568,331,501	1,568,331,501
Less: Shares in stock				
Surplus reserves	706,035,235	655,083,842	706,035,235	655,083,842
Common risk provision				
Attributable profit	837,030,630	519,326,748	574,489,879	675,912,272
Different of foreign currency translation	8,465,688		-13,966,720	
Total of owner's equity belong to the parent company	5,180,727,228	4,794,177,619	3,453,712,567	3,518,150,287
Minor shareholders' equity	339,633,487		159,448,937	
Total of owners' equity	5,520,360,715	4,794,177,619	3,613,161,504	3,518,150,287
Total of liabilities and owners' equity	14,211,951,147	10,793,245,518	12,335,778,343	10,279,493,397

**Income Statement**

January 1 – June 30 2007

Items	Current term		Same period last year	
	Consolidated	Parent company	Consolidated	Parent company
I. Total business income	1,717,369,129	5,304,939	838,121,832	5,304,939
Incl. Business income	1,717,369,129	5,304,939	838,121,832	5,304,939
Interest income				
Insurance fee earned				
Fee and commission received				
II. Total business cost	1,297,599,038	3,462,674	676,636,070	1,459,360
Incl. Business cost	1,054,329,342	5,456,740	577,644,803	5,527,707
Interest expense				
Fee and commission paid				
Insurance discharge payment				
Net claim amount paid				
Net insurance policy reserves provided				
Insurance policy dividend paid				
Reinsurance expenses				
Business tax and surcharge	152,764,687	267,899	27,680,788	267,899
Sales expense	25,252,865		24,051,132	
Administrative expense	54,268,411	7,644,437	49,589,682	6,387,591
Financial expenses	15,885,209	-8,211,201	-2,009,419	-10,723,837
Asset impairment loss	-4,901,476	-1,695,201	-320,916	
Plus: Gains from change of fair value (“-“ for loss)	1,124,281		6,440,757	
Investment gain (“-“ for loss)	89,770,993	-3,722,121	9,066,899	165,296,758
Incl. Investment gains from affiliates	103,352,707	10,395,479	1,568,764	5,157,460
Gains from currency exchange (“-“ for loss)				
III. Operational profit (“-“ for loss)	510,665,365	-1,879,856	176,993,418	169,142,337
Plus: Non business income	20,338,201		18,178,435	
Less: Non-business expenses	321,284		560,394	
Incl. Loss from disposal of non-current assets	12,482		22,363	
IV. Gross profit (“-“ for loss)	530,682,282	-1,879,856	194,611,459	169,142,337
Less: Income tax expenses	94,628,142		28,734,537	722,132
V. Net profit (“-“ for net loss)	436,054,140	-1,879,856	165,876,922	168,420,205
Net profit attributable to the owners of parent company	417,246,419	-1,879,856	161,138,493	168,420,205
Minor shareholders' equity	18,807,721		4,738,429	
VI. Earnings per share:				
(I) Basic earnings per share	0.635	-0.003	0.260	0.272
(II) Diluted earnings per share	0.635	-0.003	0.260	0.272



## Cash Flow Statement

January 1 – June 30 2007

Items	Current term		Same period last year	
	Consolidated	Parent company	Consolidated	Parent company
<b>I. Net cash flow from business operation</b>				
Cash received from sales of products and providing of services	1,642,147,108	5,304,939	1,800,481,464	5,304,939
Net increase of customer deposits and capital kept for brother company				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee, and commission				
Net increase of inter-bank fund received				
Net increase of repurchasing business				
Tax returned	31,027,844		31,540,126	
Other cash received from business operation	196,085,128	56,965,863	605,100,496	179,930,915
Sub-total of cash inflow from business activities	1,869,260,080	62,270,802	2,437,122,086	185,235,854
Cash paid for purchasing of merchandise and services	2,889,001,748		1,424,331,755	
Net increase of client trade and advance				
Net increase of savings in central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	205,006,663	8,561,344	122,139,585	2,555,510
Taxes paid	261,702,799	1,587,020	209,605,404	1,753,968
Other cash paid for business activities	202,903,314	835,927,023	173,276,037	12,664,198
Sub-total of cash outflow from business activities	3,558,614,524	846,075,387	1,929,352,781	16,973,676
Cash flow generated by business operation, net	-1,689,354,444	-783,804,585	507,769,305	168,262,178
<b>II. Cash flow generated by investing</b>				
Cash received from investment retrieving	2,657,823	2,657,823		
Cash received as investment gains	17,218,796		184,304	118,069,568
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	202,643		92,700	
Net cash received from disposal of subsidiaries or other operational units				
Other investment-related cash received			11,679,882	
Sub-total of cash inflow due to investment activities	20,079,262	2,657,823	11,956,886	118,069,568
Cash paid for construction of fixed assets, intangible assets and other long-term assets	14,631,539		22,090,259	
Cash paid as investment	24,220,904	97,089,300	2,500,000	
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units	-471,613		240,028,326	152,280,000
Other cash paid for investment activities	2,427,405			
Sub-total of cash outflow due to investment activities	40,808,235	97,089,300	264,618,585	152,280,000

Net cash flow generated by investment	-20,728,973	-94,431,477	-252,661,699	-34,210,432
III. Cash flow generated by financing				
Cash received as investment	157,271,980		10,000,000	
Incl. Cash received as investment from minor shareholders	157,271,980		10,000,000	
Cash received as loans	2,686,259,307	1,408,513,600	1,665,190,122	699,980,000
Cash received from bond placing				
Other financing-related cash received				
Subtotal of cash inflow from financing activities	2,843,531,287	1,408,513,600	1,675,190,122	699,980,000
Cash to repay debts	831,933,413	524,782,529	1,213,012,866	774,915,600
Cash paid as dividend, profit, or interests	306,079,973	255,915,435	106,685,082	82,328,805
Incl. Dividend and profit paid by subsidiaries to minor shareholders			2,186,517	
Other cash paid for financing activities	95,000	95,000		
Subtotal of cash outflow due to financing activities	1,138,108,386	780,792,964	1,319,697,948	857,244,405
Net cash flow generated by financing	1,705,422,901	627,720,636	355,492,174	-157,264,405
IV. Influence of exchange rate alternation on cash and cash equivalents	36,571,594	22,887,966	11,964,993	8,572,921
V. Net increase of cash and cash equivalents	31,911,078	-227,627,460	622,564,773	-14,639,738
Plus: Balance of cash and cash equivalents at the beginning of term	910,028,347	547,191,487	300,989,581	159,381,928
VI. Balance of cash and cash equivalents at the end of term	941,939,425	319,564,027	923,554,354	144,742,190

