

Semi-Annual Report 2010
Announcement No.: 【CMPD】 2010-026

Chapter 1. Important Notice, Definitions & Content

(I) Important Notice

Board of Directors, Supervisory Committee of China Merchants Property Development Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents. Sun Chengming - Legal Representative, Huang Peikun –Chief Financial Officer, and Xu Yixia –Manager of Accounting Department hereby confirm that the Financial Report enclosed in the Semiannual Report is true and complete.

This report has been prepared in Chinese and English version respectively. In the event of difference in interpretation between the two versions, the Chinese report shall prevail.

The Semi-annual Financial Report of the Company was not audited.

(II) Definitions

Unless carried in the report, the following abbreviations possess the meanings as follows:

1. CSRC: China Securities Regulatory Commission
2. The Company: China Merchants Property Development Co., Ltd.
3. China Merchants Group: China Merchants Group Ltd.
4. Top Chief: Top Chief Co., Ltd.
5. Shekou Industrial Zone: China Merchants Shekou Industrial Zone Co., Ltd.
6. Shenzhen CMRE: Shenzhen China Merchants Real Estate Co., Ltd.
7. CMPS: Shenzhen China Merchants Power Supply Co., Ltd.
9. CMWS: Shenzhen China Merchants Water Supply Co., Ltd.
9. Hong Kong Ruijia: Ruijia Investment Industrial Co., Ltd.
10. CMC: Shenzhen China Merchants Construction Co., Ltd.

(III) Content

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Chapter 2. Company Profile

(I) Profile

I. Legal Name of the Company:

In Chinese: 招商局地产控股股份有限公司

Abbr: 招商地产

In English: CHINA MERCHANTS PROPERTY DEVELOPMENT CO., LTD.

Abbr: CMPD

II. Legal Representative: Sun Chengming

III. Secretary of the Board: Liu Ning

Securities Affair Representative: Zeng Fanyue

Address: No.3 Building, Nanhai E Cool Park, No.6 Xinghua Road, Shekou Industrial Zone, Nanshan District, Shenzhen

Post Code: 518067

Email: investor@cmpd.cn

Tel: (0755)26819600

Fax: (0755)26818666 26819680

IV. Registered Address: No.3 Building, Nanhai E Cool Park, No.6 Xinghua Road, Shekou Industrial Zone, Nanshan District, Shenzhen

Office Address: No.3 Building, Nanhai E Cool Park, No.6 Xinghua Road, Shekou Industrial Zone, Nanshan District, Shenzhen

Post Code: 518067

Email: investor@cmpd.cn

V. Newspapers Chosen for Disclosing the Information of the Company: China Securities Journal, Securities Times, Shanghai Securities News and Hong Kong Commercial Daily
Internet Website for Publishing Annual Report Designated by CSRC:

<http://www.cninfo.com.cn>

Place Where the Semi-Annual Report is Prepared and Placed: Secretariat of the Board of Directors

VI. Stock listed in: Shenzhen Stock Exchange

The Secondary Stock Exchange listed with: Singapore Stock Exchange

Short Form of the Stock: CMPD, CMPD-B

Stock Code: 000024, 200024

VII. Other Relevant Information of the Company

1. Initial registration date: September 19, 1990

2. Initial registration place: Shenzhen

3. Registration code for business license of corporation: 440301503287841

4. Number of taxation registration: National Tax – Shen Zi 440300618845136

Local Tax – Deng Zi 440300618845136

5. Organization Code Certificate: 61884513-6

6. Name and office address of the certified public accountants engaged by the Company:

Deloitte Touche Tohmatsu (Shanghai) CPA Ltd.

30/F, Bund Center, Yan An Road East, Shanghai

(II) Main financial data and index Unit: RMB)

	Ended the report period	End of last year	Increase/decrease (%)
Total assets	51,785,644,895	47,897,160,497	8.12%
Shareholders' equity attributable to shareholders of the listed company	17,179,481,845	16,278,736,754	5.53%
Capital stock	1,717,300,503	1,717,300,503	-
Net assets per share attributable to shareholders of the listed company	10.00	9.48	5.49%
	This report period	The same period of last year	Increase/decrease in this report period year-on-year (%)
Total operating revenue	6,981,153,925	2,875,777,226	142.76%
Operating profit	1,829,861,942	607,570,645	201.18%
Total profit	1,833,668,498	624,090,354	193.81%
Net profit attributable to shareholders of the listed company	1,050,179,281	486,847,748	115.71%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,051,236,135	478,362,040	119.76%
Basic earnings per share	0.61	0.28	117.86%
Diluted earnings per share	0.61	0.28	117.86%
Return on equity (weighted)	6.25%	3.24%	Increased by 3.01%
Net cash flow arising from operating activities	-1,998,549,301	3,146,422,732	-163.52%
Net cash flow per share arising from operating activities	-1.16	1.83	-163.39%

Non-recurring gain and loss items:

Non-recurring gain and loss items	Amount
Gains/losses from the disposal of non-current assets	-210,473
Withdrawal of impairment provisions	2,861
Government subsidies	2,226,430
Other non-operating income/expenditure, net	-3,071,464
Impact on income tax	180,518

Influences on minority shareholders'	-184,726
Total	-1,056,854

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

Profit index	Weighted average return on equity (%)	Earnings per share (RMB)	
		Basic	Fully diluted
Net profit attributable to the shareholders of the company	6.25%	0.61	0.61
Net profit attributable to the shareholders of the company after deducting non-recurring gains and losses	6.25%	0.61	0.61

Influences of adjustment made under IAS on net profit and net asset (RMB'000)

	Net profit attributable to the		Net asset attributable to the shareholders	
	This report	The same	Ended the	End of last
Upon International Accounting	1,050,179,281	486,847,748	18,519,311,074	17,618,565,983
Upon China Accounting	1,050,179,281	486,847,748	17,179,481,845	16,278,736,754
Difference between domestic and	-	-	1,339,829,229	1,339,829,229
Of which: Adjustment of	-	-	1,339,829,229	1,339,829,229
Notes to the	<i>There's no difference between the net profit attributable to the listed</i>			

Chapter 3. Changes in Share Capital and Particulars about Shareholders

(I) Chart of share change

	Before the change		Increase / decrease this time (+, -)				After the change		
	Amount	Proportion	Issuance of new shares	Amount	Proportion	Issuance of new shares	Amount	Proportion	Issuance of new shares
I. Shares with conditional subscription	929,439,484	54.12%						929,439,484	54.12%
1. State-owned shares									
2. State-owned legal person's shares	731,298,105	42.58%						731,298,105	42.58%
3. Other domestic shares									
Including: Domestic non-state-owned legal person's shares									
Domestic natural person's shares									
4. Foreign shares	197,709,440	11.51%						197,709,440	11.51%
Including: Foreign legal person's shares	197,709,440	11.51%						197,709,440	11.51%
Foreign natural person's shares									
5. Senior executives' shares	431,939	0.03%						431,939	0.03%
II. Shares with unconditional subscription	787,861,019	45.88%						787,861,019	45.88%
1. RMB common shares	646,434,394	37.64%				-13,950	-13,950	646,420,444	37.64%
2. Domestically listed foreign shares	141,426,625	8.24%				13,950	13,950	141,440,575	8.24%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	1,717,300,503	100.00%						1,717,300,503	100.00%

Notes:

(1) Foreign shares in shares with conditional subscription were held by underlying subsidiary of Shekou Industrial Zone;

(2) Shares with conditional subscription include: Shekou Industrial Zone directly holds A shares of 693,419,317 and indirectly holds B shares of 197,709,440, China Merchants Zhangzhou Development Zone Co., Ltd. directly holds A shares of 37,878,788, senior executives hold A shares of 238,664 and B shares of 193,275.

(3) Other changes are reclassification of the Company senior management share with sales limit relieved.

(II) Particulars about shares held by the top ten shareholders (Unit: Share)

Total number of shareholders	107,726 shareholders (97,092 are A share shareholders, 10,634 are B share shareholders)				
Shareholding situation of top 10 shareholders					
	Nature of the shareholder	Proportion of shareholding	Amount of share held	Amount of unconditional shares held	Shares pledged or frozen
China Merchants Shekou Industrial Zone Co., Ltd.	State-owned legal person	40.38%	693,419,317	693,419,317	Naught
Full Space Investment Ltd.	Foreign legal person	5.48%	94,144,050	94,144,050	Naught
China Merchants Securities Hong Kong Ltd.	Foreign legal person	2.91%	49,893,378	49,242,245	Naught
China Merchants Zhangzhou Development Zone Co., Ltd	State-owned legal person	2.21%	37,878,788	37,878,788	Naught
FOXTROT INTERNATIONAL LIMITED	Foreign legal person	1.61%	27,720,000	27,720,000	Naught
Full Goal Selected Mixed Open-ended Security Investment Fund	Domestic non-state-owned legal person	1.60%	27,522,577		Unknown
ORIENTURE INVESTMENT LTD	Foreign legal person	1.55%	26,603,145	26,603,145	Naught
China International Advantaged Security Investment Fund	Domestic non-state-owned legal person	1.24%	21,269,899		Unknown
Efunds SZSE 100 Open-ended Index Security Investment Fund	Domestic non-state-owned legal person	0.74%	12,729,595		Unknown
Penghua Value Advantage Stock-linked Security Investment Fund	Domestic non-state-owned legal person	0.58%	10,000,000		Unknown
Top 10 holders of unconditional shares					
Full name of shareholder			Amount of unconditional shares held	Type of shares	
Full Goal Selected Mixed Open-ended Security Investment Fund			27,522,577	A-shares	
China International Advantaged Security Investment Fund			21,269,899	A-shares	
Efunds SZSE 100 Open-ended Index Security Investment Fund			12,729,595	A-shares	
Penghua Value Advantage Stock-linked Security Investment Fund			10,000,000	A-shares	
CNCA A/C COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD			8,999,770	B-shares	
DREYFUS PREMIER INVESTMENT FDS INC.-DREYFUS GREATER CHINA FD			8,678,901	B-shares	
Rongtong SZSE 100 Index Security Investment Fund			8,253,780	A-shares	
Invesco Great Wall Resource Monopoly Stock Equity Investment Fund (L O F)			8,000,000	A-shares	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED			7,463,783	B-shares	
China Life Insurance Company Co., Ltd.-traditional-ordinary insurance products-005L-FH002			7,263,983	A-shares	
Explanation on associated relationship or accordant action among the aforesaid shareholders	(1) Among the shares held by China Merchants Securities Hong Kong Ltd., 49,242,245 shares were purchased-in entrusted by Top Chief Co., Ltd.; Top Chief Co., Ltd., Full Space Investment Ltd., FOXTROT INTERNATIONAL LIMITED and ORIENTURE INVESTMENT LTD are the wholly-owned subsidiaries of China Merchants Shekou Industrial Zone Co., Ltd..				

(III) Conditional shares and their conditions

Name of the shareholder	Amount of conditional shares (Share)	Nature of shares	Date when the shares are allowed to be traded in market	Committed condition
China Merchants Shekou Industrial Zone Co., Ltd.	693,419,317	A share	Sep. 24, 2010	1. Commitment in share relocation: The price of A- shares of the Company sold in the stock market before February 9, 2011 shall not be lower than 120% of the arithmetical average in 30 days prior to the publishing of share merger reform prospectus, i.e. RMB11.51 (after profit distribution of year 2005: RMB0.2 for each 10 shares; year 2006: RMB2.1 for each 10 shares; year 2007: RMB1, 3 bonus shares and 2 capitalized shares for each 10 shares; year 2008: RMB1 for each 10 shares and the price has been adjusted to RMB7.33). 2. In year 2007, because Shekou Industrial Zone increasingly held the privately offering shares of the Company, Shekou Industrial Zone promised to not sell the holding shares of the Company before September 24, 2010 including the shares held directly indirectly.
FullSpaceInvestment Ltd.	94,144,050	B share	Sep. 24, 2010	Promised not to sell the Company's shares until September 24, 2010 for the associated relationship with Shekou Industrial Zone
China Merchants SecuritiesHongKong Ltd.	49,242,245	B share	Sep. 24, 2010	
ChinaMerchants Zhangzhou Development Zone Co., Ltd	37,878,788	A share	Sep. 24, 2010	
FOXTROT INTERNATIONAL LIMITED	27,720,000	B share	Sep. 24, 2010	
ORIENTURE INVESTMENT LTD	26,603,145	B share	Sep. 24, 2010	

Chapter 4. Particulars about Directors, Supervisors and Senior Executives

(I) Change in the Company's shares held by its directors, supervisors and senior executives during the report period

Unit: share

Name	Shares held at period-begin		Shares held at period-end		Reason for change
	A share	B share	A share	B share	
Lin Shaobin	41,670	100,500	41,670	100,500	
Yang Baiqian	89,900	-	89,900	-	
He Jianya	97,170	-	97,170	-	
Yang Zhiguang	44,295	33,000	44,295	33,000	

Huang Peikun	-	130,700	-	130,700	
Wang Li	30,187	-	30,187	-	
Liu Ning	-	13,500	-	13,500	
Liu Ye	15,000		15,000		
Total	318,222	277,700	318,222	277,700	

(II) New engagement or dismissal of directors, supervisors and senior executives in the report period

On April 15, 2010, the 6th board of Company held the 2nd temporary conference in 2010 and employed Wang Zhengde as the chief economist.

Chapter 5 Report of the Board of Directors

I. Discussion and analysis of the management

Since the second half of 2009, the rapid rise in price of houses again attracted the significant attention from the central government and the society. The State Council and relevant departments issued a package of policies of regulation and control aiming to curb speculative ventures and property inflation in real estate.

In the wake of the improvement and implementation of various measures of regulation and control over the past six months, change in real estate market expectation was on its way, and such measures began to show effect. Currently, the market is under observation period of regulation effect. According to the data of nationwide real estate sales and development, over the first half the 2009, the sales area of commercial house totaled to 394 million square meters, up 15.4% year-on-year and downward 7.1% in growth rate from January to July; the sales amount of commercial house hit RMB 1.98 trillion, up 25.4% year-on-year and downward 13.0% in growth rate from January to May; investment in real estate development reached RMB 19.747 billion, up 38.1% year-on-year; area of new started houses hit 805 million square meters, up 67.9% year-on-year. Under the influence of gradual fall in price and sharp drop in sales amount, the real estate market develops under the governmental regulation and control.

In the first half year, by properly adjusting the sales strategies and development pace and adopting the market-oriented price policy, the company optimized the inventory structure, seized the opportunity and successfully launched 21 elaborate projects including Shanghai Magnificent Phase II and Suzhou Stone City Phase III in 11 cities. The sales area hit 287.5 thousand square meters, and the contract sales amount reached RMB 42.30 billion. In the first half year, the company newly started nine projects with a building area of 670 thousand square meters and increased 460 thousand square meters of land reserve, which kept the total land reserve over 10 million square meters and provided adequate resources for the sustainable development of the company in future.

The company continued implementing the concept of “continuous improvement” and satisfying the working requirements on reinforcing delicacy management and improving information construction and forged a more standard, optimal and efficient process and system and laid a firm management foundation for the realization of goals of “forging another merchant property” and “building excellent company”. Meanwhile, the company also devoted great efforts to push forward the construction of performance evaluation system

and the accumulation and cultivation of human resources and further intensify the ability of sustainable development the competitive strength.

The company fully understood the goal of this package of policies of real estate regulation and control. In the second half year, on the premise of responding to the requirements of the government and in connection with its own development, the company would focused on the following work: continue to carry out the balanced and careful policies of land acquisition, pay attention to area selection, wait for appropriate opportunity to rationally expand land reserves, set up the precise marketing concept of thorough market research and refined project quality, make great efforts to improve marketing capability, carry out measures to promote sales and optimize inventory structure in short term; continue to carry out the robust financial management methods and do a good job on the prospective financing arrangement; rationally arrange the cash flow to ensure financial safety and stable operation according to the financial conditions of the company; actively promote the study and practice on urban complex mode, seize the huge opportunity in commercial real estate, give full play to the stable cash flow of commercial real estate to make it become the effective means of enhancing performance and curbing fluctuation; continue to follow the operation philosophy of “environmental-friendly company”, adhere to the development strategy of “environmental-friendly real estate”, develop the products suitable for market need and industrial prospect; improve manpower and rationally use price lever, sustainably improve the core competitive strength and market position as well as performance to bring abundant benefits to shareholders.

II. Main operation in the report period

1. Operation achievement

Unit: RMB'000

			Increase or decrease
Operation income	698,115	287,578	142.76%
Operation profit	182,986	60,757	201.18%
Net profit attributable to		48,685	115.71%

Operation income:

The operation income realized by the Company in this period obviously grew over the same period of last year, main benefiting from the great growth in carry-over volume of real estate development business.

Operation profit:

In the period, the operation profit increased substantially. Except for the growth in income from the carry-over of real estate development business, the profit and loss from change in fair value of NDF business increased greatly over the same period of last year.

③ Net profit belonging to the shareholders of the listed companies

In the report period, growth rate of net profit of shareholders of the listed companies is lower than the growth rate of the business profit, and the main reason is that in the report period, profit and loss growth of a few shareholders grew greatly.

2. Main business

Unit: RMB'000

Classified according to industries	Operation income	Operation cost	Gross profit rate	Increase or decrease year-on-year in operation come (%)	Increase or decrease year-on-year in operation cost (%)	Increase or decrease year-on-year in gross profit rate (%)
Development & sales for real estate	610,030	349,197	42.76%	188.77%	217.53%	-5.19%
Rental property operation	25,154	13,342	46.96%	5.68%	3.42%	1.16%
Property agency service	5,037	3,713	26.29%	-3.29%	-15.06%	10.20%
Power & water supply for parks and communities	32,127	23,671	26.32%	6.13%	9.92%	-2.54%
Property management	19,905	16,547	16.87%	20.15%	24.14%	-2.67%
Engineering construction income	5,335	5,275	1.22%	-	-	-

(1) Business of development & sales for real estate:

In the report period, income realized from this business increased over the same period of last year, mainly due to that the carry-over area of real estate increased over the same period of last year; however, growth scope of sales cost exceeded the increase scope of sales income, which made the gross profit ratio for this business declined over the same period of last year.

(2) Business of rental property operation:

In the report period, the newly started rental properties - Garden City Center South Area and Garden City Digital Building - made the rentable area increased on a year-on-year basis. The occupancy rate of Nanhai E-cool building 5# has been improved, with income from rental operation also increased on a year-on-year basis.

(3) Business of property agency service:

In the report period, due to the macro-control policies of the government, the decline in turnover at the secondhand housing market in Shenzhen caused the synchronous slowdown in both income and cost of the business.

