

Stock Code: 000024 200024 Stock ID: China Merchants China Merchants B

Announcement No. 【CMPD】2007 - 049

## China Merchants Property Development Co., Ltd.

### Interim Report 2007 Summary

#### § 1 Important Declaration

1.1 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.

This is the summary abstracted from the complete version of Semi-Annual Report 2004, which is published synchronously on the Internet (<http://www.cninfo.com.cn>) for details please refer to the complete version.

1.2 None of the directors, supervisors, or senior managements is not able to guarantee or disagree with the accuracy, authentic and completeness.

1.3 All of the directors presented the board meeting.

1.4 Financial report carried in this report is not audited.

1.5 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.

#### § 2 Company Profile

##### 2.1 Company Profile

Stock ID	China Merchants, China Merchants B	
Stock Code	000024、200024	
Stock Exchange	Shenzhen Stock Exchange, Singapore Stock Exchange	
	Secretary of the Board	Representative of Stock Affairs
Name	Chen Yu	Liu Ning
Address	9/F, New Times Plaza, Shekou Industrial Zone, Nanshan District, Shenzhen	9/F, New Times Plaza, Shekou Industrial Zone, Nanshan District, Shenzhen
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## 2.2 Financial Highlights

### 2.2.1 Financial Highlights

In RMB Yuan

	Ended this report term	Ended previous year		Increase/decrease (%)	
		Not adjusted	Adjusted	Not adjusted	Adjusted
Gross Assets	14,211,951,147.00	14,201,844,482.00	12,335,778,343.00	0.07%	15.21%
Shareholders' equity attributable to the parent company	5,180,727,228.00	4,338,186,414.00	3,453,712,567.00	19.42%	50.00%
Net asset per share	7.06	7.01	5.58	0.71%	26.52%
	Report term (Jan-Jun)	Same period last year		Increase/decrease (%)	
		Not adjusted	Adjusted	Not adjusted	Adjusted
Operation profit	510,665,365.00	172,198,384.00	176,993,418.00	196.56%	188.52%
Total profit	530,682,282.00	174,745,659.00	194,611,459.00	203.69%	172.69%
Net profit (attributable to the owners of parent company)	417,246,419.00	138,865,458.00	161,138,493.00	200.47%	158.94%
Net profit after deducting of non-recurring gain/loss (same as above)	415,216,818.00	136,280,825.00	160,211,896.00	204.68%	159.17%
Basic gains per share	0.635	0.224	0.260	183.48%	144.23%
Diluted gains per share	0.635	0.224	0.260	183.48%	144.23%
Net return on equity (Weighted)	9.65%	3.61%	5.70%	167.31%	69.30%
Cash flow generated by business operation, net	-1,689,354,444.00	507,769,305.00		-432.70%	
Net Cash flow per share generated by business operation	-2.301	0.821		-380.27%	

### 2.2.2. Non-recurring gain and loss items

applicable not applicable

In RMB Yuan

Non-recurring gain and loss items	Amount
Disposal of fixed assets	-12,482.00
Other non-business gain/expenditure (net)	2,532,487.00
Impact of income tax and minor shareholders' gains/losses	-490,404.00
Total	2,029,601.00

### 2.2.3 Diversity between the Domestic and the International Accounting Standards

applicable not applicable

In RMB Yuan

	Domestic Accounting Standard	International Accounting Standard
Net profit	436,054,140	429,082,231
Net asset	5,520,360,715	6,558,334,194
Statement about the diversity	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.	

## § 3 Changes in Share Capital & Particulars about Shareholders

### 3.1. Statement of Changes in Shares

applicable      not applicable

In shares

	Before the change		Changed (+,-)					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	0.00%	0	0	0	0	0	0	0.00%
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	0.03%
Incl. Non-government domestic legal person shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic natural person shares	173,942	0.03%	0		0	11,851	11,851	185,793	0.03%
4. Share held by foreign investors	29,613,446	4.79%	0	0	0	0	0	29,613,446	4.03%
Incl. Shares held by foreign legal persons	29,461,546	4.76%	0	0	0	0	0	29,461,546	4.01%
Foreign natural person 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	0.00%	0	0	0	0	0	0	0.00%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total of capital shares	618,822,672	100.00%	0	0	0	115,307,691	115,307,691	734,130,363	100.00%