## Statement of Change in Shareholders' Equity

January 1 – June 30 2007

Items	Shareholders' equity attributable to the parent company					Minor shareholders' equity	Total of shareholders' equity
	Share capital	Capital reserves	Surplus reserves	Attributable profit	Others		
I. Balance at the end of last year	618,822,672	1,568,331,501	706,035,235	574,489,879	(13,966,720)	159,448,937	3,613,161,504
Plus: Change of accounting policy							
Correcting of previous errors							
II. Balance at year beginning	618,822,672	1,568,331,501	706,035,235	574,489,879	(13,966,720)	159,448,937	3,613,161,504
III. Changed in the report term ("-" for decrease)	115,307,691	1,326,733,811	-	262,540,751	22,432,408	180,184,550	1,907,199,211
(I) Net profit				417,246,419		18,807,721	436,054,140
(II) Gains and losses accounted as shareholders' equity directly							
1. Change in fair value of sellable financial assets, net		9,428,647					9,428,647
2. Income tax influence related to owner's equity items		(19,744,263)					(19,744,263)
3. Others		(57,020,557)			22,432,408	4,104,849	(30,483,300)
Total of (I) and (II)		(67,336,173)	-	417,246,419	22,432,408	22,912,570	395,255,224
(III) Investment or decreasing of capital by owners							
1. Investment by owners	115,307,691	1,394,069,984				157,271,980	1,666,649,655
(IV) Profit allotment							
1. Dividend to shareholders				(154,705,668)			(154,705,668)
IV. Balance at the end of this term	734,130,363	2,895,065,312	706,035,235	837,030,630	8,465,688	339,633,487	5,520,360,715

Items	Shareholders' equity attributable to the parent company				Others	Minor shareholders' equity	Total of shareholders' equity
	Share capital	Capital reserves	Surplus reserves	Previous Year Attributable profit			
I. Balance at the end of last year	618,822,672	1,489,286,681	638,744,151	1,047,483,698	(18,580,048)	112,961,255	3,888,718,409
Plus: Change of accounting policy				(1,025,186,543)		(418,597)	(1,025,605,140)
Correcting of previous errors							
II. Balance at year beginning	618,822,672	1,489,286,681	638,744,151	22,297,155	(18,580,048)	112,542,658	2,863,113,269
III. Changed in the report term ("-" for decrease)		79,044,820	67,291,084	552,192,724	4,613,328	46,906,279	750,048,235
(I) Net profit				631,860,261		24,479,055	656,339,316
(II) Gains and losses accounted as shareholders' equity directly							
1. On equity basis, the influence of change of other shareholders' equity in the invested enterprise		2,280,000					2,280,000
2. Income tax influence related to owner's equity items		19,744,263					19,744,263
3. Others		57,020,557			4,613,328	12,427,224	74,061,109
Total of (I) and (II)		79,044,820		631,860,261	4,613,328	36,906,279	752,424,688
(III) Investment or decreasing of capital by owners							
1. Investment by owners						10,000,000	10,000,000
(IV) Profit allotment							
1. Providing of surplus reserves			67,291,084	(67,291,084)			
3. Dividend to shareholders				(12,376,453)			(12,376,453)
IV. Balance at the end of this term	618,822,672	1,568,331,501	706,035,235	574,489,879	(13,966,720)	159,448,937	3,613,161,504

Notes to the Financial Statements are the essential part of the Financial Report

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## Notes to Financial Statements

### 1. General

China Merchants Property Development Co., Ltd. (the Company), originally China Merchants Shekou Shareholding Co., Ltd., is a sino-foreign joint venture established on the base of Shenkou China Merchants Port Service Co., Ltd. by China Merchants Sekou Industrial Zone Co., Ltd. (Shekou Industrial Zone). The Company was incorporated in September 1990.

On February 23 1993, the Company raised finance by placing 27,000,000 A shares to the local investors, and 50,000,000 B shares to foreign investors. Upon placing of these shares, the Company's capital shares had increased up to 210,000,000 shares. The A shares and B shares were listed at Shenzhen Stock Exchange in June 1993.

On May 7 1994, the dividend plan for year 1993 was adopted by the 2nd shareholders' general meeting, which was, upon the total capital shares of 210,000,000 shares at December 31 1993, 2 bonus shares were distributed to each 10 shares. The capital shares have thus increased up to 252,000,000 shares.

On May 6 1995, the dividend plan for year 1994 was adopted by the 3rd shareholders' general meeting, which was, upon the total capital shares of 252,000,000 shares at December 31 1994, 1 bonus shares was distributed to each 10 shares. The capital shares have thus increased up to 277,200,000 shares. In July 1995, part of B shares were listed in Singapore Stock Exchange by mean of SDR (Singapore Depository Receipts).

As passed by the 4th shareholders' general meeting held in 1996, upon the capital share of 277,200,000 shares at the end of 1995, the Company allotted 3 share option to each 10 shares. A shares went first and then the B shares. As approved by China Securities Regulatory Commission with Zheng-jian-guo-zi [1996]23 and Zheng-jian-pei-shen-zi[1997]2, the Company accomplished the share option allotting for A shares and B shares in August 1996 and July 1997 respectively. After this, the Company's total capital shares was increased up to 360,360,000 shares.

On May 4 1999, the dividend plan for year 1998 was adopted by the shareholders' annual meeting 1998, which was, upon the total capital shares of 360,360,000 shares at December 31 1998, 1 bonus share were distributed to each 10 shares. The capital shares have thus increased up to 396,396,000 shares.

As approved by China Securities Regulatory Commission with Zheng-jian-fa-xing-zi [1999]149, the Company issued 80,000,000 new current A shares on February 23 2000. Thus the total capital shares of the Company was increased to 476,396,000 shares.

As approved by China Securities Regulatory Commission with Zheng-jian-fa-xing-zi [2003]124, upon the capital share of 476,396,000 shares at December 31 2002, the Company allotted 3 share option to each 10 shares. In the process, for the current B share holders and legal person shareholders waived the option, the actual amount of allotted was 39,289,560 shares. Thus the total capital share was increased to 515,685,560 shares.

The shareholders' general meeting 2004 held on April 9th 2004 passed the profit distribution plan for year 2003, which was, basing on the 515,685,560 shares placed in the market, 2 bonus shares were allotted to each 10 shares to the shareholders. Since then, the total capital shares have increased up to 618,822,672 shares.