(4) Business of garden power & water supply

In the report period, the electricity sales amount of the Company grew in Chiwan and Qianhai areas, so the income from electricity sales greatly increased.

(5) Property management

In the report period, because the Company added new property management project, income scope of property management increased accordingly. However, because the lowest wage standard was enhanced, increase rate of man power cost is larger than the growth rate of income on year-on-year basis, the gross interest rate decreased on year-on-year basis.

2. Main business classified according to area

Unit: RMB'000

Area	Operation income	Increase or decrease year-on-year
Area around Pearl River Delta	398,984	97.14%
Area around Yangtze River Delta	190,762	271.46%
Area around Bohai Sea	63,291	107.21%
Other areas	45,078	1268.50%
Total	698,115	142.76%

In the report period, the settlement area and operation income in all areas greatly increased, benefiting from the sound tendency of real estate sales in the second half of 2009. Reason for the year-on-year increase in other areas mainly benefited from the first revenue of Chongqing Jiangwan City Phase I. Therefore, the growth ratio was high.

3.Settlement for main real estate projects

Project	Area for settlement (square meter'0000)	Amount for settlement (RMB'000)
Shenzhen Buena Vista Phase III	3.86	205,122
Shanghai Nan Qiao Ya Yuan	8.61	95,959
Shanghai Magnificent Phase I	4.56	54,135
Foshan Evian Town	6.68	48,563
Beijing Lakeward Scenery	1.97	42,604
Chongqing Jiangwan City Phase I	7.00	41,087
Shenzhen Mount Orchid Riverlet Phase II	0.97	37,751
Nanjing Yi Yun Xi Gu Phase III	3.97	34,857
Shenzhen Yi Shan Jun	2.17	15,222
Shenzhen Estate at waterside	1.30	13,006

4.Financial condition

Unit: RMB'000

Items	June 30, 2010	Dec. 31, 2009	Change scope	Reason
Transactional financial assets	2,565	644	298%	Increased due to decrease of fluctuation of NDF market price
Others receivable	105,030	192,651	-45%	Bond for land bid in early 2010 was confirmed as the down payment of land accrued and transferred into deposit
Othercurrent assets	85,189	62,480	36%	Due to the holding assets of subsidiaries to be sold in the report period
Fixed assets	18,682	29,962	-38%	Decreased due to part of fixed assets transferred into the holding assets of subsidiaries to be sold in the report period
Deferred income tax assets	43,816	29,049	51%	Increased due to the deductible temporary differences caused by accrued land value-added taxes
Accounts payable	179,620	270,552	-34%	Pay for part of land cost in the report period
Payroll payable	9,633	16,283	-41%	Pay for payroll payable in the report period
Tax payable	38,012	58,986	-36%	Decreased due to payment of tax payable in the report period
Interest payable	3,976	2,187	82%	Increased due to accrued interest payable
Dividends payable	21,793	10,775	102%	Increased due to declaration of dividends distribution in 2009
Long-term loan	951,528	572,030	66%	Due to business scale expansion and adjustment on short and long-term loan structure
Converted difference in foreign currency statements	9,575	7,281	32%	Due to adjustment on rate in foreign money currency in the report period

Minority shareholder's interest	286,397	202,330	42%	Due to the increase in registered capital of cooperation project and realized profit
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III. Investment

(I) Progress and income of the project invested with raised proceeds

In the report period, the raised proceeds used by the Company included the proceeds raised through the

2007 non-public share offer and the 2008 public share offer, of which, the use progress of the proceeds raised with non-public share offer is 97.34% and the use progress of the proceeds raised with public share offer is 91.66%.

1. Progress of the project invested with proceeds raised through the 2007 non-public share offer, and application of the proceeds:

Unit: RMB'0000

Total proceeds raised	229,217		Total raised proceeds used in this period		1,948	
			Total raised proceeds accumulatively used		223,114	
Commitment	Amount planned to input	Whether change projects	Amount actually input	Total profit accumulatively realized	Whether comply to planned progress	Whether comply to planned income
Purchase 5% equities Shenzhen China Merchants Construction Co., Ltd.	40,000	No	40,000	14,952	Yes	Yes
Purchase office building of New Times Square	88,000	No	88,000	6,404	Yes	Note 1
Purchase land use right of Meilun Apartment and develop for construction	25,000	No	18,897	-	Note 2	Note 2
Haiyue Huating	33,000	No	33,000	15,137	Yes	Yes
Nanjing Xianlin (Evian Valley)	43,217	No	43,217	21,350	Yes	Yes
Total	229,217		223,114	57,843		
Explanation on reason why not reaching the planned progress and projected income	<p>Note 1: Income of RMB 11.02 million was realized by office building of New Times Square in this period. Due to that the Company conducted a more stable depreciation policy and the tax rate used in the aforementioned listing public notice for benefit measure was 15%, while the rate actually used by the Company in 2010 was increased to 22%. If computed according to the depreciation and tax rate caliber of the original listing public notice, then New Times Square realized income of RMB 15.34 million.</p> <p>Note 2: Due to that it was later for position of raised capital than prediction, the use of raised capital for Meilun Apartment and Haiyue Huating progressed slower than prediction. Till Jun.30th of 2010, these two properties were still being developed and no income from these projects had been yielded yet.</p>					
Explanation on reason and procedure of change	Unchanged					

Usage and use plan of the raised proceeds which hadn't been	Use according to plan
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2. Progress of the project invested with proceeds raised through the 2008 public share offer, and application of the proceeds:

Total proceeds raised	577,722		Total raised proceeds used in this period		41,826	
			Total raised proceeds accumulatively used		529,539	
Commitment	Whether change projects	Amount planned to input	Amount actually input	Total profit accumulatively realized	Whether comply to planned progress	Whether comply to planned income
Garden City Syber Port	No	22,722	22,596	(336)	Yes	Note 2
Garden City Phase V	No	22,000	22,000	-	Yes	Note 1
Technology Building Phase II	No	16,000	16,000	(264)	Yes	Note 3
Pilot Tower	No	44,000	44,000	-	Yes	Note 1
Pilot Park	No	34,000	33,452	-	Yes	Note 1
Kings Ville	No	130,000	95,558	-	Note 10	Note 1
CM Guanyuan	No	40,000	34,718	-	Yes	Note 1
CM Lanyuan	No	70,000	67,153	1,466	Yes	Note 4
Weijin South Road	No	60,000	59,921	8,164	Yes	Note 5
CM Jiangwan City	No	40,000	40,000	5,915	Yes	Note 6
Evian Town phase III	No	26,000	21,141	7,610	Yes	Note 7
Nanqiao	No	35,000	35,000	15,806	Yes	Note 8
Zhuanqiao	No	38,000	38,000	2,583	Yes	Note 9
Total		577,722	529,539	40,944		
Explanation on predicted income	<p>Note 1: The project didn't realize profit.</p> <p>Note 2: The project was on rental in November 2009. For the low rental rate in early days, the predicated benefit was not realized in the first half of 2010.</p> <p>Note 3: The project changed into investment property when it was completed in March 2010. The rental contract was not signed by the end of the report period. Therefore, the predicated benefit was not realized in the first half of 2010.</p> <p>Note 4: CM Lanyuan accumulatively carried over 7% by the end of the report period and made a net profit of RMB14.66 million yuan. It's predicated that the predicated profit can be realize when 100% carry-over is realized.</p> <p>Note 5: Weijin South Road accumulatively carried over 12% by the end of the report period, and made a net profit of RMB81.64 million yuan. It's predicated that the predicated profit can be realize when 100% carry-over is realized.</p> <p>Note 6: CM Jiangwan City accumulatively carried over 17% by the end of the report period, and made a net profit of RMB59.15 million yuan. It's predicated that the predicated profit can be realize when 100% carry-over is realized.</p> <p>Note 7: Evian Town phase III realized 100% carry-over by the end of 2009 and accumulatively realized a net profit of 76.10 million. The project opened in August 2008 when the economic situation worsed abruptly. Therefore, its actual benefit is less than the predicated level.</p> <p>Note 8: Nanqiao accumulatively carried over 87% by the end of the report period, and made a net profit of RMB158.06 million yuan. It's predicated that the predicated profit can be realize when 100% carry-over is realized.</p> <p>Note 9: Zhuanqiao accumulatively carried over 34% by the end of the report period, and made a net profit of RMB25.83 million yuan. It's predicated that the predicated profit can be realize when 100% carry-over is realized.</p>					

	Note 10: For relevant government department used this project site, which made the relocation lagged behind schedule.
Explanation on reason and procedure of change	Unchanged
Usage and use plan of the raised proceeds which hadn't been used yet	Use according to plan

(II) Actual progress and benefit of the significant projects invested with non-raised proceeds

Unit: RMB'000

Project	Investment amount in this period	Progress	Benefit received in this period
Chongqing Tanzishi	200,318	Pre-phase plan	
Shanghai Jingyuan	172,258	Pre-phase plan	
Foshan Shishan	69,442	Pre-phase plan	
Guangzhou Jinshangu	21,278	1# section of Phase II and Phase III already completed, the main body of Phase IV is in construction and the pre-phase plan for Phase V and Phase VI is made	
Dongcheng International Business Square	20,941	Pre-phase plan	
Beijing Park·1872	20,345	Building 3# of Phase II already in partnership, the main body of Building 2# and Building 5# is in construction and pre-phase plan for Phase III is made	Realized gross profit of RMB 135.18 million
Shenzhen Xicheng Phase III-Phase IV	20,301	Phase III already in partnership and structural roof-sealing was for Phase IV already finished	Realized gross profit of RMB 817.42 million
Foshan Evian Town	14,533	Phase I already in partnership, the main body of Phase II is in construction and foundation for Phase III and Phase IV already finished	Realized gross profit of RMB 118.28
Suzhou Stone City	9,223	External wall construction for Phase II and Phase III, foundation construction for Phase IV	
Beijing Xicheng Jiayuan	8,869	The price-limited house is already completed and the pre-phase plan for commodity house is made	Realized gross profit of RMB 9.61
Zhuhai CM Garden Phase II and Phase III	5,820	Main body construction	
Zhuhai CM Garden Phase I	5,233	External wall construction	
Beijing Conrad Hotel	5,062	Main body construction	
Foshan Evian Up City	4,320	Phase I main body construction and Phase II foundation construction	

Zhangzhou CM Garden	3,835	Phase I main body construction	
2# plot, Shenzhen Lanxigu Phase II	3,429	Special acceptance stage	
Shanghai CM Bay Park	3,316	Phase I completion acceptance, Phase II is finalizing and the preparation for Phase III foundation is made	
Shanghai Haide Park Phase II-Phase IV	3,257	Roof-ceiling for main body of the south part of Phase III made and design for Phase IV construction finished	Realized gross profit of RMB 12.04
Chongqing CM Garden	3,131	Pre-phase plan	
Shenzhen CM Green Park	2,588	Pre-phase plan	

Note: the gross profit in this table excludes business tax and surcharges and land value-added tax.

(III) Company newly invested

1. In January 2010, the Company invested RMB 10 million to establish Chengdu CM Real Estate Co., Ltd. The share proportion and voting right proportion of the Company are all 100%. The Company includes Chengdu company in the consolidation scope of consolidated financial statement.

2. In March 2010, Hong Kong Ruijia, a subsidiary of the Company, established Foshan CM Huide Real Estate Co., Ltd. and Boshi Holding Co., Ltd. The registered capital of the Company is US\$99.9 million, of which Hong Kong Jiari contributed US\$49.95 million, taking a share of 50%. As Hong Kong Ruijia has majority voting right in the board of the Foshan company, it actually controls the finance and operational decision. The Company includes Foshan company in the consolidation scope of consolidated financial statement.

3. In April 2010, Shanghai CM Landing Co., Ltd., a subsidiary of the Company, established Shanghai Jingyuan Real Estate Development Co., Ltd. with Langda Industry Co., Ltd., a company under China Vanke Co., Ltd. The registered capital of the Company is RMB30 million, of which Shanghai CM Landing Co., Ltd. contributed RMB16.5 million, taking a share of 55%. As Shanghai CM Landing Co., Ltd. has majority voting right in the board of the Foshan company, it actually controls the finance and operational decision. The Company includes Shanghai company in the consolidation scope of consolidated financial statement.

IV. Modification plan for the operation plan for the later half year

N/A

Chapter 6 Significant Events

I . Company governance

There is no difference between the Company's perfect administration structure and the requirements of documents concerning corporate governance issued by CSRC. The Company insists to continuously perfect the Company legal person governance structure, standardize Company operation and optimize internal control system according to the requirements of Company Law, Securities Law and Code of Corporate Governance for Listed Companies etc., so as to continuously enhance the Company governance level and strengthen scientificity of decision making.

In the report period, the Company's shareholders and the shareholders' general meeting, directors and the board of directors and supervisors and the supervisory committee all regulated the operation according to law, which guaranteed the legal rights of the Company and the shareholders, especially the medium and small shareholders.

The controlling shareholders and the actual controller of the Company exercise the right of the investor. The Company and the controlling shareholders and the actual controller kept independences in staff, asset, finance, organization and business. The affiliated transaction between the Company and the shareholders of associated party conformed to the transaction principle of openness and fairness.

In April 2010, according to the requirements of Notice About Requiring to Make Listed Company Annual Report Information Disclosure Significant Error Responsibility Investigation System issued by Shenzhen Securities Regulatory Bureau, the 13th meeting of the 6th board of directors approved Annual Report Information Disclosure Significant Error Responsibility Investigation System, and the Company strictly implemented the system.

In May 2010, according to the requirements of the Notice About Comprehensively and Deeply Developing the Special Event of Standardizing Financial Accounting Fundamental Work in the Listed Companies of Shenzhen issued by Shenzhen Securities Regulatory Bureau, the Company established standardizing financial accounting fundamental work special work group, made work scheme of developing special event, conducted self examination and self correction to the setting of financial personnel and institution, accounting fundamental work, capital management work, tax management work, construction and implementation condition of financial management system, and setting and using condition of financial information system, and completed self examination condition report within prescribed time.

II . Execution of profit distribution plan for year 2009

The proposal of profit distribution in 2009 was approved at the Annual General Meeting 2009 held on June 7, 2010.

According to 10% of the net profit of the parent company RMB 1,155,665,059, statutory surplus reserve RMB 115,566,506 was withdrew;

Taking the total capital shares 1,717,300,503 shares as of year-end as the radix, cash RMB 1 (tax included) would be sent for each 10 shares, that was to say, RMB 171,730,050 cash dividend would be sent. The residual undistributed profit RMB 3,367,380,227 was retained to the next report year. The Company did not conduct converting capital reserve into share

capital this year.

The Company issued the Announcement on Dividend Distribution and Implementation of Converting Capital Reserve into Share Capital of 2009 on China Securities Journal, Securities Times, Shanghai Securities News, Hong Kong Wen Wei Po and <http://www.cninfo.com.cn> on July 6, 2010. The share equity registration day would be July 12, 2010, and the ex-dividend day would be July 13, 2010. Up till the disclosure date of this report, implementation of the above-mentioned dividend and interest distribution scheme has been completed.

III. Profit distribution plan of semi-annual 2010

Neither profit distribution nor converting capital reserve into share capital will be implemented for semi-annual 2010.

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

(Unit: RMB)

Stock code	Short form of stock	Initial investment	Share proportion	Book balance at the end of the term	Gain/Loss in the report period	Change of owners' equity in the report period
000004	ST Guonong	1,572,275	0.58%	4,129,216	-	(650,978)
Total		1,572,275	0.58%	4,129,216	-	(650,978)

“ST Guonong” stock right held by the Company can be accounted as “financial assets for sale”.

VI. Material purchase, sale or asset restructuring

In the report period, the Company did not have material purchase, sale or asset restructuring.

VII. Major related transactions

1. Related transactions concerning daily operation

(1) Shenzhen China Merchants Water Supply Co., Ltd. supplies water to its largest shareholder Shekou Industrial Zone and its subsidiaries. Shenzhen China Merchants Power Supply Co., Ltd. supplies power to its largest shareholder Shekou Industrial Zone and its subsidiaries. Calculated and charged utilities according to the regulations of Bureau of Commodity Price, the water and electrical quantities of related transaction couldn't be counted because partial utilities were calculated and charged by other property companies.

(2) Related transactions concerning land use

The facilities, equipments, and office 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 the subsidiaries engaging in aforementioned business have rented land of Shekou Industrial Zone since they were founded.

In the report period, land using expenses of the Company and controlling subsidiaries paid to Shekou Industrial Zone totaled to RMB 13.80 million.

(3) Guarantee and assurance

A. The wholly owned subsidiary company of Shekou Industrial Zone – Top Chief Co., Ltd. provided liquidation guarantee for long-term foreign exchange business engaged in ING Bank N.V., Hong Kong Branch of the Company’s subsidiary-Hong Kong Ruijia.

B. Shekou Industrial Zone and China Merchants Group provided guarantee for the loan of the Company, and the concrete guarantee condition is as follows:

End of the term Beginning of the term

RMB Yuan RMB Yuan

Shekou Industrial Zone (Note 1) 1,357,991,058 1,723,354,595

China Merchants Group (Note 2) 3,492,078,282 1,459,670,359

Note 1: Shekou Industrial Zone provided guarantee for the loan of the Company with the amount of RMB 1,007,909,000, for the loan of Shenzhen China Merchants Power Supply Co., Ltd. with the amount of USD 5,569,000 (RMB 37,818,522), for the payment guarantee of Shenzhen China Merchants Real Estate Co., Ltd. with the amount of RMB 82,012,508, and for the bank acceptance of Shenzhen China Merchants Real Estate Co., Ltd. with the amount of RMB 230,251,028.

Note 2: China Merchants Group provided guarantee for the RMB 2,000,000,000 obtained by the Company from Huatai Asset Management Co., Ltd. and for the loan of Hong Kong Ruijia with the amount of USD 203,000,000 (RMB 1,378,666,282) and HKD 130,000,000 (RMB 113,412,000).

(4) Rental income

	<u>Accumulated in this term</u>	
<u>Accumulated in the Same period of last year</u>	RMB Yuan	RMB Yuan
China Merchants Shekou Industrial Zone Co., Ltd.	5,946,918	5,758,446
China Merchants International (China) Investment Co., Ltd.	2,266,634	1,336,124
Shenzhen China Merchants Landmark Co., Ltd.	1,076,120	1,069,400
China Merchants Logistics Holding Co., Ltd.	763,896	738,854
Shenzhen Beike Venture Co., Ltd.	335,000	335,000
Total	<u>10,388,568</u>	<u>9,237,824</u>

Proportion accounting for in

the rental income of the report period

4.13%

3.88%

Note: the above mentioned rental income is the building rental fee that subsidiary company of the Company, Shenzhen China Merchants Property collected from the related parties such as Shekou Industrial Zone etc., and the transaction is conducted according to the agreement price.