### 3.2 Top 10 shareholders and top 10 holders of unconditional shares

In shares

Total of shareholders		13,600			
Top 10 Shareholders					
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	0
China Industrial & Commercial Bank – Guangfa Strategy Best Choice Combination Securities Foundation	Domestic non-state-owned legal person	1.32%	9,700,565	0	0
GSI S/A GLODEN CHINA MASTER FUND	Overseas legal person	1.25%	9,174,977	0	0
National Social Insurance Foundation 102 Portfolio	Domestic non-state-owned legal person	1.21%	8,889,279	0	0
China Agriculture Bank – Communication Bank Shroder Securities Investment Fund	Domestic non-state-owned legal person	1.16%	8,500,000	0	0
Top 10 holders of unconditional shares					
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		
HTHK/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.				

### 3.3 Change in Controlling Shareholder and the Substantial Dominator

applicable      not applicable

## § 4 Directors, Supervisors and Senior Executives

### 4.1 Changes in Shares Held by Directors, Supervisors and Senior Executives

applicable          not applicable

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

Future shares and conditional shares hold by or granted to the above persons.

applicable          not applicable

## § 5 Report of the Board of Directors

### (I) Business analyze

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 Yiyunshuiian 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. 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 became 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 2<sup>nd</sup> and 3<sup>rd</sup> 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 2007	Jan-Jun 2006	Changed ( ± %)
Turnover	171,737	83,812	104.91%
Operation profit	51,067	17,699	188.53%
Net profit attributable to the owners of 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

## 5.1 Principal businesses distribution on industries/products

In RMB 10 thousand Yuan

Distribution on industries						
On industry or product	Turnover	Operation cost	Gross profit ratio (%)	Increase/decrease of turnover over the same period of last year (%)	Increase/decrease of operation cost over the same period of last year (%)	Increase/decrease of gross profit ratio over the same period of last year (%)
Property development and sales	101,936.00	58,423.00	42.69%	400.97%	387.74%	3.79%
Property leasing	17,109.00	8,345.00	51.22%	21.78%	18.38%	2.81%
Water and power supply	32,258.00	25,253.00	21.72%	-0.01%	-1.17%	6.68%
Property management	12,297.00	9,690.00	21.20%	-4.75%	-4.33%	-1.62%

Including: The related transactions of sales of products and providing of services from the Company to the controlling holder and its subsidiaries are amounted to RMB000.00

## 5.2 Major businesses distribution on regions

In RMB 10 thousand Yuan

Regions	Turnover	Increase/decrease of turnover over the last year (%)
Shenzhen	109,088.00	37.75%
Shanghai	55,462.00	8,703.49%
Suzhou	3,081.00	5,035.00%
Others	4,106.00	4.45%
Total:	171,737.00	104.91%

## 5.3 Major Change in the Principal Business or its Structure

applicable not applicable

## 5.4 Major Change in the Profitability (Gross Profit Rate) of the Major Business over the Previous Year

applicable not applicable

## 5.5 Cause of Major Change in the Profit Composition over the Previous Year

applicable not applicable

## 5.6 Using of proceeds from financing actions

### 5.6.1 Application of Proceeds Raised through Share Offering

applicable not applicable

In RMB 10 thousand Yuan

Total of proceeds	148,166.00		Total of fund from financing used up to the report term	5,569.00		
			Accumulated fund used	148,166.00		
Committed projects	Planned investment	Changed or not	Practical investment	Gains generated	Schedule fulfilled or not	Profit prediction fulfilled?
Lanxi Valley 2 <sup>nd</sup> Phase	49,166.00	No	49,166.00	0	Note 1	Note 1
Garden City Center	30,000.00	No	30,000.00	389	Yes	Yes
Yishanjun	52,500.00	No	52,500.00	11,245	Note 2	Yes
Garden City 3 <sup>rd</sup> phase, land No. 2	16,500.00	No	16,500.00	35,479	Yes	Yes
Total	148,166.00	-	148,166.00	-	-	-
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 gains were realized. The 2 <sup>nd</sup> phase has entered the final stage except for block 22 and sales income was realized. 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					