In June 2004, the Company changed its name to "China Merchants Property Development Co., Ltd."

On August 30 2006, the Company issued 15.1 million convertible company bonds. According to the conditions for buying back ahead of schedule, the Company bought back the convertible bonds on May 25 2007. As of May 25 2007, there were totally RMB1,509,384,100 in face value of bonds converted into shares. 115,307,691 shares were converted at rate of RMB13.09 per share. Since then, the total capital shares have increased up to 734,130,363 shares.

The Company and its subsidiaries are mainly devoted in property development, public services (water and electricity power supply) and property management.

## 2. Change of Accounting Policies

Originally the company adopts the Enterprise Accounting Criteria and Enterprise Accounting Standard and supplementary regulations released by the Ministry of Finance in 2001. However since January 1 2007, the company started to adopt the new Enterprise Accounting Standard released in 2006. Retrospective adjustments were performed according to the standard and relative regulations. The amounts of influences are as the followings:

Items adjusted retrospectively		Accumulated influence amount of retained profit at Jan 1 2006	Influence amount on the net profit attributable to owners in 2006	Accumulated influence amount of retained profit at Jan 1 2007	Net asset at Jan 1 2007	Total asset at Jan 1 2007
Difference of share equity investment	(1)	(1,059,675,720)	67,332,002	(992,343,718)	(992,343,718)	(992,912,002)
Derived financial instruments	(2)	3,777,478	(25,098,975)	(21,321,497)	(21,321,497)	182,025
Government subsidy	(3)	26,742,084	(438,110)	26,303,974	26,303,974	31,023,411
Income tax	(4)	3,969,615	(3,573)	3,966,042	3,966,042	4,112,890
Financial instrument	(5)	-	22,156,532	22,156,532	98,921,353	(4,380,829)
Consolidated financial statement	(6)					(904,091,634)
		(1,025,186,543)	63,947,876	(961,238,667)	(884,473,846)	(1,866,066,139)

### (1) Difference of share equity investment

The book value of long-term equity investment difference on December 31 2006 was RMB992,912,002. All of these were generated by combination of enterprises under same control.

On January 1 2007, according to “Enterprise Accounting Standard No. 38 – Initialising of the accounting standard” Article V (I), the Company performed retrospective adjustment on the equity investment difference. All of the equity investment differences were deducted from the retained gains. Thus the retained profit and minority shareholders’ equity at January 1 2007 were reduced by RMB992,343,718 and RMB568,284 respectively. Meanwhile the long-term equity investment was deducted by RMB992,912,002. The net profit attributable to the parent Company for year 2006 was increased by RMB67,332,002.

### (2) Derived financial instruments

On December 31 2006, the Company had an untransferred principle of future foreign currency trade contract amount to USD197,074,000. The fair value of future foreign currency of the trade contract was RMB-21,321,497.

On January 1 2007, according to “Enterprise Accounting Standard No. 38 – Initialising of the accounting standard” Article XVI, The derived financial instrument was divided into fair value, and changes which were accounted into financial assets of current gain/loss. The difference between fair value and the book value was adjusted in retained gains. Thus the retained profit at January 1 2007 was decreased by RMB21,321,497. Meanwhile, trade financial asset and trade financial liabilities were increased by

RMB182,025 and RMB21,503,522. The net profit attributable to the parent company of year 2006 was decreased by RMB25,098,975.

Cash flow from these derived financial instruments was relocated from “other cash received from activities related to operation” to “other cash received from activities related to investment operation”.

### (3) Government subsidy

On January 1 2007, according to “Enterprise Accounting Standard No. 16 – Government subsidy”, the Company performed retrospective adjustment on the profit-related government subsidies. Government subsidies are recognized when the attached conditions satisfied and were able to be received. Thus the retained profit at January 1 2007 was increased by RMB26,303,974. The other receivable account and tax payable were increased by RMB31,023,411 and RMB4,653,512 respectively. The net profit of 2006 attributable to the parent company was decreased by RMB438,110.

### (4) Income tax

On January 1 2007, according to “Enterprise Accounting Standard No. 38 – Initialising of the accounting standard” Article XII, the Company performed retrospective adjustment on enterprise income tax on balance sheet liability basis. Thus the retained profit and differed income tax asset on January 1 2007 were increased by RMB3,966,042 and RMB4,112,890 respectively. Meanwhile the minority shareholders equity was increased by RMB146,848, and the net profit of 2006 attributable to the parent company was decreased by RMB3,573.

### (5) Financial instrument

On August 30 2006, the Company issued 15.1 million convertible company bonds which face value of RMB100 each and term of 5 years. The face interest rates were: 1.0% for the 1st year, 1.4% for the 2nd year, 1.8% for the 3rd year, 2.2% for the 4th year, and 2.6% for the 5th year.

On December 31 2006, the book value of convertible bonds was RMB1,515,033,333. Among it there was RMB1,510,000,000 of principle and RMB5,033,333 of interests.

On January 1 2007, according to “Enterprise Accounting Standard No. 38 – Initialising of the accounting standard” Article XVII, for those combined derived financial instruments which are not assigned to be measured at fair value, and their changes are accounted as financial liabilities in current gain/loss account, and satisfy the dividing condition, are going to be divided. The derived financial instruments inserted into the above convertible bonds shall be divided. Thus the retained profit, differed income tax liabilities, and capital reserves were increased by RMB22,156,532, RMB19,744,263, and RMB76,764,820 respectively. Meanwhile, the bond payable, inventory, and other current liabilities were decreased by RMB122,915,452, RMB4,380,829, and RMB130,992 respectively. However the net profit of 2006 attributable to the parent company was increased by RMB22,156,532.

### (6) Consolidated financial statement

On January 1 2007, according to “Enterprise Accounting Standard No. 38 – Initialising of the accounting standard” Article XXI, for those subsidiaries formally not consolidated but should be consolidated according to “Enterprise Accounting Standard No. 33 – Consolidating of financial statements”, the Company should include them in the consolidation range when preparing the comparison consolidated financial statement of previous year.

For those subsidiaries formally consolidated and should not be consolidated according to the new standard, they should not be included in the consolidation range when preparing the comparison consolidated financial statement of previous year.

Therefore the Company didn't include Shenzhen China Merchants Overseas Chinese Town Investment Co., Ltd. in the consolidation range, whereas it was previously included at the end of 2006. Meanwhile Guangzhou Wende Property Management Co., Ltd. was consolidated in the consolidated financial

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statements of the current term, whereas it was previously not include at the end of 2006. Thus the total of asset and liability at January 1 2007 were decreased by 904,091,634.