2. In the report period, the following purchase and sale related transactions were conducted between the Company and Shekou Industrial Zone:

(1) Transfer the stock right of China Merchants Water Supply

On June 28, 2010, the Company and the subsidiary company Shenzhen China Merchants Property signed agreement with Shekou Industrial Zone, transferring China Merchants

Water Supply 95% and 5% stock right respectively to the big shareholder Shekou Industrial Zone, and the stock right transfer price is RMB 162,833,200. Industrial and commercial change registration after China Merchants Water Supply stock right transfer was completed on July 5, 2010. The Company transferred China Merchants Water Supply 100% stock right held, in that way, Company asset overall benefit can be enhanced, Company business structure can be optimized, and main business can be highlighted.

(2) Purchase land use right

On July 29, 2010, the Company subsidiary company Shenzhen China Merchants Business Development Co., Ltd. (hereinafter referred to as “China Merchants Business”) signed Land Use Right Confirmation Contrat with Shekou Industrial Zone, purchasing the land use right of the land block with the land number of SKC102-01. The land area was 11,904.23 square meters, and the price was RMB 111,751,800. Purchasing the land block can enrich the land resource of the Company, and it is also the need for developing sea world block.

3. Other related transactions

On June 30, 2010, the Company subsidiary company China Merchants Construction signed building construction contract with the subsidiary company Shenzhen China Merchants Front Bay Property Co., Ltd. (hereinafter referred to as “China Front Bay Property”) indirectly controlled by Shekou Industrial Zone, and China Merchants Construction planned to contract Front Bay Garden 3rd and 4th phase project general contracting engineering invested by China Merchants Front Bay Property. The construction general contracting contract price was estimated to be RMB 135,180,000. 1% general contracting management expense of the contracting general price that China Merchants Construction can gain was estimated to be RMB1,351,800. China Merchants construction accepting front bay garden engineering of China Merchants Front Bay Property can accumulate building construction achievement, create condition for the Company to promote qualification as soon as possible, thus better meeting the development need of the Company, and it complies with the Company overall interest.

4. Credit, debts between the Company and associated parties at the report period-end

Item name	Associated party	Amount at the end of the term	Amount at the beginning of the term
Other account receivable	Shenzhen TCL Optical- Electronics Technologies Ltd.	257,339,044	187,851,513
Other account receivable	Huizhou Taitong Property Investment Co., Ltd.	127,236,214	121,257,000
Account payable	China Merchants Shekou Industrial Zone Co., Ltd.	9,919,240	5,338,724
Other account payable	Dafeng International Inc.	-	887,700,513
Other account payable	China Merchants Zhangzhou Development Zone Co., Ltd.	475,334,117	420,821,115
Other account payable	Tianjin Xinhai real Estate Development Co., Ltd.	133,081,399	148,831,399
Other account payable	Shenzhen Shekou Dazhong Investment Co., Ltd.	138,235,302	138,235,302
Other account payable	CM Financing	33,510,000	16,338,000
Other account payable	China Merchants Guangming Technologies Garden Ltd.	1,069,390	1,067,447
Other account payable	China Merchants Hanghua	528,151	1,051,707

	Technologies and Trade Center Co., Ltd.		
Interest payable	Dafeng International Inc.	-	1,288,737
Dividend payable	China Merchants Shekou Industrial Zone Co., Ltd.	89,112,876	-
Dividend payable	China Merchants Zhangzhou Development Zone Co., Ltd.	3,787,878	-
Dividend payable	Dafeng International Inc.	4,900,000	-
Long-term account payable	Shenzhen CM Landmark Co., Ltd.	1,200,000	1,200,000

The aforementioned issues had no major influences on the Company.

VIII. Significant contracts and implementation

1. In the report period, there was no other significant trust, contract or lease event.

2. Implementation of significant contracts in the report period:

(1) The Company received the notification form for line of credit from China Industrial and Commercial Bank Shenzhen Branch, the checked line of credit was totally up to RMB 4.9 billion for the Company and underling subsidiaries with term from January 1, 2010 to December 31, 2010.

(2) The Company received the confirmation letter for credit of RMB 7.5 billion from China Construction Bank Shenzhen Branch, including RMB 7 billion for the Company, RMB 0.5 billion for the underling subsidiary company – Shenzhen Merchants Real Estate Co., Ltd.

(3) The Company signed agreement with Industrial Bank Shenzhen Branch for the credit of RMB 1 billion with term from January 13, 2010 to January 13, 2011.

(4) The Company signed Huatai China Merchants Power Supply Project Credit Investment Plan Investment Contract with investment principal of RMB 2 billion with Huatai Asset Management Co., Ltd., with term from April 20, 2010 to April 19, 2017.

(5) The Company signed Issuing Guarantee Agreement with China Construction Bank Shenzhen Branch. China Construction Bank Shenzhen Branch provided guarantee and issued guarantee for the Company subsidiary company Hong Kong Ruijia borrowing money from China Construction Bank Hong Kong Branch. The guarantee amount as USD 0.2 billion and the term shall not exceed three years.

(6) The Company subsidiary company Hong Kong Ruijia signed agreement with ING BANK N.V., HONGKONG BRANCH for the credit of USD 0.1 billion with term from April 27, 2010 to April 27, 2013.

Ended the report period, the aforementioned contract was under the implementation.

3. Capital occupation of associated parties and guarantee issues

(1) Capital occupation of associated parties

According to the requirements of Notice on Standardizing Capital Current between the Listed Companies and Associated parties and Notice on Standardizing External Guarantee of Listed Companies promulgated by CSRC, the Company made self-inspection on the current fund with the associated parties and external guarantee and report to Shenzhen Securities Regulatory Bureau. Relevant details were as follows:

Name of the parties	Relationship with the Company	Accounting items calculated by listed company	Amount at period begin	Amount in this period	Amount in period end	Reason	Nature
Huizhou Taitong Property Investment Co., Ltd.	Joint venture	Other account receivable	121,257,000	5,979,214	127,236,214	Current fund	Non-operational occupancy
Shenzhen TCL Optical- Electronics Technologies Ltd.	Associated company	Other account receivable	187,851,513	69,487,531	257,339,044	Current fund	Non-operational occupancy

(2) Guarantee issues

Up till June 30, 2010, external guarantee sum of the Company and its holding subsidiary companies was RMB 1,607,970,000, accounting for 9.88% of the parent company shareholder net asset after the latest term of auditing. There were no overdue guarantee amount, guarantee amount involving lawsuit and loss amount that should be shouldered for the guarantee being judged as losing lawsuit.

Besides the above-mentioned guarantees, the Company provided mortgage loan guarantee for purchaser of commercial house according to relevant regulations of people's bank of China. At present, the Company provided phase joint guarantee for purchaser of commercial house with term from the date the bank offering loan to the date the bank completing handling Property Ownership Certificate. If the purchaser did not implement the responsibility of debtor in the aforesaid period, the Company had the right to take back the sold house, so the guarantee would not cause actual loss of the Company. At the end of the period, the Company totally provided guarantee of RMB 134,820,000.

4. Special statement and independent opinions of the independent directors regarding capital occupation by the associated parties and providing of external guarantees.

Independent Directors of the Company – Meng Yan, Chen Yanping, Gong Xinglong and Chai Qing checked the conditions of capital occupation by controlling shareholders and associated parties and providing of external guarantees, and thought that:

The Company providing development fund for joint venture as shares holding proportion and providing loan guarantee for subsidiary company as shares holding proportion were demands of normal operation and rational use of fund. Decision-making procedure accorded with laws and regulations without hurting interests of the Company and shareholders.

Providing guarantee for purchaser of commercial house was the routine in real estate industry and the demand of normal operation. At the same time the Company provided guarantee for purchaser of commercial house, the purchaser of commercial house took the house as mortgage. The risk of the aforementioned behavior could be controlled, and decision-making procedure accorded with laws and regulations without hurting interests of the Company and shareholders.

5. In the report period, the Company did not entrust others to manage cash assets.

IX. Accepting investigation, and communication and interview in the report period were as follows:

Reception date	Reception place	Reception way	Object received	Content discussed and information provided
January 12, 2010	Shekou, Shenzhen	Field investigation	China Securities Co., Ltd.	①. Introducing operation of the Company
January 19, 2010	Shekou,	Field	Changjiang Securities	

	Shenzhen	investigation		②. Discussing the industry development; ③. Providing the information announced and brochure for projects of the Company. ④ Visiting the Company on-sale buildings, and providing building sales brochure
January 25, 2010	Shekou, Shenzhen	Field investigation	GTJA Allianz Funds	
January 26, 2010	Shekou, Shenzhen	Field investigation	Goldman Sachs	
January 27, 2010	Shekou, Shenzhen	Field investigation	Bohai Securities Co., Ltd.	
February 5, 2010	Shekou, Shenzhen	Field investigation	Client of China Securities Co., Ltd.	
February 10, 2010	Shekou, Shenzhen	Written inquiry	Investor	
February 22, 2010	Shekou, Shenzhen	Written inquiry	Investor	
February 23, 2010	Shekou, Shenzhen	Written inquiry	Investor	
March 1, 2010	Shekou, Shenzhen	Field investigation	Guangzhou Securities Co., Ltd.	
March 2, 2010	Shekou, Shenzhen	Field investigation	Daiwa Securities Group Inc.	
March 3, 2010	Shekou, Shenzhen	Field investigation	Essence Securities	
March 12, 2010	Shekou, Shenzhen	Written inquiry	Investor	
March 15, 2010	Shekou, Shenzhen	Written inquiry	Investor	
March 15, 2010	Shekou, Shenzhen	Written inquiry	Investor	
March 18, 2010	Shekou, Shenzhen	Field investigation	Zhongshan Securities Co., Ltd.	
March 22, 2010	Shekou, Shenzhen	Written inquiry	Investor	
March 25, 2010	Shekou, Shenzhen	Field investigation	Taishin Securities Co.	
March 26, 2010	Shekou, Shenzhen	Field investigation	Client of J.P. MORGEN	
March 29, 2010	Shekou, Shenzhen	Field investigation	Client of UBS	
March 29, 2010	Shekou, Shenzhen	Written inquiry	Investor	
March 31, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 2, 2010	Shekou, Shenzhen	Field investigation	Client of Gaohua Securities Co., Ltd.	
April 4, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 6, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 6, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 12, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 12, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 19, 2010	Shekou, Shenzhen	Written inquiry	Investor	
April 20, 2010	Shekou, Shenzhen	Written inquiry	Investor	

April 21, 2010	Shekou, Shenzhen	Written inquiry	Investor
April 23, 2010	Shekou, Shenzhen	Field investigation	Client of UBS
April 23, 2010	Shekou, Shenzhen	Written inquiry	Investor
May 6, 2010	Shekou, Shenzhen	Field investigation	Shenyin Wanguo organizes group investigation
May 13, 2010	Qingdao	Field investigation	Strategy meeting of BOC International (China) Limited
May 18, 2010	Shanghai	Field investigation	CLSA China Forum
May 31, 2010	Hohhot	Field investigation	Strategy meeting of UBS
June 9, 2010	Beijing	Field investigation	Strategy meeting of J.P.Morgan
June 11, 2010	Shenzhen	Field investigation	Guosen Securities
June 11, 2010	Shenzhen	Field investigation	Everbright Securities Co., Ltd.
June 10, 201	Beijing	Field investigation	Huatai United Securities
June 9, 2010	Beijing	Field investigation	Essence Securities
June 10, 2010	Lijiang	Field investigation	Sinolink Securities
June 23, 2010	Shenzhen	Field investigation	China Merchants Securities

X. Implementation of commitment made by shareholders with holding 5% or over shares

(1) Shekou Industrial Zone promised not to directly or indirectly engage in or develop any business or project which are the same as or similar with the operation scope of the Company; not to conduct direct or indirect competition with the Company for Shekou Industrial Zone and its associated parties, or establish, develop, participate, and assist with any enterprise on the behalf of any third party; not to engage, directly or indirectly participate in competitive activities with the Company by the information obtained from the Company, and conduct any other competitive behaviors of hurting or possibly hurting the interests of the Company. In the report period, Shekou Industrial Zone strictly implemented the commitment.

(2) In the report period, Shekou Industrial Zone fulfilled its commitments made about sales: not put any of the Company's shares on sale.

XI. In the report period, there was no criticism or condemnation received by the Company, the Board of Directors, or the directors.

XII. Engagement or dismissal of CPAs

On June 7, 2010, the Company held Shareholders' General Meeting of 2009, which approved relevant proposal on Continuing Engaging Deloitte Touche Tohmatsu Certified Public Accountants Ltd. as External Audit Institution.

X III. Other significant events

After the approval of the 5th meeting of the 6th board of directors of the Company and the 1st temporary shareholders meeting in 2009, the Company planned to issue stocks not exceeding 0.2 billion non-publicly to specific objects. In the following months, influenced by the change of economic environment and policies, adjustment of the real estate plate of the capital market was obvious and stock price of the Company was lowered greatly. The 13th meeting of the 6th board of directors of the Company planned to adjust the extra issuance price this time as RMB 20.60, but later the Company stock price decreased continuously and greatly.

After comprehensively considering all factors and analyzing and arguing carefully, the Company decided to actively withdraw the application of non-public issuance this time. The 14th meeting of the 6th board of directors of the Company and 2009 annual shareholders meeting approved to withdraw the scheme of non-publicly issuing stocks this time. The report of the Company withdrawing non-public issuance got the approval of China Securities Regulatory Commission Administratively Permitting Application Termination Examination Notice [2010] No. 78 Document.

Chapter 7. Financial Report (unaudited)

For the details, please refer to Appendix (Interim Financial Report 2010)

Chapter 8. Documents Available for Reference

- I . Financial statements carrying the personal signatures and seals of Legal Representative, Person in Charge of Accounting Works and Person in Charge of Accounting Department;
- II . Originals of all documents and notices publicly disclosed on newspapers designated by CSRC in the first half of 2010;

China Merchants Property Development Co., Ltd.

Financial Statements

The period from January 1, 2010 to June 30, 2010

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China Merchants Property Development Co., Ltd.

The period from January 1, 2010 to June 30, 2010

Consolidated Balance Sheet
In RMB

Items	Note	Balance at the end of term	Balance at the beginning of year	Items	Note	Balance at the end of term	Balance at the beginning of year
Current asset:				Current liabilities			
Monetary capital	(V)1	10,390,560,833	9,489,490,935	Short-term loans	(V)18	1,629,644,446	1,372,929,609
Settlement provision		-	-	Loan from Central Bank		-	-
Outgoing call loan		-	-	Deposit received and hold for others		-	-
Transactional financial assets	(V)2	25,651,617	6,437,479	Call loan received		-	-
Notes receivable		-	-	Trade off financial liabilities	(V)2	2,254,310	12,829,413
Account receivable	(V)3	109,526,262	118,962,896	Notes payable	(V)19	268,100,694	257,896,108
Prepayment	(V)5	5,648,907	8,747,313	Account payable	(V)20	1,796,195,435	2,705,521,285
Insurance receivable		-	-	Prepayment received	(V)21	8,296,324,582	9,498,461,291
Reinsurance receivable		-	-	Selling of repurchased financial assets		-	-
Provisions of Reinsurance contracts receivable		-	-	Fees and commissions receivable		-	-
Interest receivable		-	-	Employees' wage payable	(V)22	96,330,938	162,832,982
Dividend receivable		-	-	Tax payable	(V)23	380,116,649	589,859,453
Other account receivable	(V)4	1,050,297,111	1,926,509,241	Interest payable	(V)24	39,755,152	21,872,418
Repurchasing of financial assets				Dividend payable	(V)25	217,926,308	107,751,887
Inventories	(V)6	33,856,297,075	30,461,181,900	Other account payable	(V)26	5,638,304,437	5,835,329,987
Non-current asset due in 1 year		1,735,693	26,754	Reinsurance fee payable		-	-
Other current asset	(V)7	851,886,216	624,800,651	Insurance contract provision		-	-
Total of current asset		46,291,603,714	42,636,157,171	Entrusted trading of securities		-	-
Non-current assets				Entrusted selling of securities		-	-
Loans and payment on other's behalf disbursed				Non-current liability due in 1 year	(V)28	1,457,610,597	1,303,501,721
Sellable financial asset	(V)8	4,129,216	4,898,240	Other current liability	(V)29	2,239,959,131	1,843,563,001
Expired investment in possess		-	-	Total of current liability		22,062,522,679	23,712,349,155
Long-term receivable	(V)9	1,095,238,586	1,062,146,037	Non-current liabilities			
Long-term share equity investment	(V)10,11	615,920,380	616,512,618	Long-term borrowings	(V)30	9,515,280,804	5,720,303,012

China Merchants Property Development Co., Ltd.

Items	Note	Balance at the end of term	Balance at the beginning of year	Items	Note	Balance at the end of term	Balance at the beginning of year
Investment properties	(V)12	2,967,575,138	2,787,842,250	Bond payable		-	-
Fixed assets	(V)13	186,817,919	299,615,954	Long-term payable	(V)31	51,233,638	46,469,703
Construction in process	(V)14	14,960,414	19,254,007	Special payable		-	-
Engineering goods		-	-	Expected liabilities	(V)27	108,057,942	108,052,194
Fixed asset disposal		-	-	Differed income tax liability	(V)16	613,666	731,713
Production physical assets		-	-	Other non-recurring liabilities	(V)32	4,483,360	7,218,243
Gas & petrol		-	-	Total of non-current liabilities		9,679,669,410	5,882,774,865
Intangible assets		-	54,121	Total of liability		31,742,192,089	29,595,124,020
R&D expense		-	-	Shareholders' equity			
Goodwill		-	-	Share capital	(V)33	1,717,300,503	1,717,300,503
Long-term amortizable expenses	(V)15	171,237,171	180,194,127	Capital reserves	(V)34	8,487,275,926	8,487,926,904
Differed income tax asset	(V)16	438,162,357	290,485,972	Less: Shares in stock		-	-
Other non-current asset		-	-	Special reserves		-	-
Total of non-current assets		5,494,041,181	5,261,003,326	Surplus reserves	(V)35	785,793,010	785,793,010
				Common risk provision		-	-
				Retained profit	(V)36	6,093,358,841	5,214,909,610
				Different of foreign currency translation		95,753,565	72,806,727
				Total of shareholders' equity attributable to the parent company		17,179,481,845	16,278,736,754
				Minor shareholders' equity		2,863,970,961	2,023,299,723
				Total of shareholders' equity		20,043,452,806	18,302,036,477
Total of assets		51,785,644,895	47,897,160,497	Total of owners' equity and liabilities		51,785,644,895	47,897,160,497

The Notes to the Financial Statements are essential parts of the Financial Statements

China Merchants Property Development Co., Ltd.