**5.6.2 Change of Projects**

applicable      not applicable

**5.7 Revising of business plan for the 2<sup>nd</sup> half of year by the Board of Directors**

applicable      not applicable

**5.8 Estimated accumulative profit from the year beginning to the end of the next report period may be of deficits; or in comparison with the same period of the previous year, give the warning of great change and the notice to the reasons.**

applicable      not applicable

**5.9 Statement of the Board on the Non-standard Opinion Presented by the Certified Public Accountants**

applicable      not applicable

**5.10 Statement of the Management on the Change and the Treatment Result of the Issues Involved in the Non-standard Opinion Presented by the Certified Public Accountants in the Previous Year.**

applicable      not applicable

**§ 6 Significant Events****6.1 Acquisition and disposal of assets, reorganization of assets****6.1.1 Acquisition of assets**

applicable      not applicable

**6.1.2 Selling of assets**

applicable      not applicable

**6.1.3 Since the Report on Assets Reorganization or Public Notice on Acquisition/Sales of Assets has been published, the progress of the event and the influence upon the operation result and financial position in the report period.**

applicable      not applicable

**6.2 Guarantees**

applicable      not applicable

**6.3 Non-operational credit/debt with related parties**

applicable      not applicable

In RMB 10 thousand Yuan

Related parties	Provide money to the related parties		Accept money from the related parties	
	Amount occurred	Balance	Amount occurred	Balance
Beijing Henshihuarong Property Co., Ltd.	31,762.47	31,762.47	0.00	0.00
Zhangzhou China Merchants Properties Co., Ltd.	2,805.88	6,752.32	0.00	0.00
Shenzhen China Merchants OCT Investment Co., Ltd.	1,042.79	29,364.29	0.00	0.00
Shenzhen China Merchants Landmark Co., Ltd.	0.00	0.00	474.61	1,587.51
CMSIZ	0.00	0.00	0.00	1,065.86
Shenzhen China Merchants Guangming Technologies Zone Ltd.	0.00	0.00	-6,067.32	2,539.98
China Merchants Port Service (Singapore) Co., Ltd.	0.00	0.00	0.00	6,065.00
<b>Total</b>	<b>35,611.14</b>	<b>67,879.08</b>	<b>-5,592.71</b>	<b>11,258.35</b>

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.

**6.4 Material Lawsuits/Arbitrations**

applicable      not applicable

**6.5 Notes to the other Significant Events and their Influences and Analysis on the Solutions**

applicable      not applicable

**6.5.1 Securities investment**

applicable      not applicable

**6.5.2 Particulars about shareholding in other listed companies**

applicable      not applicable

In RMB Yuan

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	15,050,013.00	5.58%	6,633,917.00	0.00	0.00
000012	Nanbo A	3,593,400.00	0.09%	12,545,650.00	0.00	9,924,893.00
<b>Total</b>		<b>18,643,413.00</b>	<b>-</b>	<b>19,179,567.00</b>	<b>0.00</b>	<b>9,924,893.00</b>

**6.5.3 Shareholding in non-listed financial enterprises, and companies about to be listed**

applicable      not applicable

## 6.6 Reception of investigations, communications, or interviews

Time/date	Place	Way	Visitors	Main content involved and material provided
Jan 2007	Shekou Shenzhen	Investigation	9 persons from Shanghai General Technologies, JP-Morgan, Zhongtuo 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, Zhongtuo 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 – Shroder 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

## § 7 Financial Report

### 7.1 Auditor's Opinion

Financial Report	Not audited	Audited
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### 7.2 Financial Statements

#### 7.2.1 Balance Sheet

Prepared by: China Merchants Properties Development Co., Ltd. June 31 2007 RMB Yuan