### 3. Other account receivable

Age of other account receivable  value	At the end of term				Beginning of term			
	Amount	Proportion	Bad debt provision	Book value	Amount	Proportion	Bad debt provision	Book
	RMB Yuan	%	RMB Yuan	RMB Yuan	RMB Yuan	%	RMB Yuan	RMB Yuan
Within 1 year	1,465,445,874	100	101,705	1,465,344,169	576,721,277	97	65,861	576,655,416
1-2 years	24,450	-	-	24,450	2,519,771	-	32,058	2,487,713
2-3 years	4,795	-	-	4,795	9,090,488	2	13,754	9,076,734
over 3 years	2,917,757	-	1,744,557	1,173,200	5,151,106	1	3,429,790	1,721,316
Total	1,468,392,876	100	1,846,262	1,466,546,614	593,482,642	100	3,541,463	589,941,179

#### Details about the top 5 receivables

<u>Total of top 5 receivables</u>	<u>Proportion of total other receivables</u>
RMB Yuan	%
1,335,320,875(Note)	91

- Note: (1) Account receivable due from the clearance workgroup of Shenzhen Construction Material Group Co., Ltd. was RMB107,031,260. It was the payment made by Shenzhen Meiyue Real-estate Consulting Co., Ltd., the subsidiary of the Company, for land A014-0005 located in Xixiang Bao'an. At present the routine procedures of land using right and construction plan were under process.
- (2) On February 1 2007, together with Jiashen International Co., Ltd., Guangzhou China Merchants Property Co., Ltd., the subsidiary of the Company, participated in the land auction conducted by Foshan Land Trade Center and Guangdong Gujin Auction Co., Ltd., and won the auction for land No.06H. According to the provisions of the "Auction Confirmation Letter", Foshan Xincheng Property Co., Ltd., which was established jointly by the two parties, has already paid RMB475,000,000. At present this land is under procedures of land using right transferring.
- (3) In February 2007, China Merchants Properties (Beijing) Co., Ltd.(CMBJ), the subsidiary of the Company, entered the agreement with Beijing Hengshi Huarong Real-estate Development Co., Ltd. (HSHR) to buy 40% of its equity. On March 13 2007, HSHR has completed the share equity transaction procedures. According to the agreement, CMBJ and the other shareholder should input fund to HSHR at the portion of shareholding. As of June 30 2007, CMBJ has paid RMB317,624,690 to HSHR.
- (4) Trade receivable from Shenzhen China Merchants Overseas Chinese Town Co., Ltd. (the partnership affiliate) was amounted to RMB293,642,906.

No other account receivable was due from shareholders with over 5% of the shares of the Company.

## Inventories

	Book value of inventory			<u>Balance of book value at end of term</u> RMB Yuan
	<u>Balance of book value at beginning of term</u>	<u>Increased this term</u>	<u>Decreased this term</u>	
	RMB Yuan	RMB Yuan	RMB Yuan	
Properties in construction	3,245,242,327	709,263,779	451,137,184	3,503,368,922
Land under planning	4,823,229,579	965,505,796	251,045,261	5,537,690,114
Finished property products	233,431,642	451,137,184	584,228,710	100,340,116
Materials and others	5,776,851	2,464,240	2,795,469	5,445,622
Total	8,307,680,399	2,128,370,999	1,289,206,624	9,146,844,774

	Inventory impairment provision				<u>Balance of book value at end of term</u> RMB Yuan
	<u>Balance of book value at beginning of term</u>	Decreased this term			
		<u>Provided this term</u>	<u>Written back</u>	<u>Transferred</u>	
	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan
Material goods and others	162,982	-	-	-	162,982
Total	162,982	-	-	-	162,982

### (1) Properties in construction

Projects	Start Date	Planned finish date	Predicted total investment (RMB0'000 )	At the end of term	Beginning of term
Marine Center	2005.12	2007.11	32,538	205,461,422	177,377,611
Lanxi Valley 2 <sup>nd</sup> Phase	2005.03	2007.08	68,944	661,923,833	599,890,630
Shanghai Yiyuntingxiang Garden 1 <sup>st</sup> phase	2005.04	2007.06	36,078	-	360,778,749
Shanghai Yiyuntingxiang Garden 2 <sup>nd</sup> phase	2005.04	2008.06	12,734	44,261,187	44,063,187
Suzhou Yiyunshuian Phase 2 and 3	2006.12	2008.12	72,664	295,829,503	242,597,706
Yishanjuan phase 2, 3	2006.01	2009.04	62,471	340,876,793	298,442,741
Beijing Park 1872	2006.12	2010.05	325,000	1,038,190,415	923,182,425
Nanjin Xianlin project phase 1	2006.06	2007.12	18,806	127,961,645	99,621,590
Nanjin Finance Center	2005.01	2007.12	51,543	509,107,378	473,201,649
Xikang Proj. Tianjin	2007.04	2009.03	50,315	251,678,001	-
Others				28,078,745	26,086,039
Sub-total				3,503,368,922	3,245,242,327

### (2) Land under planning

Projects	Planned start date	At the end of term	Beginning of term
Chongqing China Merchants Jiangwan City	2007.09	422,919,439	407,891,871
Jinshan Proj. Panyu	2007.09	759,341,040	746,436,891

Nanjing Xianlin Project Phase 2, 3	2007.09	279,615,809	271,178,561
Guanlan Dahe Road Project	2007.11	501,363,850	494,591,150
Guanlan Road South Project	2008.03	783,170,103	772,539,763
Shanghai Zhuanqiao Project	2008.03	559,056,651	546,069,511
Tianjin Nankai Weijin Road South	2007.09	1,275,410,449	1,234,064,000
Xikang Proj. Tianjin	2007.04	-	244,032,301
Haiyue Huating	2007.08	123,558,925	106,425,531
Suzhou Wuzhong Project	2007.12	608,359,762	-
Zhuahi Yuanfeng Project	2007.11	224,894,086	-
Sub-total		5,537,690,114	4,823,229,579

As of June 30 2007, among the land under planning, there were 990,946 square meters have engaged the land using right transferring contract. Whereas the land using certificate were under process.