The period from January 1, 2010 to June 30, 2010

Balance Sheet (Parent Company)

In RMB

Items	Note	Balance at the end of term	Balance at the beginning of year	Items	Note	Balance at the end of term	Balance at the beginning of year
Current asset:				Current liabilities			
Monetary capital		5,087,842,852	6,268,540,842	Short-term loans	(XII)3	1,127,226,500	630,397,000
Transactional financial assets		-	-	Trade off financial liabilities		-	-
Notes receivable		-	-	Notes payable		-	-
Account receivable		-	-	Account payable		-	-
Prepayment		-	-	Prepayment received		-	-
Interest receivable		-	-	Employees' wage payable		1,338,460	6,052,306
Dividend receivable		1,090,720,147	1,090,720,147	Tax payable		8,437,959	4,514,867
Other account receivable	(XII)1	17,224,211,664	12,504,314,805	Interest payable		22,128,955	9,898,520
Inventories		-	-	Dividend payable		171,730,050	-
Non-current asset due in 1 year		-	-	Other account payable		4,788,934,835	3,928,393,230
Other current asset		-	-	Non-current liability due in 1 year	(XII)4	750,000,000	650,000,000
Total of current asset		23,402,774,663	19,863,575,794	Other current liability		77,559	77,559
Non-current assets				Total of current liability		6,869,874,318	5,229,333,482
Sellable financial asset		4,129,216	4,898,240	Non-current liabilities			
Expired investment in possess		-	-	Long-term borrowings	(XII)5	6,211,636,000	4,123,128,000
Long-term receivable		953,817,502	924,366,671	Bond payable		-	-
Long-term share equity investment	(XII)2	3,489,252,049	3,481,655,301	Long-term payable		-	-
Investment properties		-	-	Special payable		-	-
Fixed assets		361,111	318,634	Expected liabilities		-	-
Construction in process		-	-	Differed income tax liability		613,666	731,713
Engineering goods		-	-	Other non-recurring liabilities		-	-
Fixed asset disposal		-	-	Total of non-current liabilities		6,212,249,666	4,123,859,713

China Merchants Property Development Co., Ltd.

Items	Note	Balance at the end of term	Balance at the beginning of year	Items	Note	Balance at the end of term	Balance at the beginning of year
Production physical assets		-	-	Total of liability		13,082,123,984	9,353,193,195
Gas & petrol		-	-	Shareholders' equity			
Intangible assets		-	-	Share capital		1,717,300,503	1,717,300,503
R&D expense		-	-	Capital reserves		8,929,876,698	8,930,527,676
Goodwill		-	-	Less: Shares in stock		-	-
Long-term amortizable expenses		63,076	158,628	Special reserves		-	-
Differed income tax asset		-	-	Surplus reserves		734,841,617	734,841,617
Other non-current asset		-	-	Common risk provision		-	-
Total of non-current assets		4,447,622,954	4,411,397,474	Retained profit		3,386,254,815	3,539,110,277
				Total of shareholders' equity		14,768,273,633	14,921,780,073
Total of assets		27,850,397,617	24,274,973,268	Total of owners' equity and liabilities		27,850,397,617	24,274,973,268

China Merchants Property Development Co., Ltd.

The period from January 1, 2010 to June 30, 2010

Consolidated Income Statement

In RMB

Items	Note	Amount of the Current Term	Amount of the same period of last year
I. Total revenue	(V)37	6,981,153,925	2,875,777,226
Incl. Business income		6,981,153,925	2,875,777,226
Interest income		-	-
Insurance fee earned		-	-
Fee and commission received		-	-
II. Total business cost		5,206,663,811	2,371,956,755
Incl. Business cost	(V)37	4,127,363,733	1,628,278,262
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	(V)38	862,925,247	480,483,907
Sales expense		112,145,064	114,595,993
Administrative expense		101,179,394	90,818,800
Financial expenses	(V)39	3,053,234	57,887,757
Asset impairment loss	(V)40	(2,861)	(107,964)
Plus: Income from change of fair value	(V)41	29,917,874	(108,371,152)
Investment income	(V)42	25,453,954	212,121,326
Incl. Investment gains from affiliates		(592,236)	109,884,894
Exchange gains		-	-
III. Business profit		1,829,861,942	607,570,645
Plus: Non business income	(V)44	8,910,241	17,875,375
Less: Non-business expenses	(V)45	5,103,685	1,355,666

China Merchants Property Development Co., Ltd.

Items	Note	Amount of the Current Term	Amount of the same period of last year
Incl. Loss from disposal of non-current assets		276,647	318,807
IV. Gross profit		1,833,668,498	624,090,354
Less: Income tax expenses	(V)46	434,742,205	142,053,203
V. Net profit		1,398,926,293	482,037,151
Net profit attributable to the owners of parent co.		1,050,179,281	486,847,748
Minor shareholders' equity		348,747,012	(4,810,597)
VI. Earning per share			
(I) Basic earnings per share	(V)47	0.6115	0.2834
(II) Diluted earnings per share	(V)47	0.6115	0.2834
VII. Other misc. incomes	(V)48	38,546,181	(224,877)
VIII. Total of misc. incomes		1,437,472,474	481,812,274
Total misc gains attributable to the parent company		1,072,475,141	486,622,871
Total misc gains attributable to the minor shareholders		364,997,333	(4,810,597)

The period from January 1, 2010 to June 30, 2010

Income Statement (Parent Company)

In RMB

Items	Note	Amount of the Current Term	Amount of the same period of last year
I. Turnover		-	-
Less: Operation cost		-	-
Business tax and surcharge		-	-
Sales expense		-	-
Administrative expense		9,215,964	8,998,837
Financial expenses		(14,086,134)	21,752,719
Asset impairment loss		-	-
Plus: Income from change of fair value		-	-
Investment income	(XII)6	20,005,859	21,545,461
Incl. Investment gains from affiliates		(2,403,251)	(1,825,269)
II. Operation profit		24,876,029	(9,206,095)
Plus: Non business income		-	-
Less: Non-business expenses		-	-
Incl. Loss from disposal of non-current assets		-	-
III. Total of profit		24,876,029	(9,206,095)
Less: Income tax expenses		6,001,441	-
IV. Net profit		18,874,588	(9,206,095)
V. Earnings per share		-	-
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable
VI. Other misc gains		(650,978)	1,775,123
VII. Total of integrated income		18,223,610	(7,430,972)

China Merchants Property Development Co., Ltd.

The period from January 1, 2010 to June 30, 2010

Consolidated Cash Flow Statement

In RMB

Items	Note	Amount of the Current Term	Amount of the same period of last year
I. Net cash flow from business operation			
Cash received from sales of products and providing of services		5,779,743,718	6,727,241,1661
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		15,311,948	9,407
Other cash received from business operation	(V)49(1)	1,457,432,262	824,720,066
Sub-total of cash inflow from business activities		7,252,487,928	7,551,970,639
Cash paid for purchasing of merchandise and services		6,182,133,125	2,645,911,081
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		367,569,007	286,740,876
Taxes paid		1,621,816,124	689,645,723
Other cash paid for business activities	(V)49(2)	1,076,378,973	783,250,227
Sub-total of cash outflow from business activities		9,247,897,229	4,405,547,907
Cash flow generated by business operation, net		(1,995,409,301)	3,146,422,732
II. Cash flow generated by investing			

China Merchants Property Development Co., Ltd.

Items	Note	Amount of the Current Term	Amount of the same period of last year
Cash received from investment retrieving		-	-
Cash received as investment gains		-	413,971
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		33,971	26,214
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received	(V)49(3)	12,887	77,277,985
Sub-total of cash inflow due to investment activities		46,858	77,718,170
Cash paid for construction of fixed assets, intangible assets and other long-term assets		6,321,512	23,382,118
Cash paid as investment		28,125,469	5,327,200
Net increase of loan against pledge		-	-
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities		-	-
Sub-total of cash outflow due to investment activities		34,446,981	28,709,318
Net cash flow generated by investment		(34,400,123)	49,008,852
III. Cash flow generated by financing			
Cash received as investment		475,673,905	75,000,000
Incl. Cash received as investment from minor shareholders		475,673,905	75,000,000
Cash received as loans		5,730,487,074	2,167,067,165
Cash received from bond placing		-	-
Other financing-related cash received		-	-
Subtotal of cash inflow from financing activities		6,206,160,979	2,242,067,165
Cash to repay debts		1,507,153,645	3,744,278,142
Cash paid as dividend, profit, or interests		239,851,792	489,256,718
Incl. Dividend and profit paid by subsidiaries to minor shareholders		61,556,629	-
Other cash paid for financing activities		882,889,738	-
Subtotal of cash outflow due to financing activities		2,629,895,175	4,233,534,860
Net cash flow generated by financing		3,576,265,804	(1,991,467,695)
IV. Influence of exchange rate alternation on cash and cash equivalents		(3,610,150)	(325,164)
V. Net increase of cash and cash equivalents		1,542,846,230	1,203,638,725
Plus: Balance of cash and cash equivalents at the beginning of term	(V)50(1)	8,775,661,067	7,358,057,106
VI. Balance of cash and cash equivalents at the end of term	(V)50(1)	10,318,507,297	8,561,695,831

China Merchants Property Development Co., Ltd.

The period from January 1, 2010 to June 30, 2010

Cash Flow Statement (Parent Company)

In RMB

Items	Note	Amount of the Current Term	Amount of the same period of last year
I. Net cash flow from business operation			
Cash received from sales of products and providing of services		-	-
Tax returned		-	-
Other cash received from business operation		552,707,036	3,745,135,936
Sub-total of cash inflow from business activities		552,707,036	3,745,135,936
Cash paid for purchasing of merchandise and services			
Cash paid to staffs or paid for staffs		5,860,756	6,505,053
Taxes paid		5,024,297	72,411
Other cash paid for business activities		2,277,673,432	1,974,950,670
Sub-total of cash outflow from business activities		2,288,558,485	1,981,528,134
Cash flow generated by business operation, net		(1,735,851,449)	1,763,607,802
II. Cash flow generated by investing			
Cash received from investment retrieving		-	-
Cash received as investment gains		-	-
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received		-	-
Sub-total of cash inflow due to investment activities		-	-
Cash paid for construction of fixed assets, intangible assets and other long-term assets		40,900	-
Cash paid as investment		10,000,000	-
Net cash received from subsidiaries and other operational units		-	-
Other cash paid for investment activities		-	-
Sub-total of cash outflow due to investment activities		-	-
Net cash flow generated by investment		10,040,900	-
III. Cash flow generated by financing			
Cash received as investment		-	-

China Merchants Property Development Co., Ltd.

Items	Note	Amount of the Current Term	Amount of the same period of last year
Cash received as loans		1,318,282,000	1,698,346,000
Other financing-related cash received			
Subtotal of cash inflow from financing activities		1,318,282,000	1,698,346,000
Cash to repay debts		627,909,000	2,830,102,100
Cash paid as dividend, profit, or interests		124,762,027	379,265,176
Other cash paid for financing activities			
Subtotal of cash outflow due to financing activities		752,671,027	3,209,367,276
Net cash flow generated by financing		565,610,973	(1,511,021,276)
IV. Influence of exchange rate alternation on cash and cash equivalents		(416,613)	(30,607)
V. Net increase of cash and cash equivalents		(1,180,697,989)	252,555,919
Plus: Balance of cash and cash equivalents at the beginning of term		6,268,540,841	4,728,619,945
VI. Balance of cash and cash equivalents at the end of term		5,087,842,852	4,981,175,864

The period from January 1, 2010 to June 30, 2010

Consolidated Statement of Change in Shareholders' Equity

In RMB

Items	Amount of the Current Term							Amount of Last Year						
	Shareholders' equity attributable to the parent company						Total of shareholders' equity	Shareholders' equity attributable to the parent company					Minor shareholders' equity	Total of shareholders' equity
	Share capital	Capital reserves	Surplus reserves	Retained profit	Others	Minor shareholders' equity		Share capital	Capital reserves	Surplus reserves	Retained profit	Others		
I. Balance at the end of last year	1,717,300,503	8,487,926,904	785,793,010	5,214,909,610	72,806,727	2,023,299,723	18,302,036,477	1,717,300,503	8,548,544,784	670,226,504	3,858,062,286	68,612,288	1,416,760,639	16,279,507,004
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	1,717,300,503	8,487,926,904	785,793,010	5,214,909,610	72,806,727	2,023,299,723	18,302,036,477	1,717,300,503	8,548,544,784	670,226,504	3,858,062,286	68,612,288	1,416,760,639	16,279,507,004
III. Changed in current term	-	(650,978)	-	878,449,231	22,946,838	840,671,238	1,741,416,329	-	(60,617,880)	115,566,506	1,356,847,324	4,194,439	606,539,084	2,022,529,473
(I) Net profit	-	-	-	1,050,179,281	-	348,747,012	1,398,926,293	-	-	-	1,644,143,880	-	110,321,971	1,754,465,851
(II) Other integrated income	-	(650,978)	-	-	22,946,838	16,250,321	38,546,181	-	2,457,054	-	-	4,194,439	1,192,914	7,844,407
Total of (I) and (II)	-	(650,978)	-	1,050,179,281	22,946,838	364,997,333	1,437,472,474	-	2,457,054	-	1,644,143,880	4,194,439	111,514,885	1,762,310,258
(III) Shareholder input and withdraw of share capital	-	-	-	-	-	475,673,905	475,673,905	-	(63,074,934)	-	-	-	795,570,007	732,495,073
1. Capital input by shareholders	-	-	-	-	-	475,673,905	475,673,905	-	-	-	-	-	338,613,691	338,613,691
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	(63,074,934)	-	-	-	456,956,316	393,881,382
(IV) Profit distribution	-	-	-	(171,730,050)	-	-	(171,730,050)	-	-	115,566,506	(287,296,556)	-	(300,545,808)	(472,275,858)
1. Providing of surplus reserves	-	-	-	-	-	-	-	-	-	115,566,506	(115,566,506)	-	-	-
2. Common risk provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	(171,730,050)	-	-	(171,730,050)	-	-	-	(171,730,050)	-	(300,545,808)	(472,275,858)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-

China Merchants Property Development Co., Ltd.

IV. Balance at the end of this term	1,717,300,503	8,487,275,926	785,793,010	6,093,358,841	95,753,565	2,863,970,961	20,043,452,806	1,717,300,503	8,487,926,904	785,793,010	5,214,909,610	72,806,727	2,023,299,723	18,302,036,477
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The period from January 1, 2010 to June 30, 2010

Statement of Change in Shareholders' Equity (Parent Company)

In RMB

Items	Amount of the Current Term					Amount of Last Year				
	Share capital	Capital reserves	Surplus reserves	Retained profit	Total of shareholders' equity	Share capital	Capital reserves	Surplus reserves	Retained profit	Total of shareholders' equity
I. Balance at the end of last year	1,717,300,503	8,930,527,676	734,841,617	3,539,110,277	14,921,780,073	1,717,300,503	8,928,070,622	619,275,111	2,670,741,774	13,935,388,010
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	1,717,300,503	8,930,527,676	734,841,617	3,539,110,277	14,921,780,073	1,717,300,503	8,928,070,622	619,275,111	2,670,741,774	13,935,388,010
III. Changed in current term	-	(650,978)	-	(152,855,462)	(153,506,440)	-	2,457,054	115,566,506	868,368,503	986,392,063
(I) Net profit	-	-	-	18,874,588	18,874,588	-	-	-	1,155,665,059	1,155,665,059
(II) Other integrated income	-	(650,978)	-	-	(650,978)	-	2,457,054	-	-	2,457,054
Total of (I) and (II)	-	(650,978)	-	18,874,588	18,223,610	-	2,457,054	-	1,155,665,059	1,158,122,113
(III) Shareholder input and withdraw of share capital	-	-	-	-	-	-	-	-	-	-
1. Capital input by shareholders	-	-	-	-	-	-	-	-	-	-
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	(171,730,050)	(171,730,050)	-	-	115,566,506	(287,296,556)	(171,730,050)
1. Providing of surplus reserves	-	-	-	-	-	-	-	115,566,506	(115,566,506)	-
2. Providing of common risk provisions	-	-	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	(171,730,050)	(171,730,050)	-	-	-	(171,730,050)	(171,730,050)
4. Others	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement of shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of this term	1,717,300,503	8,929,876,698	734,841,617	3,386,254,815	14,768,273,633	1,717,300,503	8,930,527,676	734,841,617	3,539,110,277	14,921,780,073

A. (I) Company Profiles

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 Shenzhen China in September 1990.

On February 23 1993, the Company raised finance by issuing 27,000,000 A shares to the local investors, and 50,000,000 B shares to foreign investors. Upon issuing 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.

In July 1995, part of B shares were listed in Singapore Stock Exchange by mean of SDR (Singapore Depository Receipts, “新加坡托管收据” in Chinese).

In June 2004, the Company changed its name to “China Merchants Property Development Co., Ltd.” After dividend distributions and rights issues implemented during 1994-2004, the Company's total number of shares had increased to 618,822,672 shares up to December 31, 2004.

On January 18, 2006, as approved by the shareholders' meeting, the A share relocation plan was implemented. Namely holders of current A shares received 2 A shares and RMB3.14 upon each 10 current A shares from the holders of non-current A shares. The total number of capital shares remains unchanged after completion of the relocation plan.

As approved by Document [2006]67 issued by China Securities Regulatory Commission, the Company has made full right issue of 15,100,000 convertible corporation bonds to original A shareholders on August 30, 2006, the part of right issue waived by the original A shareholders would be placed offline to institution investors. The bonds are with face value of RMB100 each. The convertible part became negotiable in Shenzhen Stock Exchange since September 11, 2006 with ID of “CM Convertible Bond” and the convertible date was March 1, 2007.

On May 25, 2007, CM Convertible Bond was terminated from trading and converting. All of the bonds not converted yet were repurchased by the Company. Till then, there were totally 15,093,841 bonds (with total face value of RMB1,509,384,100) converted into 115,307,691 shares. The remained 6,159 convertible bonds (with face value of RMB615,900) were repurchased by the Company. Thus the capital shares of the Company had increased up to 734,130,363 shares.

As approved by document Zheng-Jian-Fa-Xing-Zi [2007]299 issued by China Securities Regulatory Commission, the company has placed 110,736,639 shares privately to China Merchants Shekou Industrial Zone Co., Ltd. on September 19, 2007. The Company's capital shares has increased up to 844,867,002 shares since then.