Items	At the end of term		Beginning of term	
	Consolidated	Parent company	Consolidated	Parent company
Current asset:				
Monetary fund	1,010,788,864.00	319,564,027.00	995,193,810.00	547,191,487.00
Settlement provision				
Outgoing call loan				
Trading financial assets	421,678.00		182,025.00	
Notes receivable				
Account receivable	41,167,072.00		29,101,813.00	
Prepaid fund	745,736.00		2,497,461.00	
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable				
Other account receivable	1,466,783,727.00	7,311,258,188.00	589,941,179.00	5,422,096,919.00
Repurchasing of financial assets				
Inventories	9,146,681,792.00		8,307,517,417.00	1,234,064,000.00
Non-current asset due in 1 year				
Other current asset	2,594,980.00		2,535,817.00	
Total of current asset	11,669,183,849.00	7,630,822,215.00	9,926,969,522.00	7,203,352,406.00
Non-current assets				
Loans and payment on other's behalf disbursed				
Disposable financial asset	19,179,567.00	6,633,917.00	9,254,674.00	6,633,917.00
Expired investment in possess				
Long-term receivable				
Long-term share equity investment	438,905,314.00	2,946,762,538.00	267,644,663.00	2,856,053,184.00
Property investment	1,554,577,137.00		1,594,219,006.00	
Fixed assets	454,702,356.00	206,970,692.00	474,428,756.00	211,302,185.00
Construction in progress	57,811,776.00		42,728,684.00	
Engineering material				
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets	14,031,135.00		14,291,083.00	
R&D expense				
Goodwill				
Long-term expenses to be amortized	1,160,931.00	636,388.00	2,129,065.00	731,937.00
Differed income tax asset	2,399,082.00	1,419,768.00	4,112,890.00	1,419,768.00
Other non-current asset				
Total of non-current assets	2,542,767,298.00	3,162,423,303.00	2,408,808,821.00	3,076,140,991.00
Total of assets	14,211,951,147.00	10,793,245,518.00	12,335,778,343.00	10,279,493,397.00

Current liabilities				
Short-term loans	2,795,359,889.00	1,850,451,100.00	1,801,033,995.00	996,087,500.00
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities	17,041,461.00		21,503,522.00	
Notes payable	228,130,466.00		329,213,822.00	
Account payable	351,592,311.00		1,128,247,875.00	493,902,500.00
Prepayment received	429,031,823.00		542,501,963.00	
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	67,391,066.00	3,304,615.00	112,993,687.00	5,140,106.00
Tax payable	78,147,191.00	-5,682,890.00	169,556,597.00	24,449,830.00
Interest payable	29,813,381.00	29,660,352.00	52,503,945.00	46,291,849.00
Dividend payable	2,201,482.00		4,445,091.00	
Other account payable	1,219,143,780.00	1,961,257,164.00	623,219,648.00	1,658,639,885.00
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year			50,000,000.00	50,000,000.00
Other current liability	184,492,135.00	77,558.00	91,660,941.00	2,629.00
Total of current liability	5,402,344,985.00	3,839,067,899.00	4,926,881,086.00	3,274,514,299.00
Non-current liabilities				
Long-term borrowings	3,280,000,000.00	2,160,000,000.00	2,370,000,000.00	2,080,000,000.00
Bond payable			1,387,084,548.00	1,387,084,548.00
Long-term payable				
Special payable				
Expected liabilities	1,452,147.00		10,765,942.00	
Differed income tax liability			19,744,263.00	19,744,263.00
Other non-recurring liabilities	7,793,300.00		8,141,000.00	
Total of non-current liabilities	3,289,245,447.00	2,160,000,000.00	3,795,735,753.00	3,486,828,811.00
Total of liability	8,691,590,432.00	5,999,067,899.00	8,722,616,839.00	6,761,343,110.00
Owners' equity (or shareholders' equity)				
Practical capital collected (or share capital)	734,130,363.00	734,130,363.00	618,822,672.00	618,822,672.00
Capital reserves	2,895,065,312.00	2,885,636,666.00	1,568,331,501.00	1,568,331,501.00
Less: Shares in stock				
Surplus reserves	706,035,235.00	655,083,842.00	706,035,235.00	655,083,842.00
Common risk provision				
Attributable profit	837,030,630.00	519,326,748.00	574,489,879.00	675,912,272.00
Different of foreign currency translation	8,465,688.00		-13,966,720.00	
Total of owner's equity belong to the parent company	5,180,727,228.00	4,794,177,619.00	3,453,712,567.00	3,518,150,287.00
Minor shareholders' equity	339,633,487.00		159,448,937.00	
Total of owners' equity	5,520,360,715.00	4,794,177,619.00	3,613,161,504.00	3,518,150,287.00
Total of liabilities and owners' equity	14,211,951,147.00	10,793,245,518.00	12,335,778,343.00	10,279,493,397.00

## 7.2.2 Income Statement

Prepared by: China Merchants Properties Development Co., Ltd.