(3) Finished property products

Projects	Date of finish	Beginning of term	Increased this term	Decreased this term	At the end of term
		RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan
Suzhou Yiyunshuian phase 1	2006.09	22,036,230		18,878,099	3,158,131
City Main Plaza *	2005.11	6,243,555	4,051,186	6,334,674	3,960,067
Haiyue 3 <sup>rd</sup> Phase	2005.06	4,186,807		3,318,356	868,451
Garden City 3 <sup>rd</sup> Phase Land No.1	2004.12	1,179,078		502,481	676,597
Huaguoshan Building	1995.09	3,536,271		415,698	3,120,573
Garden City 3 <sup>rd</sup> phase, land No. 2	2006.12	88,412,117		88,412,117	
Yishan Jun 1 <sup>st</sup> Phase	2006.06	104,433,608	5,284,709	86,086,127	23,632,190
Shanghai Yiyuntingxiang Garden phase 1	2007.06	-	441,801,289	379,455,261	62,346,028
Others		3,403,976		825,897	2,578,079
Sub-total		233,431,642	451,137,184	584,228,710	100,340,116

As of June 30 2007, none of the inventory projects has been suspended.

In the period from January 1 2007 to June 30 2007, capitalizing of interests and exchange gain/loss generated by property development were amounted to RMB131,329,693. The capitalizing rate of interests was 3.09%.

## Disposable financial asset

<u>Name of invested companies</u>	<u>At begin of term</u>	<u>Increased this term</u>	<u>Decreased this term</u>	<u>At the end of term</u>	<u>Investment share</u>	<u>Amount of shares</u>	<u>Category of shares</u>
	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan			
China Southern Glass Group Co., Ltd. (Note 2)	2,620,757	9,924,893	-	12,545,650	0.09%	950,428	Current shares
Shenzhen China Nonda Science & Tech Co., Ltd.	6,633,917	-	-	6,633,917	5.58%	4,688,658	Current shares with trade limitation
Total	9,254,674	9,924,893		19,179,567			

Note 1. According to “Expert workgroup’s opinion on implementation of enterprise accounting standard” released by Minister of Finance, the Company divides the balance of share equity division trade right and book value of relative equity investment at the initial day of the accounting standard in accordance with “Enterprise Accounting Standard No.22 – Recognition and Measuring of Financial Instrument”. They are recognized as saleable financial asset, measured at fair value at each balance sheet date, and the change of fair value is included in capital reserves.

Note 2. In March 2007, the shares of China Southern Glass Group Co., Ltd. held by Shenzhen China Merchants Property, the subsidiary of the Company, were released from limitation of trade, and thus became current shares. As of June 30 2007, their fair value was RMB12,545,650, the change of fair value was RMB9,924,893. The company performed adjustment upon shareholding portion, and accounted into capital common reserves by RMB9,428,647.

## Long-term share equity investment

	<u>At the end of term</u> RMB Yuan	<u>Beginning of term</u> RMB Yuan
Investment in partnership	244,148,658	139,210,147
Investment in joint company	133,750,819	128,334,516
Other equity investment	61,887,965	5,552,219
Total:	<u>439,787,442</u>	<u>273,096,882</u>
Impairment provision	<u>882,128</u>	<u>5,452,219</u>
Long-term equity investment (net)	<u>438,905,314</u>	<u>267,644,663</u>

Change of long-term equity investment impairment provision:

	<u>RMB Yuan</u>
Beginning of term	5,452,219
Increased this term	-
Decreased this term	<u>4,570,091</u>
At the end of term	882,128

## (1) Investment in partnership companies

<u>Name of invested companies</u>	Year established or purchased	Initial investment	Investment added (deducted)	Equity increased/decreased at current term	Cash dividend received	<u>Accumulated increase (decrease)</u>	<u>Impairment provision</u>	Book value at the end of year	Share portion
		RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	%
Shenzhen China Merchants OCT Investment Co., Ltd.	Year 2006	50,000,000	-	107,584,649	-	153,162,727	-	203,162,727	50
Zhangzhou China Merchants Properties Co., Ltd.	Year 2003	25,000,000	-	(2,623,190)	-	13,508,878	-	38,508,878	50
Shenzhen China Merchants OCT Investment Co., Ltd.	Year 2006	2,500,000	-	(22,947)	-	(22,947)	-	2,477,053	50
Sub-total		77,500,000	-	104,938,512	-	166,648,658	-	244,148,658	

Name of the Companies	Reg. Add.	Business nature	Share portion	Voting right portion	Total net asset at end of term	Total of turnover at current term	Net profit of the current term
<b><u>Partnership companies</u></b>							
Shenzhen China Merchants OCT Investment Co., Ltd.	Shenzhen	Property development	50%	50%	406,325,454	685,608,580	215,169,297
Zhangzhou China Merchants Properties Co., Ltd.	Zhangzhou	Property development	50%	50%	77,017,756	1,019,075	(5,246,380)
Shenzhen China Merchants OCT Investment Co., Ltd.	Shenzhen	Property management	50%	50%	4,954,106	1,974,928	(45,895)

## (2) Investment in joint companies

<u>Name of invested companies</u>	Year established or purchased	Initial investment	Investment added (deducted)	Equity increased/decreased at current term	Cash dividend received	<u>Accumulated increase (decrease)</u>	<u>Impairment provision</u>	Book value at the end of year	Share portion
		RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	%
Shenzhen Haitao Hotel Co., Ltd.	1999	4,995,675	-	168,484	-	748,227	-	5,743,902	45
Shenzhen China Merchants Guangming Technologies Zone Ltd.	Year 2004	98,000,000	-	-	-	-	-	98,000,000	49
Tianjin Xinhai real Estate Development Co., Ltd.	Year 2004	6,750,000	-	(1,783,945)	17,218,796	(1,783,945)	-	4,966,055	45
Beijing Tianping Property Management Co., Ltd.	Year 2006	490,000	-	29,656	-	329,958	-	819,958	49
Beijing Hengshihuarong Real-estate Development Co., Ltd.	year 2007	-	24,220,904	-	-	-	-	24,220,904	40
Subtotal		110,235,675	24,220,904	(1,585,805)	17,218,796	(705,760)	-	133,750,819	

Name of the Companies	Reg. Add.	Business nature	Share portion	Voting right portion	Total net asset at end of term	Total of turnover at current term	Net profit of the current term
<b><u>Joint companies</u></b>							
Shenzhen Haitao Hotel Co., Ltd.	Shenzhen	Hotel	45%	45%	12,764,227	3,894,000	374,408
Shenzhen China Merchants Guangming Technologies Zone Ltd.	Shenzhen	High tech	49%	49%	200,000,000	-	-
Tianjin Xinhai real Estate Development Co., Ltd.	Tianjin	Property development	45%	45%	11,035,678	19,040,114	(3,964,322)
Beijing Tianping Property Management Co., Ltd.	Beijing	Property management	49%	49%	1,673,384	1,180,000.00	60,523
Beijing Hengshihuarong Real-estate Development Co., Ltd. (Note)	Beijing	property development and leasing	40%	40%	44,339,738	-	-

Note: In July 2007, China Merchants (Beijing) Co., Ltd., the subsidiary of the Company, has sold the 16% of share equity in Beijing Hengshihuarong Real-estate Development Co., Ltd. to Shekou Industrial Zone. Details are provided in note 62.