On March 17, 2008, the plan for profit distribution and capitalizing of common reserves for year 2007 was passed by the Shareholders' General Meeting 2007, which was, basing on the total capital share of 844,867,002 at December 31, 2007, 3 bonus shares were to distributed to each 10 shares, meanwhile 2 new shares were to converted to each 10 shares from the common reserves basing on the same. Since then, the total capital shares of the Company would be increased to 1,267,300,503 shares.

Under "Approval for issuing of new shares by China Merchants Property Development Co., Ltd." (Zheng-Jian-Xu-Ke[2008]989) issued by China Securities Regulatory Commission, the Company issued 450,000,000 shares to existing A-share holders on November 26, 2008, among which 279,349,288 shares were subscribed by China Merchants Shekou Industrial Zone Co., Ltd. – one of the shareholders of the Company. The total capital shares of the Company has increased up to 1,717,300,503 shares since then.

The Company has its headquarter located in Shenzhen Guangdong. The Company and its subsidiaries (referred to as "The Group") are mainly engaged in property development, public utilities (water and power supply), and property management.

China Merchants Shekou Industrial Zone Co., Ltd. is the parent company of the Company, and China Merchants Group Ltd. is the ultimate holding shareholder.

B. *(II) Main Accounting Policies, Estimations and Retrospecting of Previous Accounting Errors*

1、Basis of the Financial Statements

Basis of Presentation and Principle of Pricing

The accounting basis of the Group is the accrual system. Except that some financial tools are accounted according to fair value, the financial statements take the historical cost as the accounting basis. If assets impair, account the corresponding provisions for impairment in accordance with the relevant provisions.

2. Statement of compliance to the Enterprise Accounting Standard

The financial statements prepared by the Company comply with the requirement of New Accounting Standards, and are truly and completely reflecting the financial situations as of June 30, 2010 of both the company and consolidated, as well as the operation results and

cash flow in the period from January 1, 2010 to June 30, 2010 of the Company and consolidated as well.

3. Accounting period

The fiscal year of the Group is the solar calendar year, that is from January 1 to December 31.

4. Standard currency for bookkeeping

RMB is the primary currency in main economic environments, thus the Company and its domestic subsidiaries adopt RMB as the standard currency for bookkeeping. The business of the subsidiaries of the Group in Hong Kong, Singapore shall be accounted in Hong Kong Dollar. Standard currency used in this financial statement is RMB.

5. Accounting treatment of the merging entities under common control and different control

Merger of companies refers to those trade or event that merges over two individual companies into one report subject. Merger of companies is divided into merger of enterprises under common control and merger of enterprises under different control.

Assets and liabilities acquired from merger of enterprises are recognized at consolidation day or purchasing day. Consolidation day or purchasing day is the date when the controlling power over the target enterprise are practically obtained, namely the date when the net asset or controlling power of business operation decision-making is transferred to the Company.

5.1 Merger of entities under common control

Both before and after the merger, the enterprises are under common control of sole party or several parties, and the controlling power is by no means temporary, it is regarded as merger of enterprises under common control. The party which obtained the controlling power over other parties participated in the merger at the merger day is referred to as the merging party, where the other parties are referred to as the merged party.

Assets and liabilities obtained by the merging party are calculated at their book value with the merged parties at the merger day. The differences between the book value of net assets and the book value of consideration price (or the total of face value of share issued) are adjusted to the share capital premium under the capital reserves. If the share capital premium is not enough to neutralize the difference, it will be adjusted to the retained gains.

Direct expenses occurred to the merging party for the merger are accounted into current gain/loss account when occurred.

5.2 Merger of entities under different control and goodwill

When the enterprises participated in the merger are not under controlling of the same party or group of parties, either before or after the merger, the merger is regarded as merger of enterprises under different control. At merging of enterprises under different control, the party which obtains power of control over other participants is regarded as the buying party, and the other parties are regarded as the bought parties.

For merger of enterprises under common control, the merger cost is the fair value of capital paid, liability occurred or undertaken, or equity instrument issued thereof, on the day of purchasing to obtain power of control over the bought party, and those expenses directly related to the merger. For merger done through multiple trades, the overall cost is the sum of cost of each single trade. If the merger contract provided faith on future events that may influence the merger cost, and the event has great possibility to happen, and its influence may be reliably measured, then it will be accounted into merger cost.

Recognizable assets, liabilities, and contingent liabilities obtained in merger of enterprises under different control, are measured at their fair value on the purchase day.

When the merger cost is greater than the share of fair value of recognizable net asset of the bought enterprise, the balance is recognized as goodwill. When the merger cost is lower than the share of fair value of recognizable net asset of the bought enterprise, revising will firstly be done on the merger cost and fair value of each recognizable assets, liabilities, and contingent liabilities of the bought party, and if the merger cost is still lower than the share of fair value of recognizable net asset of the bought enterprise, the balance will be accounted into current gain/loss account.

Goodwill and intangible assets formed by merger of enterprises, shall be verified annually for impairment. Verifying of goodwill is performed along with the asset group or combination of asset groups to which the goodwill is related. I.e. the book value of goodwill shall be reasonably amortized to the related asset group since the day acquired. Those can hardly be amortized to the related asset group shall be amortized to the combination of asset groups. Impairment loss is recognized when the retrievable value of the asset group or combination of asset groups including the goodwill is lower than its book value. Impairment losses shall be firstly amortized to the book value of goodwill of the asset group or combination of asset groups, then amortized to other assets in the group or combination of groups at their relative portions.

Retrievable value is the higher one of the net amount of fair value less disposal expenses and the current value of expected future cash flow the asset may cause. Fair value is determined according to a fair trade contract; for those without trade contract but has an active market, the fair value is determined at the price offered by the buyer; for those without trade contract and active market, the fair value can be determined according to the best information

obtained. Disposal expenses include those legal expenses, taxes, truckage, and other direct expenses occurred in purpose of make the asset usable.

Goodwill impairment will not be written back in subsequent fiscal periods as soon as it was recognized.

6. Preparing method of consolidated financial statements

Consolidation range is determined on the basis of control power for the consolidated financial statements. Control power means the Company has the ability to decide the financial and operation issues of another firm and can obtain profit from the firm's business operation.

The Company adopts the date of gaining or losing power of control over the subsidiaries as the date of purchasing or disposal. For subsidiaries being disposed, their business result and cash flow before the disposal day have been appropriately demonstrated in the consolidated income statement and cash flow statement. For subsidiaries disposed in the current term, the initial amount of the consolidated balance sheet will not be adjusted. Subsidiaries added as merger of enterprises under different control, their operation results and cash flow after the purchase day have been appropriately demonstrated in the consolidated income statement and cash flow statement. The initial amount and comparison amount of the consolidated financial statement will not be adjusted. Subsidiaries added as merger of enterprises under common control, their operation results and cash flow from the beginning of current term to the merger day have been appropriately demonstrated in the consolidated income statement and consolidated cash flow statement. And the comparison amount in the consolidated financial statement shall be adjusted accordingly.

The accounting policies and accounting periods of the subsidiaries are decided accord with the Company's accounting policies and accounting periods.

Trades and major accounts between the Company and subsidiary or any two subsidiaries shall be neutralized when consolidated.

Those share of owners' equity in the subsidiaries not attributable to the parent company are treated as minor shareholders' equity, and demonstrated as 摎minor shareholders' equity?under the shareholders' equity items in the consolidated balance sheet. The shares of minor shareholders' equity in net income of current term are demonstrated under 'Minor shareholders' gain/loss' under the net profit items in the consolidated income statement. When the share of losses attributable to the minor shareholders has exceeded their shares in the shareholders' equity at the beginning of term, if the Articles of Association of the Company has decided beforehand that the minor shareholders has the responsibility to undertake the losses and have the power to make up them, the shareholders' equity shall be

deducted thereof. If not so, it will be deducted from the shareholders' equity attributable to the parent company of the Company. Profits produced by the subsidiary in subsequent periods are attributable to the shareholders' equity of the parent company of the Company before making up of the losses attributed to the minor shareholders but undertaken by the parent company of the Company.

7. Recognition basis of cash and cash equivalents

Cash refers to in-stock cash and bank savings which are available for payment whenever needed. Cash equivalent refers to the investment held by the Company with short term, strong liquidity and low risk of value fluctuation that is easy to be converted into cash of known amount.

8. Translation of businesses and accounts in foreign currency

8.1 Foreign currency businesses

Foreign currency transactions at initial confirmation shall be translated with the approximate exchange rate on the exchange date, the exchange rates which are approximate to the exchange rate on the exchange date shall be determined according to the spot exchange rate of the current month of the transaction.

At the balance sheet day, foreign currencies are translated to Renminbi at the instant exchange rate of that day, the exchange difference caused by difference of the instant rate at that day and the rate adopted in initial recognition, or the exchange rate adopted in previous balance sheet, are accounted into current gain/loss account, except for: (1) The exchange difference of special foreign currency borrowing satisfying the conditions of capitalization, which is capitalized and accounted into cost of related asset; (2) Exchange difference of hedge instruments for purpose of avoiding exchange risks is treated by the way of accounting on hedge instruments; (3) Exchange differences caused by sellable non-monetary items (shares for instance), and exchange differences caused by fluctuation of other book balance other than retained cost of sellable monetary items, are accounted into current income account.

Non-monetary items in foreign currency and measured with historical costs are still measured at standard currency with exchange rate of the day when the transaction is happened. Non-monetary foreign currency items in fair value are translated at the rate when the fair value is determined. Differences between the standard currency and original currency is handled as fair value fluctuation and accounted under current gain/loss account or other integrated income and recorded into capital reserves.

8.2 Translation of foreign currency accounts

When preparing of consolidated financial statements is involving in overseas business operation, if it is a foreign currency item practically formed net investment in overseas

business, the difference caused by exchange rate fluctuation will be accounted under “difference of foreign currency translation” of shareholders’ equity. When the overseas business is disposed of, it will be accounted into current gain/loss.

Foreign currency financial statements prepared for the Company’s overseas businesses are translated by the following methods: All asset and liability items in the balance sheet are translated at the exchange rate of the balance sheet date; shareholders’ equity items except for 撥ndistributed profit?are translated at the exchange rate of the day when they happened; all items in the income statement and items reflecting the amount of profit distribution are translated at the similar exchange rate of the date when the trades happened; undistributed profit at the beginning of year is the undistributed profit translated at the end of previous year; undistributed profit at the end of year are demonstrated according to the calculation of profit distribution items after translated; the differences between the translated asset items and liability items and total amount of shareholders’ equity items are demonstrated separately as difference of foreign currency statement translation under shareholders’ equity items in the balance sheet.

When disposing of overseas businesses, those foreign currency statement translation differences displayed under shareholders’ equity in balance sheet and related to the overseas businesses are fully or at the portion of the business transferred over to current gain/loss account regarding disposal.

Foreign currency cash flow and overseas subsidiaries’ cash flow are translated on the similar exchange rate of the day when the cash flow was happened. Influences of exchange rate movement on cash and cash equivalents are regarded as adjustment items and demonstrated under 攄nfluence of exchange rates on cash and cash equivalents?in the cash flow statement.

The initial amount at the beginning of year and the practical amount of last year are presented according to the translated amount of the financial statements of last year.

9. Financial instruments

9.1 Deciding of fair value of financial assets and financial liabilities

Fair value is the amount in a fair trade decided mutually by the both parties doing the trade or debt clearance voluntarily and who are familiar with the situation. When there is an active market for the financial instrument, the value quoted at the active market is adopted by the Company as the fair value. Value quoted at the active market refers to the amount can be easily obtained from the exchange, brokers, industrial associations, or pricing institutions, and is representing the price practically used in market transactions. When there isn’t any active market, fair value will be recognized by evaluation techniques. Evaluation techniques include referencing to the prices adopted in latest voluntary transaction between parties with full understanding of the situation, referencing to the current fair value of other substantially

similar financial instruments, discounted cash flow analysis, and future option pricing model.

9.2 Categorizing, recognition and measuring of financial assets

Transactions of financial assets in common ways are recognized and terminated according to the accounting of the trading day. At initial recognition, financial assets are divided into financial assets measured at fair value that accounted into current gain/loss account by its variations, investment in possession till expiration, loans and receivables, and disposable financial assets. Fair values are adopted in initial recognitions of financial assets. For those financial assets measured by fair value and with variations accounted into current gain/loss account, the relative transaction expenses are accounted into current gain/loss account directly, while the transaction expenses of other categories are accounted into initial recognition amounts.

9.2.1 Financial assets measured by fair value and fluctuation accounted into current income account

Including transactional financial assets and financial assets measured by fair value and with variations accounted into current gain/loss account

Transactional financial assets are those satisfying one of the followings:(1) The purpose of acquiring the assets is to sell or repurchase them in a recent time;(2) It is part of the distinguishable financial instrument portfolio under collective management, and there is practical evidence showing that the Company is managing this portfolio by way of short term gain;(3) Belongs to derivative financial instrument, however except for those be recognized as effective hedging instruments, derivative instruments belongs to financial guarantee contract, connected to option instruments without quotation in active market and cannot be reliably measured for their fair value and can only be settled by delivery of this option instrument.

Financial assets satisfying one of the following conditions can be recognized as financial assets measured by fair value and with variations accounted into current gain/loss account:(1) This recognition may eliminate or obviously reduce the divorce of gain or loss caused by adopting of different measuring basis of the particular financial asset;(2) It has been stipulated by the official document regarding risk management or investment strategies, that the portfolio of financial assets or portfolio of financial assets and liabilities should be managed, evaluated and reported to key managements on basis of fair value.

Fair value basis is adopted in successive measurement of financial assets measured by fair value and with variations accounted into current gain/loss account. Gains or losses caused by variation of fair value and the dividend or interest related to the financial assets is accounted into current gain/loss account as well.

9.2.2 Investment held till due date

Refers to those non-derivate financial assets which has fixed expiration date, retrievable amount, and the Company has definite intention and ability to hold under its possession.

Accounting of investment hold till expiration is on actual interest rate basis, and successive measurement will upon retained cost after amortization, where the gains and losses occurred at termination recognition, impairment, or amortization, are accounted into current gain/loss account.

Actual interest rate basis refers to the method of calculating the amortized costs and every due interests at actual interest rate of financial assets or liabilities (including a group of financial assets or liabilities). Actual interest rate refers to the interest rates used in discounting of future cash flow of particular financial asset or liability during its existing period or applicable shorter time to the current book value.

At calculating of the actual interest rate, the Company predicts future cash flow with considering the financial assets or liabilities on the basis of all contract clauses (without considering future credit loss), as well as the costs, expenses, discounts or premiums paid between the parties of above contracts regarding the financial assets or liabilities of which can be regarded as part of the actual interest rates.

9.2.3 Loans and receivable accounts

They are referring to those non-derivate financial assets without quotation in the active market, but with fixed retrievable amount. Financial assets categorized under loans and receivables include notes receivable, account receivable, interest receivable, dividend receivable and other receivable.

Accounting of loan and receivable is on actual interest rate basis, and successive measurement will upon retained cost after amortization, where the gains and losses occurred at termination recognition, impairment, or amortization, are accounted into current gain/loss account.

9.2.4 Disposable financial assets

Includes those non-derivate financial assets recognized as disposable at initial recognition, and financial assets other than those accounted at fair value and variations accounted into current gain/loss, loans and receivable, and investment in possession till due.

Successive measurement of disposable financial assets is on fair value basis, gains or losses from variation of fair values, except for impairment loss and exchange difference of foreign currency financial assets related to retained costs, are accounted directly into shareholders' equity, and transferred over to current gain/loss at termination of such financial assets.

Interests obtained during the period of holding the disposable financial assets and cash dividend announced by the debtor are accounted into investment gains.

9.3 Impairment of financial assets

Except for financial assets accounted at fair value and variation accounted into current gain/loss account, the Company undertake inspection on the book value of other financial assets at each balance sheet day, whenever practical evidence showing that impairment occurred with them, impairment provisions are provided.

Practical evidences on impairment of financial assets are the followings:

- (1)The issuer or the debtor is in serious financial difficulty;
- (2)The debtor has broken the conditions of contract, for instance default or overdue of payment for interest or principal;
- (3)With consideration of economic or legal factors, the Company decided to give way to the debtor who is in financial difficulty;
- (4)There is great possibility that the debtor will bankrupt or use other debt reorganizing process;
- (5)Financial asset is not able to be traded in the active market because the issuer is in significant financial difficulty;
- (6)It is hard to tell whether the cash flow of a particular asset in a portfolio has been declining, whereas upon overall evaluation, the Company discovered that the predicted cash flow of the portfolio has practically decreased since the initial recognition, and the decrease is quantifiable, including:
 - The debtor of the portfolio is becoming worse in ability of making payments;
 - Particular situation happened with the country or area where the debtor is located, which may cause obstructions for payment of the financial asset;
- (7)Major negative change occurred with the technical, market, economical, or legal environment of the debtors business territory, which may cause obstructions for the investor to retrieve the investment;
- (8)The fair value of right investment instrument is significantly decreasing or non-contemporarily decreasing;
- (9)Other practical evidence showing that impairment has happened with the financial asset.

The Company performs impairment test separately on individual financial assets with major amounts; for financial assets without major amounts, the Company performs impairment test separately or inclusively in a group of financial assets with similar characteristics of risks. Those financial assets (individual financial assets with or without major amounts) tested separately with no impairment found shall be tested again along with the group of financial assets with similar risk characteristics. Financial assets confirmed for impairment individually shall not be tested along with the group of financial assets with similar risk

characteristics.

- Impairment of investment in possession till expiration, loans, and receivables

Financial assets measured at cost or retained cost after amortization are written down to the current value of predicted future cash flow, the reduced amount is recognized as impairment loss and accounted into current gain/loss account. Upon recognized for impairment losses, if practical evidence showing that a particular financial asset has recovered in value, and practically related to the issues occurred after recognition of the loss, the recognized impairment loss is restored, the book value of the particular financial asset after the restoring of impairment loss shall not greater than the amortized cost at the day of restoring as if no impairment loss has ever been provided.

- Impairment of sellable financial assets

When impairment occurred with a sellable financial asset, the accumulated losses caused by decreasing of fair value which have originally been written into capital reserves shall be carried over to current gain/loss account, the accumulated loss carried over is the balance of initial cost after deducting of retrieved principal, amortized amount, current fair value, and impairment originally accounted into gain/loss account.

If practical evidence showing that the value of a particular financial asset has recovered in value after a impairment loss has been recognized and practically related to the issues occurred after recognition of the loss, the impairment loss recognized shall be restored. Impairment loss of disposable equity investment instrument will be restored to other miscellaneous income, and the same of disposable liability instrument will be restored to current gain/loss account.

Impairment losses of right investment instrument without quotation in an active market and can't be reliably measured for its fair value, or derivative financial assets which must be settled by delivering of such right investment instrument shall not be restored.