Jan-Jun 2007

RMB Yuan

Items	Current term		Same period last year	
	Consolidated	Parent company	Consolidated	Parent company
I. Total business income	1,717,369,129.00	5,304,939.00	838,121,832.00	5,304,939.00
Incl. Business income	1,717,369,129.00	5,304,939.00	838,121,832.00	5,304,939.00
Interest income				
Insurance fee earned				
Fee and commission received				
II. Total business cost	1,297,599,038.00	3,462,674.00	676,636,070.00	1,459,360.00
Incl. Business cost	1,054,329,342.00	5,456,740.00	577,644,803.00	5,527,707.00
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	152,764,687.00	267,899.00	27,680,788.00	267,899.00
Sales expense	25,252,865.00		24,051,132.00	
Administrative expense	54,268,411.00	7,644,437.00	49,589,682.00	6,387,591.00
Financial expenses	15,885,209.00	-8,211,201.00	-2,009,419.00	-10,723,837.00
Asset impairment loss	-4,901,476.00	-1,695,201.00	-320,916.00	
Plus: Gains from change of fair value ("-" for loss)	1,124,281.00		6,440,757.00	
Investment gain ("-" for loss)	89,770,993.00	-3,722,121.00	9,066,899.00	165,296,758.00
Incl. Investment gains from affiliates	103,352,707.00	10,395,479.00	1,568,764.00	5,157,460.00
Gains from currency exchange ("-" for loss)				
III. Operational profit ("-" for loss)	510,665,365.00	-1,879,856.00	176,993,418.00	169,142,337.00
Plus: Non business income	20,338,201.00		18,178,435.00	
Less: Non-business expenses	321,284.00		560,394.00	
Incl. Loss from disposal of non-current assets	12,482.00		22,363.00	
IV. Gross profit ("-" for loss)	530,682,282.00	-1,879,856.00	194,611,459.00	169,142,337.00
Less: Income tax expenses	94,628,142.00		28,734,537.00	722,132.00
V. Net profit ("-" for net loss)	436,054,140.00	-1,879,856.00	165,876,922.00	168,420,205.00
Net profit attributable to the owners of parent company	417,246,419.00	-1,879,856.00	161,138,493.00	168,420,205.00
Minor shareholders' equity	18,807,721.00		4,738,429.00	
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

## 7.2.3 Cash Flow Statement

Prepared by: China Merchants Properties Development Co., Ltd.

Jan-Jun 2007

RMB Yuan

Items	Current term		Same period last year	
	Consolidated	Parent company	Consolidated	Parent company
I. Net cash flow from business operation				
Cash received from sales of products and providing of services	1,642,147,108.00	5,304,939.00	1,800,481,464.00	5,304,939.00
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	31,027,844.00		31,540,126.00	
Other cash received from business operation	196,085,128.00	56,965,863.00	605,100,496.00	179,930,915.00
Sub-total of cash inflow from business activities	1,869,260,080.00	62,270,802.00	2,437,122,086.00	185,235,854.00
Cash paid for purchasing of merchandise and services	2,889,001,748.00		1,424,331,755.00	
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	205,006,663.00	8,561,344.00	122,139,585.00	2,555,510.00
Taxes paid	261,702,799.00	1,587,020.00	209,605,404.00	1,753,968.00
Other cash paid for business activities	202,903,314.00	835,927,023.00	173,276,037.00	12,664,198.00
Sub-total of cash outflow from business activities	3,558,614,524.00	846,075,387.00	1,929,352,781.00	16,973,676.00
Cash flow generated by business operation, net	-1,689,354,444.00	-783,804,585.00	507,769,305.00	168,262,178.00
II. Cash flow generated by investing				
Cash received from investment retrieving	2,657,823.00	2,657,823.00		
Cash received as investment gains	17,218,796.00		184,304.00	118,069,568.00
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	202,643.00		92,700.00	
Net cash received from disposal of subsidiaries or other operational units				
Other investment-related cash received			11,679,882.00	
Sub-total of cash inflow due to investment activities	20,079,262.00	2,657,823.00	11,956,886.00	118,069,568.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	14,631,539.00		22,090,259.00	
Cash paid as investment	24,220,904.00	97,089,300.00	2,500,000.00	
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units	-471,613.00		240,028,326.00	152,280,000.00
Other cash paid for investment activities	2,427,405.00			
Sub-total of cash outflow due to investment activities	40,808,235.00	97,089,300.00	264,618,585.00	152,280,000.00
Net cash flow generated by investment	-20,728,973.00	-94,431,477.00	-252,661,699.00	-34,210,432.00
III. Cash flow generated by financing				
Cash received as investment	157,271,980.00		10,000,000.00	
Incl. Cash received as investment from minor shareholders	157,271,980.00		10,000,000.00	
Cash received as loans	2,686,259,307.00	1,408,513,600.00	1,665,190,122.00	699,980,000.00
Cash received from bond placing				
Other financing-related cash received				
Subtotal of cash inflow from financing activities	2,843,531,287.00	1,408,513,600.00	1,675,190,122.00	699,980,000.00
Cash to repay debts	831,933,413.00	524,782,529.00	1,213,012,866.00	774,915,600.00
Cash paid as dividend, profit, or interests	306,079,973.00	255,915,435.00	106,685,082.00	82,328,805.00
Incl. Dividend and profit paid by subsidiaries to minor shareholders			2,186,517.00	
Other cash paid for financing activities	95,000.00	95,000.00		
Subtotal of cash outflow due to financing activities	1,138,108,386.00	780,792,964.00	1,319,697,948.00	857,244,405.00
Net cash flow generated by financing	1,705,422,901.00	627,720,636.00	355,492,174.00	-157,264,405.00
IV. Influence of exchange rate alternation on cash and cash equivalents	36,571,594.00	22,887,966.00	11,964,993.00	8,572,921.00
V. Net increase of cash and cash equivalents	31,911,078.00	-227,627,460.00	622,564,773.00	-14,639,738.00
Plus: Balance of cash and cash equivalents at the beginning of term	910,028,347.00	547,191,487.00	300,989,581.00	159,381,928.00
VI. Balance of cash and cash equivalents at the end of term	941,939,425.00	319,564,027.00	923,554,354.00	144,742,190.00