## (3) Other equity investment:

<u>Name of invested companies</u>	<u>Year established or purchased</u>	<u>Share portion</u>	<u>Investment at the beginning of year</u>	<u>Increase (decrease) this term</u>	<u>Impairment provision</u>	<u>Book value at the end of year</u>
		%	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan
Shenzhen China Merchants Engineering Co., Ltd.	1985	5	100,000	-	-	100,000
Shenzhen Keluo Warehousing Co., Ltd. (Note 1)	1996	10	4,570,091	(4,570,091)	-	-
China Merchants Port Service (Singapore) Co., Ltd. (Note 2)	1999	100	-	60,905,837	-	60,905,837
Shenzhen Huayuan Seafood Restaurant	1999	90	782,128	-	782,128	-
Shenzhen Fisherman's Warf Restaurant Co., Ltd.	2001	10	100,000	-	100,000	-
Sub-total			5,552,219	56,335,746	882,128	61,005,837

Note 1. In March 2007, the company has sold 10% of the share equity in Shenzhen Keluo Warehousing Co., Ltd. to SCL Holdings Ltd. at price of RMB2,657,823. Impairment provision has been fully provided upon this investment in previous years. Thus the disposal gains of this investment was RMB2,657,823.

Note 2. This company has been officially liquidated since April 2007. The Company has no control over the operation and financial decision of this company. Thus it was not consolidated in the financial statement, but transferred to other equity investment.



## Property investment

The other long term assets are properties developed for leasing business, the followings are the details:

Items	Original value			Accumulated amortizing				Net value		
	Balance of book value at beginning of term	Increased this term	Decreased this term	Balance of book value at end of term	Balance of book value at beginning of term	Increased this term	Decreased this term	Balance of book value at end of term	Beginning of term	At the end of term
Main building of the industrial zone-	20,821,571			20,821,571	7,606,819	230,858		7,837,677	13,214,752	12,983,894
Seashore Apartment	13,799,002			13,799,002	12,558,236	517		12,558,753	1,240,766	1,240,249
Bitao Center	24,110,532			24,110,532	10,945,865	1,276,834		12,222,699	13,164,667	11,887,833
Bitao Apartment	8,416,627			8,416,627	7,575,574	-		7,575,574	841,053	841,053
Nanshan Building	21,998,398			21,998,398	9,318,509	273,560		9,592,069	12,679,889	12,406,329
Bitao Villa	12,795,864			12,795,864	10,581,295	37,182		10,618,477	2,214,569	2,177,387
Lianhe Building	60,545,490			60,545,490	11,740,033	1,244,108		12,984,141	48,805,457	47,561,349
China Merchants Building	62,637,861			62,637,861	24,395,929	1,072,769		25,468,698	38,241,932	37,169,163
Walmart Shopping Center	90,720,744			90,720,744	19,098,210	1,686,356		20,784,566	71,622,534	69,936,178
Jinshan Apartment	52,861,419			52,861,419	15,777,970	893,718		16,671,688	37,083,449	36,189,731
Jinshan Villa Area	284,084,730			284,084,730	90,201,466	4,373,703		94,575,169	193,883,264	189,509,561
Peninsula Building	116,806,776			116,806,776	23,519,407	2,628,152		26,147,559	93,287,369	90,659,217
Technologies Building	91,948,040			91,948,040	18,571,752	2,068,831		20,640,583	73,376,288	71,307,457
Banshan Seaview Villa	6,993,322			6,993,322	944,099	157,350		1,101,448	6,049,223	5,891,874
Shops	92,502,751			92,502,751	20,565,694	1,982,243		22,547,937	71,937,057	69,954,814
Workshop	69,250,676			69,250,676	21,473,634	1,504,598		22,978,232	47,777,042	46,272,444
Water Bay Building	15,952,603			15,952,603	5,163,034	358,934		5,521,968	10,789,569	10,430,635
Beike Building	38,675,067			38,675,067	8,636,117	650,479		9,286,596	30,038,950	29,388,471
Nanhai Xiaozhu	2,059,782			2,059,782	1,857,563	-		1,857,563	202,219	202,219
Haibin Commercial Center	13,421,257			13,421,257	6,393,886	301,978		6,695,864	7,027,371	6,725,393
Finance Center	48,454,099			48,454,099	26,064,831	969,740		27,034,571	22,389,268	21,419,528
Other office buildings	22,035,647			22,035,647	18,548,353	236,110		18,784,463	3,487,294	3,251,184
Other apartments	2,469,048			2,469,048	570,752	43,069		613,821	1,898,296	1,855,227
Taige Apartment	222,263,414	2,408,467		224,671,881	16,650,046	6,892,282		23,542,328	205,613,368	201,129,553
Garden City Center	410,896,400			410,896,400	12,326,892	9,245,169		21,572,061	398,569,508	389,324,339
Huacai Garden	30,688,613			30,688,613	14,497,307	2,225		14,499,533	16,191,306	16,189,080
Xinghua Industrial Building factories	15,215,752			15,215,752	12,550,362	313,765		12,864,127	2,665,390	2,351,625
Residential service building	497,690			497,690	408,878	11,945		420,823	88,812	76,867
Shuiwan Building 6	1,600,530			1,600,530	1,314,920	38,413		1,353,333	285,610	247,197
Commercial street of Suzhou	24,513,277			24,513,277	1,123,526			1,123,526	23,389,751	23,389,751

Yiyunshuiian										
Nanjing International Finance Center	68,833,981			68,833,981	20,300,529	986,073	21,286,602	48,533,452	47,547,379	
Golden Platform Tower	62,689,240		1,417,134	61,272,106	4,701,693	954,193	5,655,886	57,987,547	55,616,220	
Xinan Property workshop	42,398,100			42,398,100	15,709,779	636,338	16,346,117	26,688,321	26,051,983	
Xinan Property dorm and warehouse	22,605,921	214,008		22,819,929	9,652,258	402,918	10,055,176	12,953,663	12,764,753	
Property Co. dorm		980,000		980,000		352,800	352,800	-	627,200	
									1,554,577,13	
<b>Total</b>	<b>2,075,564,224</b>	<b>3,602,475</b>	<b>1,417,134</b>	<b>2,077,749,565</b>	<b>481,345,218</b>	<b>41,827,210</b>	<b>-</b>	<b>523,172,428</b>	<b>1,594,219,006</b>	<b>7</b>

As of June 30 2007, the Company's investment properties which are under process for property certificates are amounted to RMB623,019,605 net.