9.4 Basis of recognition and accounting of financial asset transferring

Recognition will be terminated when a financial asset satisfies one of the following conditions:(1) The rights set out by the contract by which the cash flow of the financial asset is collected have been terminated;(2) The financial asset has been transferred to other parties along with almost all of the risks and rewards attached to the financial asset;(3) The financial asset has been transferred to other parties, although neither transferred nor reserved the most risks and rewards attached to the financial asset, the Company gave away its controlling power over it.

If the firm neither transferred nor reserved almost all of the risks and rewards attached to the financial asset, and did not give away the control over the financial asset, then the relative financial asset is recognized to the extent of continuous involving in the financial asset, and relative liabilities as well. Continuous involving refers to the risk level of value fluctuation risk the financial asset may confront the firm.

When the overall transferring of particular financial asset has satisfied the conditions of termination, the difference between “the book value and offer in transferring” and “accumulation of fair value fluctuation which has been accounted into miscellaneous income” shall be accounted into current income account.

When partial transferring of particular financial asset has satisfied conditions of termination, the book value of transferred financial asset shall be amortized between the terminated part and un-terminated part according their corresponding fair value, and the difference between “the total of the offer received in transferring and the accumulative of fair value fluctuation originally accounted into other misc. income amortizable to termination part” and “amortizable aforesaid book value” shall be accounted into current income account.

9.5 Categorizing and measuring of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities measured by fair value with changes counted into current income account and other financial liabilities. Initial recognition of financial liabilities is on fair value basis. For financial liabilities measured by fair value with changes accounted into current income account, the related transaction expenses are accounted into current income account directly, as for other financial liabilities, the related transaction expenses are accounted into initially recognized amount.

9.5.1 Financial liabilities accounted at fair value and fluctuation accounted into current gain/loss account

Recognition conditions of transactional financial liabilities and those being assigned to financial liabilities measured by fair value with changes counted into current income account are similar with those conditions of transactional financial assets and those being assigned to financial assets measured by fair value with changes counted into current income account.

Successive measurements of financial liabilities measured by fair value with changes counted into current income account are on fair value basis. Gains or losses due to change of fair value and dividend or interest payment related to the financial asset are counted into current income account.

9.5.2 Other financial liabilities

Derivative financial liabilities bonded to those equity instruments without quotation in an active market and cannot be reliably measured for fair value, and can only be settled by

giving of the equity instrument, are measured on cost basis in successive measurement. Accounting of other financial liabilities is on practical interest basis; successive measurements are on amortized balance of cost; gains or losses due to termination recognition or amortizing are accounted into current income account.

9.5.3 Financial guarantee contracts

Financial guarantee contracts that cannot be classified to financial liabilities assigned to be calculated by fair value with changes accounted into current income account, are initially recognized at fair value. Successive measurement will be on the greater one between the amount recognized according to 企业会计准则第13号—或有事项 and the balance of initially recognized amount less accumulative amortization decided according to 企业会计准则第14号—收入?

9.6 Termination of financial liabilities

When the current liabilities of particular financial liability have been wholly or partially relieved, recognition of the financial asset or part of it can only be terminated. When the Group (the debtor) has entered an agreement with the creditor, by which the current financial liability is replaced by accepting of new financial liabilities, and the contract conditions are substantially different between the new and old contract, recognition of the financial liability is terminated, and the new financial liability is recognized at the meantime.

When a financial liability is wholly or partially terminated, the difference between the book value of the terminated part and offered value (including non-monetary asset transferred out or new financial liabilities accepted) shall be accounted into current income account.

9.7 Derivative financial instruments and embedded derivative instruments

Derivative instruments are initially measured on fair value basis at the day when the contracts are signed, and successive measurements are on fair value as well. Change of fair value of derivative instruments are accounted into current income account.

For combined instruments with embedded derivative instruments, in case they are not assigned as financial assets or liabilities on fair value basis and changes accounted into current income account, there is no close relationship between the embedded derivative instruments and the main contract regarding financial and risk characteristics, and with same conditions, and the individual instrument is satisfying the definition of derivative instrument, the embedded derivative instrument shall be separated from the combined instrument and treated as if it is an individual derivative instrument. In case individual measurement is not able to be carried out on the embedded instrument at acquisition day or successive period, then the combined instrument is assigned to financial asset or liability accounted on fair value basis with changes accounted into current income account.

9.7.1 Convertible bonds

Convertible bonds containing liabilities and converting options issued by the Company are split and recognized separately at initial recognition. Where converting options settled by fixed amount of cash or exchanging of other financial assets for fixed amount of self equity instrument, are accounted as equity.

At initial recognition, the fair value of the liability part is determined with reference to the current market price of similar bonds without converting option. Balance of the whole issuing price of the convertible bonds less the fair value of the liability part is recognized as the price of converting option by which the holders may convert the bonds into equity instruments, and shall be accounted under “Capital reserves – other capital reserves (share converting option)”

9.8 Neutralizing of financial assets and financial liabilities

The Company is legally empowered to neutralize the recognized financial assets and financial liabilities. The power is currently executable. At the meantime, if the Company is about to liquidate by net amount or cash in the financial assets and discharge the financial liabilities simultaneously, the neutralized amounts of financial assets and liabilities are demonstrated in the Balance Sheet. Except for the above, financial assets and liabilities are demonstrated separately and shall not be neutralized by each other.

9.9 Equity instruments

Equity instruments are those contracts which can prove the retained equities in the asset the Group holds after deduction of all liabilities. The balance of equity instrument offer received at issuing less subscription expense is added to shareholders' equity.

Interest allocations (exclude share dividend) to the equity instruments are deducted from shareholders' equity. The Group don't recognize fair value fluctuation amount of equity instruments.

10. Account receivable

10.1 Recognition and provision of bad debt provision on receivable accounts with large amount

Recognition criteria of bad debt provision on receivable accounts with large amount	The Group recognizes receivable accounts over RMB10 million as receivable accounts with large amount
Provision of bad debt provision on receivable accounts with large amount	The Company performs impairment test separately on individual financial assets with large amounts; those financial assets tested separately with no impairment found shall be tested again along with the group of financial assets with similar risk characteristics. Financial assets confirmed for impairment shall not be tested along with the group of financial assets with similar risk

	characteristics.
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10.2 Recognition and providing of bad debt provisions on receivable accounts with minor amount but with greater risk after combined in the group with similar characteristics

Recognition basis of credit risk groups	Receivable accounts with minor amount individually and those with large amount but tested no impairment, are grouped according to their credit risks. These credit risks are usually reflecting the ability of repaying according to the contract of the debtor, and related to testing of future cash flow of the receivable account. Receivable accounts overdue for over 3 years are classified as minor amount but with greater risks after combining with risk group.
Providing method decided on the group of similar risks	When impairment testing by way of risk grouping, amount of bad debt provision is decided according to historical experiences and current economical situation and evaluated loss already exists with the groups.

10.3 Rate of bad debt provisions provided on account age basis

Age analysis method		
Age	Rate for receivables (%)	Rate for other receivables (%)
within 3 months (include)	1%	1%
3-6 months	2%	2%
6-9 months	3%	3%
9-12 months	5%	5%
1-2 years	10%	10%
2-3 years	30%	30%
3-4 years	50%	50%
4-5 years	80%	80%
over 5 yrs	100%	100%

11. Inventories

11.1 Categorizing and pricing of inventory delivered

The inventories shall measured according to the initial cost. Inventories are divided into real estate development products, raw materials, finished products and stocks, low-value and consumable products and others.

The real estate development products are the real estate development products under construction, development products which have been completed, the lands to be developed, etc. The actual costs of real estate development products include the land transfer amount,

infrastructure expenses, and expenditures on construction and installation works, the borrowing costs before the completion of the development projects and other related costs. When the inventories are sent out, determine the actual cost by the individual valuation method.

The actual costs of inventories include the purchase price, transportation cost, and insurance premium, taxes and other related costs for the expenses of making inventories reach the current site and state. When send out the inventories, determine its actual costs according to the method of weighted average.

Construction contracts are measured at actual costs, including related direct and indirect expenses occurred from signing to completion of the contract. Accumulated actual costs and accumulated recognized gross profit (loss) and settled prices are demonstrated at net value in the balance sheet after neutralization. The balance of “total of accumulated actual cost and accumulated recognized gross profit (loss)” over the “settled price” is demonstrated as inventory. The balance of “settled price” over “total of accumulated actual cost and accumulated recognized gross profit (loss)” is demonstrated as account received in advance.

Expenses such as travelling expenses and bidding expenses related to construction contract are accounted into contract cost when they can be distinguished and measured reliably, and the contract is possibly been engaged. Otherwise are accounted into current income account.

11.2 Recognition basis of realizable net value of inventory and providing basis of inventory impairment provision

On the balance sheet date, inventories are accounted depending on which is lower between the cost and the net realisable value. When its net realisable value is lower than the cost, provisions for impairment of inventories shall be drawn. Provisions for impairment of inventories shall be accounted according to the difference between the cost of individual inventory items and the net realisable value.

After providing of inventory impairment provision, if the impacting factors that caused impairment of inventory were eliminated, and the realizable value of the inventory becomes higher than the book value, the inventory impairment provision formerly provided shall be restored into current income account.

Realizable net value is, in daily transaction, the amount of predicted sales price less predicted cost at completion of construction, less predicted sales expense and tax. Recognition of realizable net value of inventory shall base on confirmed evidence obtained, with reference to the purpose to hold the inventory, and influence of post balance sheet issues.

11.3 Inventory system

Inventory system is the perpetual inventory system.

11.4 Amortizing basis of low-value consumable materials

Low-value consumables are amortized on one-off basis.

12. Long-term equity investment

12.1 Recognition of initial investment cost

For the long-term equity investment formed by corporate merger, if it is the long-term equity investment obtained from the corporate merger under the same control, the share of book value of owner's equity on the merger date shall be taken as the initial investment cost. The long-term equity investment obtained through the corporate merger under different control shall be taken as the initial investment cost of long-term equity investment. The other long-term investment besides the long-term equity investment formed by corporate merger shall conduct initial measurement according to its cost.

12.2 Successive measurement and recognition of gain/loss

For the long-term equity investments that have no joint control or significant influence and have no price in active market and the fair value can not be reliably measured, shall adopt the the cost accounting method; for the long-term equity investments that have joint control or significant influence, shall adopt the method of equity to account. For those without controlling, joint control or significant influence, and can be measured reliably for their fair values, they are accounted as sellable financial assets.

Meanwhile, the Company apply cost basis in accounting of long-term equity investment with substantial control.

12.2.1 Long-term equity investment on cost basis

When cost basis is adopted, long-term equity investments are measured at initial cost. Investment gains are recognized as the cash dividend or profit announced and distributed, except for those cash dividend or profit which have already included in the actual payment of offer when the investment was made.

12.2.2 Long-term equity investment on equity basis

When equity basis is adopted, if the initial cost of the long-term equity investment is greater than the share of fair value of the receiver's recognizable net asset, the initial investment cost of the long-term equity investment will not be adjusted; if the initial cost of the long-term equity investment is less than the share of fair value of the receiver's recognizable net asset, the balance shall be counted into current income account, and the cost of long-term equity investment shall be adjusted.

When equity basis is adopted, investment gain/loss of the current term is the share of net gains or losses of the investment receiver of the current year. Recognition of the share of net gains or losses of the investment receiver shall be on the basis of fair value of recognizable asset of the receiver when the investment was made, and recognized after adjustment on the net profit of the receiver in accordance with the Company's accounting policies and accounting period. For the gain/loss due to unrealised internal trade between the Company and co-operations, the share of the Company in this gain/loss shall be neutralized, and investment gains shall be recognized upon them. But the losses from unrealised trade between the Company and investment receivers which are regarded as losses from asset transferring according to "Enterprise Accounting Standard No.8 – Asset impairment" shall not be neutralized. Change of equities of the investment receiver other than net gains or losses shall be counted into shareholders' equity, and the book value of long-term equity investment shall be adjusted correspondingly and recognized as other miscellaneous income and recorded in capital reserves.

Recognition of the share of net loss by the investment receiver shall be limited to when the book value of long-term equity investment and other long-term equity forms substantial net investment has been reduced to zero. Beside, if the Company is responsible for other losses of the investment receiver, predicted liability shall be recognized upon the prediction of responsibilities and recorded into current investment loss account. If the receiver realized net profit in the period thereafter, the share of gains is recovered after making up of share of losses which has not been recognized.

12.2.3 Purchasing of minority share equity

At preparing of consolidated financial statements, the difference between the newly added long-term equity investment due to purchasing of minority share equity and share of net asset calculated upon the new share portion from the date of acquisition (or date of consolidation) in continuous way, shall be adjusted in capital reserves, and when the capital reserves is not enough to be offsetted, the balance will be adjusted from the retained gains.

12.2.4 Disposal of long-term equity investment

In the consolidated financial statement, when the parent company partially disposes the long-term equity investment in the subsidiary without losing controlling power over it, the difference between the disposing price and the share of net asset corresponding to the disposed long-term equity investment is accounted into shareholders' equity. Disposal of long-term equity investment in other conditions, the difference between the book value and actual price received shall be accounted into current income account. For long-term equity investment accounted on equity basis, the part originally accounted into shareholders' equity is carried over to current income account at corresponding rate when disposed.

12.3 Basis of deciding the common control and major influence on the invested firm

Controlling power means the power over the firm's financial and operational decision-making, and can obtain profit from the operation of such firm. Mutual control means the controlling power on particular activity hold together with others against particular contract, and shall only take effect when all of the investment parties has collective affirmative opinions on the major financial or operational issues. Major influence means the power to participate in decision-making but cannot control or collectively control the same. At considering of substantial control or major influence of a firm, the potential voting right factors such as current convertible bonds or executable subscription options have been considered.

12.4 Impairment testing and basis of impairment provision

Impairment testing is performed on the long-term equity investment at each balance sheet date. In case of there is evidence showing impairment has occurred, the recoverable amount shall be assessed. If the recoverable amount is lower than the book value, the impairment provision shall be provided at the difference and accounted into current income account.

Once the impairment loss of a long-term equity investment is recognized, it shall not be written back in subsequent fiscal periods.

13. Investment property

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings. Furthermore, as for the idle estates hold by the Company and ready for rent, if the Board has made written resolutions to use them for rent and shall remain unchanged, they will be reported under investment real estate.

Investment real estate is measured according to the initial cost. The follow-up expenses that are related to investment real estate, if the economic interests related to the assets are likely to inflow cost and its costs can be reliably measured, shall be included in the cost of investment real estate. The other follow-up expense shall be included in the current loss.

The Group adopts the cost model to have follow-up measurements of the investment real estate, and to conduct depreciation or amortization according to the policies that are in consistent with the land use rights.

Impairment testing is performed on investment property at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided

for impairment provision and accounted into current income account.

Once impairment of investment property was recognized, it will not be written back in the subsequent fiscal periods.

Real estates for self use or inventories converted into investment real estate or investment real estate converted into real estate for self use, the book value before the conversion shall be taken as the recorded value after the conversion.

The difference of the income from the sale, transfer, dispose of the investment real estate deducting the book value and relevant taxes shall be included in the gains and losses in the current period.

14. Fixed assets

14.1 Recognition of fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life.

14.2 Depreciation of various fixed assets

Initial measurement shall be conducted on fixed assets according to the actual cost when obtain them and also considering the expected costs for disposal. From the next month since reaching the intended use state, depreciations on fixed assets shall be accounted by using the method of average life length. The service life of fixed assets, expected net residual value and the year depreciation rate are as follows:

Categories	Depreciation age (yrs)	Salvage value rate %	Annual depreciation ratio (%)
Houses & buildings	10-50 yrs	5%-10%	1.8%-9.5%
Equipment & machinery	10-20 yrs	5%-10%	4.5%-9.5%
Electronics, furniture, appliances	5-10 yrs	5%	9.5%-19%
Transportation equipment	5-10 yrs	5%	9.5%-19%

Estimated salvage value refers to the amount of value retrieved after deducting of predicted disposal expense when the expected using life of a fixed asset has expired and in the expected state of termination.

14.3 Impairment test on fixed asset and providing of impairment provision

Impairment testing is performed on fixed asset at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment

of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current income account.

Once fixed asset impairment is recognized, it shall not be written back in subsequent fiscal periods.

14.4 Other remarks

Subsequent expenses related to particular fixed assets, if the financial benefit attached to the fixed asset is possibly inflowing and the cost can be measured reliably, are accounted into fixed asset cost, and the book value of the replaced part is recognized termination.

Subsequent expense other than these are accounted into current income account when occurred.

The Company revises, at least once at the end of year, the useful life, estimated salvage value, and depreciation policies of the fixed assets. If any change happened, it will be treated as changing of accounting estimations.

Income from treatment of fixed asset disposing, transferring, discarding or damage, the balance after deducting of book value and relative taxes is recorded into current income account.

15. Construction-in-progress

Cost of construction in process is determined at practical construction expenditures, including all expenses during the construction, capitalized loan expenses before the construction reaches useful status, and other relative expenses. It is transferred to fixed asset as soon as the construction reaches the useful status.

Impairment testing is performed on construction in process at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current income account.

Once impairment of construction impairment is recognized, it shall not be written back in subsequent fiscal periods.

16. Borrowing expenses

Borrowing expenses include borrowing interests, amortizing of discount or premium,

auxiliary expenses, and exchange balances due to borrowings in foreign currencies. Borrowing expenses that can be attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized when the payment of asset and borrowing expenses have already occurred, and the purchasing or production activities in purpose of make the asset usable have started; Capitalizing will be terminated as soon as the asset that complying with capitalizing conditions has reached its usable or saleable status. The other borrowing expenses are recognized as expenses when occurred.

Interest expenses practically occurred at the current term of a special borrowing are capitalized after deducting of the bank saving interest of unused borrowed fund or provisional investment gains; Capitalization amounts of common borrowings are decided by the weighted average of exceeding part of accumulated asset expenses over the special borrowing assets multiply the capitalizing rate of common borrowings adopted. Capitalization rates are decided by the weighted average of common borrowings.

In the capitalization period, all of the exchange differences of special borrowings in foreign currencies are capitalized; exchange differences of common borrowings in foreign currencies are accounted into current income account.

Assets satisfying the conditions of capitalization are those fixed assets, investment assets or inventories which need a long period of time to purchase, construct, or manufacturing before becoming usable.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended until the purchasing, construction, or manufacturing process is resumed.

17. Intangible assets

Intangible assets are those recognizable non-monetary assets without physical shape under the Company's possess or control.

Intangible assets are measured by their costs. Those costs related to intangible assets, if the financial benefits are likely to inflow to the Company and can be reliably measured, then counted into intangible asset costs. Other expenditures related to intangible items are counted into current income account when occurred.