## 7.2.4 Change in Owners' Equities

Prepared by: China Merchants Properties Development Co., Ltd.

June 31 2007

RMB Yuan

Items	Amount of the Current Term								
	Owners' Equity Attributable to the Parent Company							Minor shareholders' equity	Total of owners' equity
	Practical capital collected (or share capital)	Capital reserves	Less: Shares in stock	Surplus reserves	Common risk provision	Attributable profit	Others		
I. Balance at the end of last year	618,822,672.00	1,568,331,501.00		706,035,235.00		574,489,879.00	-13,966,720.00	159,448,937.00	3,613,161,504.00
Plus: Change of accounting policy									
Correcting of previous errors									
II. Balance at the beginning of current year	618,822,672.00	1,568,331,501.00	0.00	706,035,235.00	0.00	574,489,879.00	-13,966,720.00	159,448,937.00	3,613,161,504.00
III. Changed in the current year ("-" for decrease)	115,307,691.00	1,326,733,811.00	0.00	0.00	0.00	262,540,751.00	22,432,408.00	180,184,550.00	1,907,199,211.00
(I) Net profit						417,246,419.00		18,807,721.00	436,054,140.00
(II) Gains/losses accounted into owners' equity directly	0.00	-67,336,173.00	0.00	0.00	0.00	0.00	22,432,408.00	4,104,849.00	-40,798,916.00
1. Change in fair value of sellable financial assets, net		9,428,647.00							9,428,647.00
2. Influence of change in other owners' equity of invested enterprises on equity basis									
3. Influence of income tax related to owners' equity items		-19,744,263.00							-19,744,263.00
4. Others		-57,020,557.00					22,432,408.00	4,104,849.00	-30,483,300.00
Total of (I) and (II)	0.00	-67,336,173.00	0.00	0.00	0.00	417,246,419.00	22,432,408.00	22,912,570.00	395,255,224.00
(III) Investment or decreasing of capital by owners	115,307,691.00	1,394,069,984.00	0.00	0.00	0.00	0.00	0.00	157,271,980.00	1,666,649,655.00
1. Investment by owners	115,307,691.00	1,394,069,984.00						157,271,980.00	1,666,649,655.00
2. Amount of shares paid and accounted as owners' equity									
3. Others									
(IV) Profit allotment	0.00	0.00	0.00	0.00	0.00	-154,705,668.00	0.00	0.00	-154,705,668.00
1. Providing of surplus reserves									
2. Providing of common risk provisions									
3. Allotment to the owners (or shareholders)						-154,705,668.00			-154,705,668.00
4. Others									
(V) Internal transferring of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capitalizing of capital reserves (or to capital shares)									
2. Capitalizing of surplus reserves (or to capital shares)									
3. Making up losses by surplus reserves									
4. Others									
IV. Balance at the end of this term	734,130,363.00	2,895,065,312.00	0.00	706,035,235.00	0.00	837,030,630.00	8,465,688.00	339,633,487.00	5,520,360,715.00