## Short-term loans

Categories	At the end of term		Beginning of term	
	Original currency	Equal to RMB	Original currency	Equal to RMB
Guaranteed loan (Note 1)				
- RMB	240,000,000	240,000,000	120,000,000	120,000,000
- USD	50,540,000	384,902,127	46,136,976	360,270,477
Credit loan (Note 2)				
- RMB	740,000,000	740,000,000	-	-
- HKD	19,000,000	18,513,600	-	-
- USD	185,404,000	1,411,944,162	169,140,000	1,320,763,518
		<u>2,795,359,889</u>		<u>1,801,033,995</u>

Note 1: Hong Kong Ruijia, the subsidiary of the Company, raised loan of USD5,000,000 from China Construction Bank HK Branch. China Construction Bank Shenzhen Branch provided endorsed L/C guarantee for this loan.

Hong Kong Ruijia, the subsidiary of the Company, raised loan of USD16,000,000 from China Merchants Bank HK Branch, and was guaranteed by China Merchants Bank Shenzhen Branch in term of endorsed L/C.

The other loans were guaranteed by related parties. Details are provided with Note 59(5)(d).

Note 2: This balance is including the one-year commission loan amounted to RMB300,000,000 provided by Shekou Industrial Zone through China Merchants Bank New Age Branch. Details are provided with Note 59(5)(e).

As of June 30 2007, the Company had no overdue loans.

## Long-term borrowings

Loans from	At the end of term			Beginning of term		
	Amount	Exchange rate	RMB Yuan	Amount	Exchange rate	RMB Yuan
Credit loan (Note 1)	-		1,280,000,000	-		1,120,000,000
Guaranteed loan (Note 2)	-		2,000,000,000	-		1,300,000,000
Total			<u>3,280,000,000</u>			<u>2,420,000,000</u>
Less: non-current liability due in 1 yr			-			50,000,000
Long-term borrowings due over 1 year			<u>3,280,000,000</u>			<u>2,370,000,000</u>

Note 1. This balance is including the 3-year commission loan of RMB500,000,000 provided by Shekou Industrial Zone through China Merchants Bank New Age Branch. Details are provided with Note 59(5)(e).

Note 2. For year 2006, Industrial Bank Shanghai Branch provided RMB1,000,000,000 of loan to the Company. According to the agreement with China Construction Bank about issuing of Guarantee Letter, China Construction Bank Shenzhen Branch provided guarantee for this loan, and receive guarantee fee at 0.25%. The loan term was three years, and the guarantee fee of RMB7,500,000 was paid one-off. Besides, China Construction Bank Shekou Branch engaged with the Company the agreement about fund supervision over this loan, and receive supervision fee at 0.15% of the total loan.

The other guaranteed loans were guaranteed by related parties. Details are provided with Note 59(5)(d)

## Bond payable

	<u>Beginning of term</u>	<u>Transferred this term</u>	<u>Buy back this term</u>	<u>At the end of term</u>
	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan
Convertible bond	1,387,084,548	1,386,468,648	615,900	-

Note: As approved by China Securities Regulatory Commission by Zheng-jian-fa-zi [2006]67, the Company issued 15.1 million convertible company bonds at face value of RMB100 and term of 5 years. The face interest rates were: 1.0% for the 1<sup>st</sup> year, 1.4% for the 2<sup>nd</sup> year, 1.8% for the 3<sup>rd</sup> year, 2.2% for the 4<sup>th</sup> year, and 2.6% for the 5<sup>th</sup> year. Interests will be paid once per year since the primary issuing date. The starting and ending date for share converting was: the 1<sup>st</sup> trading day (include) 6 months after completion of issuing until the expiration day of the convertible bonds, i.e. March 1 2007 to August 30 2011.

According to the new Enterprise Accounting Standard released on February 15 2006, the Company start to implement the new standard since January 1 2007. Thus the inserted derived instruments were divided from the convertible bonds. On January 1 2007, the liability component in the convertible bonds was amounted to RMB1,387,084,548.

The repurchase conditions for the convertible bonds were: during the convertible period, if the prices of the Company's A shares are not lower than 130% of the convertible price for at least 20 days among successive 30 days, it's the Company's call to repurchase the convertible bonds, which haven't been converted into shares yet, partially or completely, at 103% of the face value (including interest of the current year).

According to conditions on repurchasing ahead of schedule, the Company has decided to repurchase the convertible bonds on May 25<sup>th</sup> 2007. As of May 25 2007, there were totally RMB1,509,384,100 in face value of bonds converted into shares. The rest convertible bonds of RMB615,900 in face value were repurchased by the Company.

Upon the converting rate of RMB13.09 per share, convertible bonds were converted into share amounted to 115,307,691 shares. The premium of capital shares was increased by RMB1,250,527,264. The fair value of this part of convertible bonds was RMB1,386,468,648 on January 1 2007.

### Capital reserves

	<u>Beginning of term</u>	<u>Increase (decrease) of the term</u>	<u>At the end of term</u>
	RMB Yuan	RMB Yuan	RMB Yuan
Capital premium (Note 1)	1,375,762,132	1,394,069,984	2,769,832,116
Change of fair value of saleable financial assets (Note 2)	-	9,428,647	9,428,647
Equity component of convertible bonds (Note 3)	76,764,820	(76,764,820)	-
Donation of none cash assets received	17,132,043	-	17,132,043
Increment provision of asset re-evaluation	66,373,525	-	66,373,525
Difference in translating of foreign currency	1,787	-	1,787
Price difference of related transaction	21,912,772	-	21,912,772
Equity investment provision	2,280,000	-	2,280,000
Others	8,104,422	-	8,104,422
Total	1,568,331,501	1,326,733,811	2,895,065,312

Note 1. Details of capital share premium increasing is provided with Note 33.