Land using rights purchased or by way of land using right payment for the Company's own use are accounted as intangible assets; land using rights purchased or by way of land using right payment for developing of merchandise properties are accounted into property developing costs. For those houses or buildings purchased from outside, the related

payments are allocated between land using rights and buildings. Those which can hardly be allocated are treated as fixed assets collectively.

Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become useable to the end of expected useful life.

At end of report term, revising will be performed on the useful life of intangible assets with limited useful life and the methods of amortizing. If any change happened, it will be treated as changing of accounting estimations.

Impairment testing is performed on intangible assets at each balance sheet day. When evidence showing that impairment has occurred, the recoverable value shall be assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to. If the recoverable value of an asset is lower than its book value, the balance shall be provided for impairment provision and accounted into current income account.

Once intangible asset impairment loss was recognized, shall not be written back in subsequent fiscal periods.

18. Long-term expenses to be amortized

Long-term amortizable expenses are those already occurred and amortizable to the current term and successive terms for over one year. Long-term amortizable expenses are evenly amortized to the benefit period.

19. Predicted liabilities

Responsibilities connected to contingent issues and satisfied all of the following conditions are recognized as predictive liabilities: (1) The responsibility is a current responsibility undertaken by the Company; (2) Fulfilling of the responsibility may lead to financial benefit outflow; (3) The responsibility can be measured reliably for its value.

At balance sheet day, with reference to the risks, uncertainty and periodic value of currency that connected to the contingent issues, the predicted liabilities are measured according to the best estimation on the payment to fulfil the current responsibility.

If the expenses for clearing of predictive liability is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognized separated as asset. Though the compensated amount shall not greater than the book value of the predictive liability.

20. Turnover

20.1 Income from sales of goods

When main risks and rewards attached to the ownership of goods have been transferred to the buyer, reserved neither continuous management power nor effective control over the goods, incoming payment can be measured reliably, relative financial benefit possibly inflow to the company, cost occurred or will occur can be reliably measured, sales income of goods is recognized.

If the buyer of the property can stipulate the main structural factors of the design prior to starting of construction, or can decide main structural alternation during the construction, and the construction agreement satisfies the definition of construction contract, the relative income and expenses are recognized according to “Enterprise Accounting Standard No.15 – construction contracts”; If the buyer of the property has limited ability to alter the design of property (for instance can only make minor alternation on the design), property sales income is recognized upon completion and acceptance of the property and the handover procedures were completed.

The sales income from power supply and water supply shall be recognized when the electricity and water have been provided and have received the right to collect the money.

20.2 Income from construction contracts

When the results of construct contracts can be reliably estimated, income and costs are recognized at the percentage of completion at the balance sheet day. Percentage of completion of the construction contracts are decided by estimation of completed work and other whole work.

Reliable estimation of construction results means satisfying of all of these conditions:

- (1) Overall income of the contract can be measured reliably;
- (2) Financial benefit attached to the contract is possibly inflow to the company;
- (3) Actual costs of the contract are distinguishable and can be reliably measured;
- (4) Progress of the work and expected costs can be reliably recognized.

If the results of construction contract are not able to reliably estimated, but the costs can be recovered, income shall be recognized at the cost actually recovered, contract costs are recognized as contract expenses at current term; if the costs are not recoverable, they are recognized instantly as contract cost rather than contract income. When the uncertain factors, which caused the results cannot be reliably estimated, were eliminated, income and expenses of the construction contract are recognized on completion percentage basis.

When the contract cost is predicted greater than the income, the predicted loss is recognized as current expenses.

20.3 Rental income

Rental income from operational rental properties are recognized as rental income toward periods within the contracted rental period on straight basis.

20.4 Income from property management fee

When the property management services have been provided and the income from property management will flow into the company and the relevant income and cost can be reliably measured, the property management income shall be recognized.

20.5 Interest income

Shall be determined and calculated according to the time of monetary capital and the actual rate.

21. Government allowance

Government subsidies are those monetary and/or non-monetary assets obtained from the government by free, but not include those capital input by the government by way of ownership. Government subsidies are classified to asset-related government subsidies and income-related government subsidies.

Monetary government subsidies are measured at the amount received or receivable. Non-monetary government subsidies are measured at fair value. If no fair value is available, nominal amount will be adopted. Government subsidies measured at nominal amount are accounted into current income account directly.

Asset-related government subsidies are recognized as differed income and accounted into current income evenly upon their useful life. Those income-related government subsidies used to neutralize relative expenses and losses of successive periods are recognized as differed income and accounted into current income at the period when the expenses are recognized; those used to neutralize relative expenses and losses which have already occurred are accounted into current income directly.

When a recognized government subsidy needs to be returned, if there is balance of relative deferred income, the booked balance of relative deferred income shall be neutralized, the exceeding part shall be accounted into current income account; if there is no relative deferred income, it will be accounted into current income account.

22. Differed income tax assets/ differed income tax liabilities

22.1 Income tax of current term

At the balance sheet date, the income tax liabilities (or assets) formed at current term or previous terms are measured by the predicted income tax payable according to the tax law. The taxable amount of income used in calculating of income tax expenses of current term is the result of adjusted accounting profit before tax of the current year according to the

relative tax laws.

22.2 Deferred income tax asset and deferred income tax liabilities

The differences between the book values and taxable basis of certain assets and liability items, and provisional differences occurred between the book value and taxable basis which are not recognized as assets and liabilities, but may be recognized for taxable basis according to the law, are recognized as deferred income tax asset and deferred income tax liabilities on liability basis of the balance sheet.

Those taxable provisional differences, which are related to initial recognition of goodwill, and neither enterprise merger, nor initial recognition of assets or liabilities generated by trades make no influence on the accounting profit and taxable income (or deductible losses), are not recognized as relative differed income tax liabilities. Meanwhile, those taxable provisional differences related to investments in subsidiaries, joint businesses, and cooperative businesses, if the Company is able to control the writing back time of the provisional differences, and these provisional differences may neither be written back in an expectable future, are not recognized as relative differed income tax liabilities. Beside the above exemptions, all of the other taxable provisional differences are recognized as differed income tax liabilities.

Those deductible provisional differences, which are neither enterprise merger, nor initial recognition of assets or liabilities generated by trades make no influence on the accounting profit and taxable income (or deductible losses), are not recognized as relative differed income tax assets. Meanwhile, those deductible provisional differences related to investments in subsidiaries, joint businesses, and cooperative businesses, if these provisional differences may neither be written back in an expectable future, or may not possibly obtain taxable income used to deduct the provisional difference, are not recognized as relative differed income tax assets. Beside the above exemptions, to the extend of the amount of taxable income used to deduct the provisional difference which can possibly be obtained, all of the other taxable provisional differences are recognized as differed income tax assets.

Those tax deductions which can be used to deduct losses and can be carried on to future years, to the extend of the amount of taxable income used to deduct the deductible losses and deductible tax which can possibly be obtained, are recognized as corresponding differed income tax assets.

At the balance sheet day, those differed income tax assets and income tax liabilities, according to the tax law, calculation will be on tax rate applicable to retrieving period of assets or clearing of liabilities.

At the balance sheet day, verification will be performed on the book value of differed

income tax assets. If it is not possible to obtain enough taxable income to neutralize the benefit of differed income tax assets, then the book value of the differed income tax assets shall be reduced. Whenever obtaining of taxable income became possible, the reduced amount shall be restored.

22.3 Income tax expenses

Income tax expenditures include current income tax and differed income tax.

Except for those current income taxes and differed income taxes related to trades which are directly accounted into shareholders' equity are accounted into shareholders' equity, and differed income tax generated by merger of businesses are adjusted in the book value of goodwill, all other current income taxes and differed income taxes expenditures or incomes are accounted into current gain/loss account.

22.4 Neutralizing of income tax

When accounting with net amount is a stipulated rights, and tending to account with net amount or acquire of asset and clearing of debts are performed simultaneously, the income tax asset and liabilities of the current term are accounted at net amount after neutralization.

When accounting of income tax asset and liabilities of current term with net amount is the stipulated rights, and the income tax asset and liabilities are related to the same subject recognized by the same taxation authority, or to the different subjects but within each period of writing back the differed income tax asset and liabilities with great importance, and tending to account with net amount or acquire of asset and clearing of debts are performed simultaneously, the income tax asset and liabilities of the current term are accounted at net amount after neutralization.

23. Operational leasing and financial leasing

Financial leases are those which all of the risks and rewards attached to the assets have been substantially transferred, regardless its ultimate ownership will be transferred or not. Leases other than this are regarded as operational lease.

23.1 Recording of operational lease businesses in which the Company is the undertaker

Rentals paid for operational lease are amortized to relative asset cost or current gain/loss account on straight basis to each term covered by the rental period. Initial direct expenses accounted into current gain/loss account. Contingent rentals are accounted into current gain/loss account as soon as happened.

23.2 Recording of operational lease businesses in which the Company is a lender

Rental income from operational rental property are recognized as current gain/loss at straight basis to periods in the rental period. Initial direct expenses with large amount are capitalized as occurred, and accounted into current income account at the same base periods same as

recognition of rental income to the whole rental period. Initial direct expense with minor amount are accounted into current income account at occurring. Contingent rental is accounted into current income account as occurring.

24. Employee wages

In the accounting period when the employees served the Company, the remunerations payable to the employees are recognized as liabilities.

According to the regulations, the Company has participated in the social security system setup by the government, including endowment insurance, medical insurance, housing reserves, and other social security policies. Corresponding expenses are accounted into relative asset cost or current income account.

When a employee is dismissed before expiring of the employment contract, or proposed compensation for voluntary disengaging, if the Group has produced an official disengagement scheme or voluntary disengaging proposal and will implement them, and these scheme or proposal are irrevocable, predicted liability shall be recognized and accounted into current income account.

(III) Taxation

1、 Main categories and rates of taxes

Class of tax	Tax basis	Tax rate
Enterprise income tax	Amount of income taxable	(Note 1)
Business tax	Income from sales or leasing of property	5%
VAT	Income from sales of goods (Note 2)	17%
	Income from power supply (Note 2)	17%
	Income from water supply	6%
Land VAT	Income from property sales – amount of deducted items	on ultra-progressive tax rate of 30%-60%
Contract tax	Amount received for land using rights and estates	3%
Property tax	70% of the original value of estates (Note 3)	1.2%
City maintenance and construction tax	Operational tax (or VAT paid)	1%-3%
Education surtax	Operational tax (or VAT paid)	3%

Note 1: Except for businesses in the following areas, the income tax rate for other subsidiaries of the Company is 25%.

	<u>Tax rate</u>	<u>Note</u>
Shenzhen and Zhuhai	22%	(1)
Hong Kong	16.5%	(2)

(1) Shenzhen and Zhuhai are special economical zones. According to document Guo-Fa (2007)39 issued by National Government, since January 1, 2008, enterprises originally enjoy preferential tax rates will shift to statutory rates gradually in five years upon implementing of the new Tax Law. In which enterprises enjoys 15% of corporation tax will be subject to 22% of corporation tax in 2010. Therefore the subsidiaries of the Company located in Shenzhen and Zhuhai are subject to 22% of corporation tax.

(2) According to Taxation Act of Hong Kong, enterprises located in Hong Kong are subject to 16.5% of corporation tax.

Note 2: VAT is the balance of output tax less deductible input tax. Output tax is calculated according to the sales income and taxable rate set forth by the relative taxation laws.

Note 3: The fixed assets of buildings and rental properties are subject to the payment of property tax upon 70% of their original book value and stipulated tax rate. In which the newly constructed buildings are exempted from property taxes in 3 years since documented by the tax bureau.

2. Preferential tax and approving documents

As approved by the Ministry of Finance and National Tax Bureau General with document 财关税[2010]22号, in the period from January 1, 2010 to December 31, 2010, the electric power imported by Shenzhen China Merchants Power Supply Co., Ltd. from Hong Kong is on the basic amount of 560 million Kwh. The VAT on the amount lower than the basic amount will be refunded at 20%, where the amount beyond the basic amount is subject to the import VAT according to the regulations.

(IV) Merger of enterprises and consolidated financial statements

1. Particulars of the subsidiaries

Subsidiaries acquired through incorporation or investment

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholder s' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Ruijia Investment Industrial Ltd.	Ltd. liability	HK	Investment	HKD20,000	Investment	19,919	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen Taige Apartment Management Co., Ltd.	Ltd. liability	Shenzhen	Hotel service	RMB1,000	Indoor golf court, Property rental, restaurant, shopping mall, sales of water supply facilities	1,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen Maitesi Civil Engineering Co., Ltd.	Ltd. liability	Shenzhen	Engineering	RMB9,000	Water supply pipe engineering	8,100	-	90%	90%	Yes	537,291	537,291	-
Shekou Xinghua Industrial Holdings Co., Ltd.	Ltd. liability	Shenzhen	Property development	HKD47,420	Real-estate and other properties	38,065	-	65.07%	65.07%	Yes	38,136,596	-	-
Shekou Zhaofa Property Co., Ltd.	Ltd. liability	Shenzhen	Property	RMB36,000	Building of commercial houses and auxiliary facilities	36,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Guangzhou Wende Property Management Co., Ltd.	Ltd. liability	Guangzhou	Property	RMB600	Property management	600	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen CM Property Consultancy Ltd.	Ltd. liability	Shenzhen	Property agency	RMB2,000	Real-estate operation, information &	2,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
					consulting								
Shanghai China Merchants Properties Co., Ltd.	Ltd. liability	Shanghai	Property development	RMB30,000	Property development and sales of construction materials	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Guangzhou China Merchants Real-estate Co., Ltd.	Ltd. liability	Guangzhou	Property development	RMB50,000	Specialized property development, leasing and sales	50,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
CM Property (Beijing) Ltd.	Ltd. liability	Beijing	Property development	RMB20,000	Property development and sales	20,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
China Merchants (Suzhou) Co., Ltd.	Ltd. liability	Suzhou	Property development	RMB30,000	Property development, operation and sales	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
CM (Chongqing) Ltd.	Ltd. liability	Chongqing	Property development	RMB30,000	Property development, leasing of self-owned properties	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Shenzhen City Main Plaza Investment Co., Ltd.	Ltd. liability	Shenzhen	Investment	RMB10,000	Industry and domestic commerce	10,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shanghai China Merchants Real-estates Co., Ltd.	Ltd. liability	Shanghai	Property development	RMB30,000	Property development, sales, and services	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
CM (Nanjing) Ltd.	Ltd. liability	Nanjing	Property development	RMB30,000	Property development, sales, and services	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Tianjin China Merchants Properties Co., Ltd.	Ltd. liability	Tianjin	Property development	RMB40,000	Property development, sales, and services	30,000	-	75%	75%	Yes	20,674,503	-	-
Shenzhen China Merchants Xin'an Properties Co., Ltd.	Ltd. liability	Shenzhen	Property development	RMB25,000	Leasing of self-owned properties	36,803	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Beijing CM Property Management Co., Ltd.	Ltd. liability	Beijing	Property	RMB5,000	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	4,000	-	80%	80%	Yes	5,830,881	-	-
Nanjing CM Property	Ltd. liability	Nanjing	Property	RMB5,000	Property management, decoration, consultancy,	5,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Management Co., Ltd.					property facility sales, maintenance, property leasing and agency								
Shanghai CM Property Management Co., Ltd.	Ltd. liability	Shanghai	Property	USD 620	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	5,130	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Wuhan CM Property Management Co., Ltd.	Ltd. liability	Wuhan	Property	RMB5,000	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	5,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
CM Property Management (HK) Ltd.	Ltd. liability	HK	Property	HKD 10	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	11	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen China Merchants Property Management Co., Ltd.	Ltd. liability	Shenzhen	Property	RMB11,200	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	11,200	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Zhangzhou CM Property Management Ltd.	Ltd. liability	Zhangzhou	Property	RMB500	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	500	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen CM Qile Property Management Ltd.	Ltd. liability	Shenzhen	Property	RMB2,000	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	1,200	-	60%	60%	Yes	(1,063,542)	800,000	-
Zhangzhou CM Honglong Property Ltd.	Ltd. liability	Zhangzhou	Property development	RMB40,000	Property development and sales	38,448	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Foshan Xincheng Property Co., Ltd. (Note 1)	Ltd. liability	Foshan	Property development	USD127,000	Property development, sales, and services	478,690	-	50%	60%	Yes	529,361,629	-	-
Huipeng Property Development Co., Ltd. (Note 1)	Ltd. liability	HK	Property development	HKD 10	Property development, sales, and services	5	-	50%	60%	Yes	(53,384,536)	4,682	-
Suzhou Shuanghu Property Co., Ltd. (Note 1)	Ltd. liability	Suzhou	Property development	USD244,000	Property development, sales, and services	826,135	-	50%	60%	Yes	808,370,430	58,929,445	-
Tianjing Zhaosheng Property Co., Ltd.	Ltd. liability	Tianjin	Property development	RMB30,000	Property development, sales,	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of minor shareholder over the share of owners' equity in the subsidiary at beginning of term
					and services								
Suzhou CM Nanshan Property Co., Ltd.	Ltd. liability	Suzhou	Property development	RMB100,000	Property development, sales, and services	60,000	-	60%	60%	Yes	82,645,197	-	-
Shenzhen CM Anye Investment Development Co., Ltd.	Ltd. liability	Shenzhen	Investment	RMB10,000	Industrial investment, domestic commerce	5,100	-	51%	51%	Yes	4,076,274	823,726	-
Shanghai CM Minsheng Property Ltd.	Ltd. liability	Shanghai	Property development	RMB30,000	Property development, interior decoration, construction material sales	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shanghai CM Fengsheng Property Ltd.	Ltd. liability	Shanghai	Property development	RMB30,000	Property development, interior decoration, construction material sales	30,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Shenzhen CM Construction Co., Ltd.	Ltd. liability	Shenzhen	Property development	RMB50,000	Construction engineering, decoration, elevator, air conditioner maintaining, sales of construction materials	50,000-		100%	100%	Yes	Not applicable	Not applicable	Not applicable
Guangzhou Qidi Tech & Science Investment Co., Ltd.	Ltd. liability	Guangzhou	Property development	RMB30,000	Ventual Investment	21,777-		72.59%	72.59%	Yes	6,965,279	1,257,721	-
Foshan Xinjie Property Co., Ltd. (Note 1)	Ltd. liability	Foshan	Property development	USD219,800	Property development, sales, and services	1,511,578-		100%	100%	Yes	Not applicable	Not applicable	Not applicable
Heighten Holdings Limited	BVI (British Virgin Island)	British Virgin Island	Investment	USD0.002	Investment	11-		100%	100%	Yes	Not applicable	Not applicable	Not applicable
Converage Holdings Limited	BVI	British Virgin Island	Investment	USD0.002	Investment	11-		100%	100%	Yes	Not applicable	Not applicable	Not applicable
China Merchants Properties (Chongqing) Co., Ltd.	Ltd. liability	Chongqing	Property development	RMB30,000	Property development, interior decoration, sales of construction material	30,000-		100%	100%	Yes	Not applicable	Not applicable	Not applicable
China Merchants Jiaming (Beijing) Property Development Co., Ltd.	Ltd. liability	Beijing	Property development	RMB350,000	Property development, interior decoration, sales of construction material	175,000-		50%	60%	Yes	178,159,299	-	-
Shenzhen CM Commercial	Ltd. liability	Shenzhen	Property develop	RMB51,000	Developing of commercial	51,000-		100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Development Co., Ltd.			ment		property, operation, management, leasing, investment in industry								
Beijing Kanglade Property Development Co., Ltd.	Ltd. liability	Beijing	Property development	RMB30,000	Property development, sales of its products, hotel development, import & export of goods and technologies	18,000-		60%	60%	Yes	11,011,049	988,951	-
Chongqing China Merchants Property Development Co., Ltd. (Note 3)	Ltd. liability	Chongqing	Property development	USD99,990	Developing, leasing, sales and management of property	682,781-		100%	100%	Yes	Not applicable	Not applicable	Not applicable
Chengdu China Merchants Beihe Property Co., Ltd.	Ltd. liability	Chengdu	Property development	RMB50,000	Property development, project investment, property agency, and management service	50,000-		100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Tianjin Gangwei Property Development Co., Ltd.	Ltd. liability	Tianjin	Property development	RMB15,000	Property development, sales, leasing, management and information service	15,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen China Merchants OCT Investment Co., Ltd. (Note 4)	Ltd. liability	Shenzhen	Property development	RMB100,000	Property development, management, agency, and decoration	50,000	-	50%	57%	Yes	595,016,399	-	-
Shenzhen China Merchants Electric Power Measurement Co., Ltd.	Ltd. liability	Shenzhen	Power supply	RMB1,500	Special measurement technologies authorized by Shenzhen Quality and Technical Supervisory Bureau	1,500	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Pride Oasis Limited (Note 3)	BVI	British Virgin Island	Investment	USD0.002	Investment	USD 0.05	-	50%	60%	Yes	2,462,265	-	-
Cosmo City Limited (Note 3)	Ltd. liability	HK	Investment	USD0.002	Investment	USD 0.05	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Chengdu CM Property Co., Ltd. (Note 5)	Ltd. liability	Chengdu	Property development	RMB10,000	Property development, property management, project investment, property agency	10,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Foshan CM Huidefeng Property Co., Ltd. (Note 6)	Ltd. liability	Foshan	Property development	USD 99,900	Property development, property management, project investment, property agency	340,978	-	50%	60%	Yes	340,528,018	450,662	-
Shanghai Jingyuan Property Development Co., Ltd. (Note 7)	Ltd. liability	Shanghai	Property development	RMB 30,000	Property development and trading, lease of own property, property management, interior decoration service	16,500	-	55%	60%	Yes	13,498,058	1,942	-