Items	Amount of Last Year								
	Owners' Equity Attributable to the Parent Company							Minor shareholders' equity	Total of owners' equity
	Practical capital collected (or share capital)	Capital reserves	Less: Shares in stock	Surplus reserves	Common risk provision	Attributable profit	Others		
I. Balance at the end of last year	618,822,672.00	1,489,286,681.00		638,744,151.00		1,047,483,698.00	-18,580,048.00	112,961,255.00	3,888,718,409.00
Plus: Change of accounting policy						-1,025,186,543.00		-418,597.00	-1,025,605,140.00
Correcting of previous errors									
II. Balance at the beginning of current year	618,822,672.00	1,489,286,681.00	0.00	638,744,151.00	0.00	22,297,155.00	-18,580,048.00	112,542,658.00	2,863,113,269.00
III. Changed in the current year ("-" for decrease)	0.00	79,044,820.00	0.00	67,291,084.00	0.00	552,192,724.00	4,613,328.00	46,906,279.00	750,048,235.00
(I) Net profit						631,860,261.00		24,479,055.00	656,339,316.00
(II) Gains/losses accounted into owners' equity directly	0.00	79,044,820.00	0.00	0.00	0.00	0.00	4,613,328.00	12,427,224.00	96,085,372.00
1. Change in fair value of sellable financial assets, net									
2. Influence of change in other owners' equity of invested enterprises on equity basis		2,280,000.00							2,280,000.00
3. Influence of income tax related to owners' equity items		19,744,263.00							19,744,263.00
4. Others		57,020,557.00					4,613,328.00	12,427,224.00	74,061,109.00
Total of (I) and (II)	0.00	79,044,820.00	0.00	0.00	0.00	631,860,261.00	4,613,328.00	36,906,279.00	752,424,688.00
(III) Investment or decreasing of capital by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000,000.00	10,000,000.00
1. Investment by owners								10,000,000.00	10,000,000.00
2. Amount of shares paid and accounted as owners' equity									
3. Others									
(IV) Profit allotment	0.00	0.00	0.00	67,291,084.00	0.00	-79,667,537.00	0.00	0.00	-12,376,453.00
1. Providing of surplus reserves				67,291,084.00		-67,291,084.00			
2. Providing of common risk provisions									
3. Allotment to the owners (or shareholders)						-12,376,453.00			-12,376,453.00
4. Others									
(V) Internal transferring of owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capitalizing of capital reserves (or to capital shares)									
2. Capitalizing of surplus reserves (or to capital shares)									
3. Making up losses by surplus reserves									
4. Others									
IV. Balance at the end of this term	618,822,672.00	1,568,331,501.00	0.00	706,035,235.00	0.00	574,489,879.00	-13,966,720.00	159,448,937.00	3,613,161,504.00

### 7.3 Notes to the financial statements

#### 7.3.1 In case of change in accounting policies, accounting estimation, or correction of accounting errors, please provide details of the change and the influence on data.

Originally the company adopts the Enterprise Accounting Criteria and Enterprise Accounting Standard and supplementary regulations released by the Ministry of Finance. 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 amount of accumulated 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 – Initializing 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 – Initializing 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 – Initializing 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 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.

### 7.3.2 If the consolidation range of the financial report has changed significantly, please provide details and the influences on financial data

applicable      not applicable

1. Tianjin Zhaosheng Property Co., Ltd., Shanghai CM Minsheng Property Co., Ltd., Foshan Xincheng Property Co., Ltd., Suzhou CM Nanshan Property Co., Ltd., Shenzhen CM Anye Investment Development Co., Ltd. Zhuhai Yuanfeng Property Co., Ltd. are the newly purchased or established companies.

2. China Merchants Port Service (Singapore) Co., Ltd., which is under liquidation process, is not included in the consolidated financial report.