Note 2. Details of increase is provided with Note 14-2

Note 3. According to the new Enterprise Accounting Standard released on February 15 2006, the Company start to implement the new standard since January 1 2007. Thus the inserted derived instruments were divided from the convertible bonds. On January 1 2007, the equity component in the convertible bonds was amounted to RMB76,764,820. Since March 1 2007, holders of convertible bonds started to request converting into shares. On may 25 2007, the Company repurchased the bonds ahead of schedule. As of June 30 2007, all of the convertible bonds had been converted or repurchased. Thus the equity component of the convertible bonds was reduced down to zero.

### Cash and cash equivalents

<u>At the end of term</u>	<u>Beginning of term</u>
RMB Yuan	RMB Yuan

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Balance of bank savings and cash	1,010,788,864	995,193,810
Less: Guarantee deposits	<u>68,849,439</u>	<u>85,165,463</u>
Balance of cash and cash equivalents	<u><u>941,939,425</u></u>	<u><u>910,028,347</u></u>

## Distribution on businesses

Jan-Jun 2007

<u>Items</u>	<u>Property development</u>	<u>Public Utilities</u>	<u>Property management</u>	<u>Others</u>	<u>Offset among businesses</u>	<u>Total</u>
	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan	RMB Yuan
I. Business turnover						
External business turnover	1,190,455,465	322,581,121	122,970,338	81,362,205	-	1,717,369,129
II. Business costs						
External business costs	667,681,270	252,530,579	96,903,297	37,214,196	-	1,054,329,342
III. Gross profit	522,774,195	70,050,542	26,067,041	44,148,009	-	663,039,787
IV. Total of periodic expenses	77,646,979	3,909,467	7,656,401	6,193,638	-	95,406,485
V. Total of business profit	453,073,320	67,079,456	11,935,665	(21,423,076)	-	510,665,365
VI. Total of assets	11,968,603,353	1,269,681,609	353,065,526	620,600,659	-	14,211,951,147
VII. Total of liabilities	7,371,627,089	732,315,628	271,798,826	315,848,889	-	8,691,590,432

Most of the Company's business are located in the mainland of China, thus no geographic distribution is provided.

## Supplementary information:

1. Difference between the International Financial Report Standard and China Enterprise Accounting Standard  
This financial statement is prepared complying with China Accounting Standard, which is different with the financial statement prepared under IFRS.

On June 30 2007, the net profit of current term provided by statutory financial statement was RMB436,054 thousand, and the net asset was RMB5,520,361 thousand. Adjustments made with complying to IFRS are as the followings:

	Jan-Jun 2007	June 30 2007
	<u>Net profit</u>	<u>Net asset</u>
	RMB'000	RMB'000
Upon China Accounting Standard	436,054	5,520,361
Adjusted upon IAS		
Adjustment of assets exchange	(7,264)	(122,488)
Adjustment of goodwill amortization	-	1,168,133
Adjustment of minority shareholders' gains and losses		250
	20,079	
Deferred tax	1,275	(45,351)
Others	<u>(1,233)</u>	<u>17,601</u>
Upon International Accounting Standard	<u>429,082</u>	<u>6,558,335</u>

2. Net income on asset and earnings per share after fully diluted and weighted average

	Net earnings / capital ratio (%)		Earnings per share (RMB/share)	
	On full amortizing basis	weighted average	Basic	Dilluted
Profit of the report period				
Net profit attributable to common shareholders of the Company	8.05	9.65	0.63	0.63
Net profit attributable to the owners of parent company after deducting of non-recurring gain/loss	8.01	9.60	0.63	0.63

3. Details of non-recurring gain/loss

<u>Items</u>	<u>Accumulated this term</u>
	RMB Yuan
Loss from disposal of long-term investment and fixed assets	(12,482)
Other non-operational income & expenditure	2,532,487
Impact of income tax	(469,885)
Influence of minor shareholders' gain/loss	<u>(20,519)</u>



Total	<u>2,029,601</u>
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 Sun Chengming

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 Huang Peikun

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 Xu Yixia

Legal representative:

Chief financial officer:

Accounting Manager:

4. Analysis for those items in financial report changed for over 30% (include), or accounted for over 5% of the asset, or accounted for over 10% of the total profit

Monetary fund: Increase was caused by expanding of property development business, and the capital provision needed to be expanded.

Account receivable: Increase was caused by enlarging of the property management business by the subsidiaries, which increased the account receivable from clients.

Other account receivable: Increase was caused by payment made by the subsidiaries for land using right.

Inventory: Increase was caused by adding of new property development project.

Investment property: Was mainly the properties for rent.

Short term loan: Increase was caused by borrowings by the subsidiaries to meet the needs of expanding property projects.

Account payable: Decrease was caused by paying of land using rights which was payable in previous year.

Salary payable: Decrease was caused by paying of bonus which was payable in previous year.

Long-term loans: Increase was caused by loans raised to meet the needs of newly developed projects.

Tax payable: Decrease was caused by paying of land contract tax by subsidiaries which was payable in the previous year.

Interest payable: Decrease was caused by paying of interests payable in the previous year and due in this year by the Company and the subsidiaries.

Other payables: Increase was caused by increasing of trades payable by the subsidiaries to external shareholders.

Predicted liabilities: Decrease was caused by deciding of compensation which was predicted as liabilities, and the overdrawn amount was written back.

Major business turnover: Increase was due to increasing of property sales over the same period of last year.

Major business cost: Increase was caused by increasing of property sales over the same period of last year.

Major business tax and surcharges: Increase was caused by land value adding tax drawn in advance by the subsidiary.

Financial expenses: Increase was caused by the amortized amount of convertible bond fair value capitalized at the end of the current term.

Gain/loss of change in fair value: Decrease was due to minor vibration of the fair value of the future foreign currency trading contract.

Investment gains: Increase was caused by significant increase of net profit attributable to the Company in the partnership companies.

Income tax: Increase was due to increase of profit before tax.

## **Chapter VIII. Documents Ready for Inquiring**

- (I) Semi-annual Report carried with personal signature and seal of the Chairman of the Board;
- (II) Financial Report carrying the signatures and seals of the legal representative, chief financial officer, and manager of accounting department.
- (III) All of the documents that have been disclosed in the report term on the presses assigned by China Securities Regulatory Commission.
- (IV) Articles of Association of the Company.
- (V) Other referential documents.
- (VI) Company files are available at [www.cninfo.com.cn](http://www.cninfo.com.cn).

**China Merchants Property Development Co., Ltd.**

**The Board of Directors**

**August 11 2007**