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

(2) Subsidiaries acquired from merger under common control

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated ?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Shenzhen China Merchants Property Co., Ltd.	Ltd. liability	Shenzhen	Property development	RMB500,000	Property development and sales	3,492,312	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen CM Power Supply Co., Ltd.	Ltd. liability	Shenzhen	Power supply	RMB57,000	Power supply and sales	592,978	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Shenzhen CM Water Supply Co., Ltd. (Note 8)	Ltd. liability	Shenzhen	Water supply	RMB43,000	Water supply and installations	70,766	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Zhangzhou China Merchants Properties Co., Ltd.	Ltd. liability	Zhangzhou	Property development	RMB50,000	Property development and sales	25,500	-	51%	51%	Yes	46,908,396	-	-
China Merchants Property Management Co., Ltd.	Ltd. liability	Shenzhen	Property	RMB25,000	Property management, decoration, consultancy, property facility sales, maintenance, property leasing and agency	169,200	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1 to June 30, 2010

(3) Subsidiaries acquired from merger under different control

Full name of the subsidiary	Ownership of the subsidiary	Reg. Add.	Business property	Registered capital (x 1000)	Business Scope	Actual capital input as of end of term (RMB'000)	Balance of other items actually formed net investment in the subsidiaries	Share proportion %	Voting power %	Consolidated ?	Minor shareholders' equity (RMB)	Amount of minor shareholders' equity used to offset the gain/loss of minor shareholders	Balance of owners' equity of the parent company after deducting of the share of loss of current term by minor shareholder over the share of owners' equity in the subsidiary at beginning of term
Shanghai CM Fengrui Property Ltd.	Ltd. liability	Shanghai	Property development	RMB10,000	Property development, interior decoration, sales of construction material	10,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Zhuhai China Merchants Property Co., Ltd.	Ltd. liability	Zhuhai	Property development	RMB8,000	Property development and sales	8,000	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable
Zhuhai Yuanfeng Property Co., Ltd.	Ltd. liability	Zhuhai	Property development	RMB8,000	Property development and sales	4,080	-	51%	51%	Yes	(2,407,635)	3,920,000	-
Shanghai Fengyang Property Development Co., Ltd.	Ltd. liability	Shanghai	Property development	RMB30,000	Property development and sales	353,250	-	60%	60%	Yes	240,517,676	-	-
Shenzhen Meiyue Properties Consultants Co., Ltd.	Ltd. liability	Shenzhen	Property development	RMB1,000	Property consultancy, planning and brokerage	82,666	-	100%	100%	Yes	Not applicable	Not applicable	Not applicable

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Note 1: Through its subsidiary Ruijia Investment & Industry Co., Ltd., the Company is holding the major of the voting capital of Foshan Xincheng Real Estate Co., Ltd., Huipeng Real Estate Co., Ltd., and Suzhou Shuanghu Real Estate Co., Ltd. respectively. Because these subsidiaries are holding the major amount of voting capital in these companies, they are substantially controlling over the financial and business operations of these companies. Thus the Company includes them in the consolidate range of the consolidated financial statements. In which, Huipeng Real Estate Co., Ltd. is holding 100% of the equity capital of Foshan Xinjie Real Estate Co., Ltd., thus Foshan Xinjie Real Estate Co., Ltd. is included in the consolidation range.

Note 2: China Merchants Jianming (Beijing) Property Co., Ltd. was founded jointly by Shenzhen CM Property Co., Ltd. and Jianming Investment Co., Ltd. In which Shenzhen CM Real-Estate invested RMB100 million and take 50% of capital shares. For the Company is holding major voting rights in the board of the company through Shenzhen CM Property, thus take control over the financial and business decisions. Therefore it was included in the consolidation range.

Note 3: In December 2009, Converage Holdings Limited – one of the subsidiaries of the Company, subscribed 50 shares of Pride Oasis Limited (face value USD1.00) with USD50. After the subscription, the Company holds 50% of the voting rights of Pride Oasis Limited. For the Company is holding the majority voting rights in Pride Oasis Limited and holds control over the financial and operational decisions, Pride Oasis Limited is included in the consolidated financial statements. And for Pride Oasis Limited is holding 100% of the equity of Cosmo City Limited, it was included in the consolidated financial statements too.

Upon completion of the above acquisition, Cosmo City Limited invested to establish Chongqing China Merchants Property Development Co., Ltd. in December 2009 and holds 100% of the share and voting rights. Thus Chongqing China Merchants Property Development Co., Ltd. was included in the consolidated financial statements.

Note 4: The Company invested through Shenzhen CM Real-Estate to take 50% of capital shares of Shenzhen CM OCT Investment Co., Ltd. For the Company is holding major voting rights in the board of the company through Shenzhen CM Property, thus take control over the financial and business decisions. Therefore it was included in the consolidation range.

Note 5: In January 2010, the Company invested RMB10 million to setup Chengdu CM Property Co., Ltd. It was consolidated for the Company is holding 100% of the capital shares.

Note 6: In March 2010, Ruijia Investment & Industry Co., Ltd. – one of the subsidiaries of the Company, and Boshi Shareholding Co., Ltd. invested to setup Foshan CM Huidefeng

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Property Co., Ltd. with registered capital of USD99.9 million. In which Ruijia invested USD49.95 million and took 50% of the share equity. For Ruijia is holding the majority votes in the board of Foshan CM Huidefeng Property Co., Ltd., thus it has practical control over the financial and business affairs of the company. Therefore the Company includes it in the consolidated financial statements.

Note 7: In April 2010, Shanghai CM Property Co., Ltd. – one of the subsidiaries of the Company, and Langda Industry Co., Ltd. invested to setup Shanghai Jingyuan Property Development Co., Ltd. with registered capital of RMB30 million. In which Shanghai CM Property invested RMB16.5 million and took 55% of the share equity. For Shanghai CM Property is holding the majority votes in the board of Shanghai Jingyuan Property Development Co., Ltd., thus it has practical control over the financial and business affairs of the company. Therefore the Company includes it in the consolidated financial statements.

Note 8: On June 28, 2010, Shenzhen CM Property Co., Ltd. – one of the subsidiaries of the Company, the Company, and CMSIZ entered the ‘Agreement of Transferring the 100% share equities of Shenzhen China Merchants Water Supply Co., Ltd.’ By this agreement, the Company and Shenzhen CM Property Co., Ltd. will transfer the 95% and 5% share equities of Shenzhen CM Water Supply Co., Ltd. over to CMSIZ respectively. The deal was decided with reference to the net capital value appraised on June 30, 2010, namely RMB162.8332 million. As of June 30, 2010, the Company has not received any of the payment and the share transferring procedures were not completed. Thus Shenzhen CM Water Supply Co., Ltd. is still in the consolidation range.

Voting rights of the Group on above companies are decided by the voting rights in each board of directors of the companies.

2. Entities newly consolidated in current term

In RMB

Name	Net asset at end of term	Net profit of the current term (loss)
Chengdu CM Property Co., Ltd. (Note 1)	9,242,920	(757,080)
Foshan CM Huidefeng Property Co., Ltd. (Note 2)	681,056,035	(901,324)
Shanghai Jingyuan Property Development Co., Ltd. (Note 3)	29,995,683	(4,317)

Note 1: See Note (IV) 1 – Note 5.

Note 2: See Note (IV) 1 – Note 6.

Note 3: See Note (IV) 1 – Note 7.

3. Exchange rate of main accounts of overseas businesses

Currency	Balance Sheet	Income Statement
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Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

HKD	0.8724	0.8779
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(V)Notes to the consolidated financial statements

1. Monetary fund

In RMB

Items	End of term			Beginning of term		
	Original currency	Exchange rate	Amount RMB	Original currency	Exchange rate	Amount RMB
Cash:						
RMB	63,079	1.00	63,079	37,271	1.00	37,271
HKD	3,967	0.87	3,461	6,519	0.88	5,740
Bank account:						
RMB	9,843,612,054	1.00	9,843,612,054	8,524,304,914	1.00	8,524,304,914
USD	68,997,911	6.79	468,573,192	36,388,061	6.83	248,474,062
HKD	3,571,007	0.87	3,115,511	3,224,701	0.88	2,839,080
Other monetary fund (Note)						
USD	10,535,273	6.79	71,549,869	102,892,290	6.83	702,599,868
RMB	3,643,667	1.00	3,643,667	11,230,000	1.00	11,230,000
Total			10,390,560,833			9,489,490,935

Note: Balance of other monetary capital was mainly deposits of foreign currency future contracts and guarantee letters of project payment.

2. Transactional financial assets / liabilities

(1) Details:

In RMB

Items	Fair value at end of term	Fair value at beginning of term
Transactional financial assets:		
1. Transactional bond investment	-	-
2. Transactional equity instruments	-	-
3. Financial assets defined to measured at fair value and fluctuation accounted into current gain/loss account	-	-
4. Derivate financial assets	25,651,617(Note)	6,437,479
5. Others	-	-
Total	25,651,617	6,437,479
Transactional financial liabilities:		
1. Transactional bond investment	-	-

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Items	Fair value at end of term	Fair value at beginning of term
2. Transactional equity instruments		-
3. Financial liabilities defined to measured at fair value and fluctuation accounted into current gain/loss account		-
4. Derivate financial liabilities	2,254,310(Note)	12,829,413
5. Others		-
Total	2,254,310	12,829,413

Note: This was the fair value at end of the contract year by which Ruijia Investment Industrial Co., Ltd. and ING Bank N.V., Hong Kong Branch engaged for future foreign currency trading without transferring of principal. As of June 30, 2010, the nominal principal has amounted to USD396,639,000. Such contracts will due amongst August 27, 2010 to April 26, 2011.

3. Account receivable

(1) Account receivable categorized by property

In RMB

Categories	End of term				Beginning of term			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Single receivable account with mass amount	-	-	-	-	-	-	-	-
No major amount individually but with great risk after combined with others with similar credit risk	7,168,514	6%	3,012,499	57%	4,869,129	4%	2,998,082	56%
Other non-material receivables	107,666,855	94%	2,296,608	43%	119,402,874	96%	2,311,025	44%
Total	114,835,369	100%	5,309,107	100%	124,272,003	100%	5,309,107	100%

Note: Single receivable account with mass amount is defined to account over RMB10 million.

Ages of receivable accounts:

In RMB

Age	End of term				Beginning of term			
	Amount	Proportion %	Bad debt provision	Book value	Amount	Proportion %	Bad debt provision	Book value
within 1 yr	100,522,862	88%	2,130,739	98,392,123	114,517,835	92%	2,176,502	112,341,333
1-2 years	6,556,906	6%	45,763	6,511,143	4,360,465	4%	120,106	4,240,359
2-3 years	2,668,682	2%	120,106	2,548,576	524,574	-	14,417	510,157
Over 3 yrs	5,086,919	4%	3,012,499	2,074,420	4,869,129	4%	2,998,082	1,871,047
Total	114,835,369	100%	5,309,107	109,526,262	124,272,003	100%	5,309,107	118,962,896

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(2) No balance in the account receivable due from shareholders holding 5% or over of the Company's shares.

(3) Top 5 receivable accounts

In RMB

Name of the companies	Relation with the Company	Amount	Ages	Portion in total receivables
Juxin Technologies Co., Ltd.	Client	5,482,143	within 1 yr	5%
Shenzhen Zijincheng Investment Co., Ltd.	Client	3,704,738	within 1 yr	3%
Huawei Technologies Co., Ltd.	Client	2,772,743	within 1 yr	2%
Shenzhen Rainbow Shopping Mall Co., Ltd.	Client	2,313,031	within 1 yr	2%
Shenzhen Shengdi Investment Development Co., Ltd.	Client	1,777,586	within 1 yr	2%
Total		16,050,241		14%

(4) No account receivable due from related parties.

4. Other account receivable.

(1) Other account receivable categorized by property

In RMB

Categories	End of term				Beginning of term			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Other receivable with major individual amount	946,250,151	90%	-	-	1,852,727,261	96%	-	-
No major amount individually but with great risk after combined with others with similar credit risk	10,131,924	1%	1,758,972	98%	3,839,254	-	1,745,947	75%
Other minor other receivables	96,252,011	9%	578,003	2%	72,276,842	4%	588,167	25%
Total	1,052,634,086	100%	2,336,975	100%	1,928,843,357	100%	2,334,114	100%

Note: Note: Single other receivable account with mass amount is defined to account over RMB10 million.

Age of other receivable accounts:

In RMB

Age	End of term				Beginning of term			
	Amount	Proportion %	Bad debt provision	Book value	Amount	Proportion %	Bad debt provision	Book value

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

within 1 yr	1,021,801,081	97%	43,057	1,021,758,024	1,849,097,605	96%	40,196	1,849,057,409
1-2 years	10,548,506	1%	534,946	10,013,560	73,203,703	4%	534,946	72,668,757
2-3 years	10,152,575	1%	-	10,152,575	2,702,795	-	13,025	2,689,770
Over 3 yrs	10,131,924	1%	1,758,972	8,372,952	3,839,254	-	1,745,947	2,093,307
Total	1,052,634,086	100%	2,336,975	1,050,297,111	1,928,843,357	100%	2,334,114	1,926,509,243

(2) No other receivable account due from shareholders with 5% or over of shares of the Company in the balance.

(3) Top other receivable accounts

In RMB

Name of the companies	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Shenzhen TCL Optical-Electronics Technologies Ltd.	Affiliate of the Company	257,339,044	1-2 years	24%
Chengdu Beijiao Scenery Area Administrative Committee	Non-related	200,000,000	within 1 yr	19%
Jiasen International Co., Ltd.	Shareholder of subsidiary	179,574,894	within 1 yr	17%
Huizhou Taitong Property Investment Co., Ltd.	Joint venture of the Company	127,236,214	within 1 yr	12%
Guangzhou Property Trading and Registration Center	Non-related	113,100,000	within 1 yr	11%
Total		877,250,152		83%

(4) Receivables from related parties

In RMB

Name of the companies	Relation with the Company	Amount	Portion in total other receivables (%)
Shenzhen TCL Optical-Electronics Technologies Ltd.	Affiliate of the Company	257,339,044	24%
Huizhou Taitong Property Investment Co., Ltd.	Joint venture of the Company	127,236,214	12%
Total		384,575,258	36%

5. Prepayment

(1) Prepayments presented by ages

In RMB

Age	End of term		Beginning of term	
	Amount	Proportion %	Amount	Proportion %
within 1 yr	1,957,105	35%	3,222,296	37%
1-2 years	3,357,402	59%	5,190,617	59%
2-3 years	334,400	6%	334,400	4%
Over 3 yrs	-	-	-	-
Total	5,648,907	100%	8,747,313	100%

(2) No prepayment due from shareholders with 5% or over of shares of the Company.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(3) Prepayments presented by clients

In RMB

Categories	End of term	Beginning of term
Single prepayment with large amount (Note)	-	-
Single prepayment with minor amount but with great risk after combined into group with similar credit risk	-	-
Other minor prepayments	5,648,907	8,747,313
Total	5,648,907	8,747,313

Note: Single prepayment account with mass amount is defined to account over RMB10 million.

6. Inventories

(1) Categories of inventory

In RMB

Items	End of term			Beginning of term		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Real property development costs	31,485,807,744	296,210,000	31,189,597,744	29,767,117,792	296,210,000	29,470,907,792
Property products	2,584,005,432		2,584,005,432	931,435,216	-	931,435,216
Raw materials	6,053,585		6,053,585	4,276,489	-	4,276,489
Low-value consumables and others	2,003,296	162,982	1,840,314	1,925,385	162,982	1,762,403
Sub-total	34,077,870,057	296,372,982	33,781,497,075	30,704,754,882	296,372,982	30,408,381,900
Inventory formed by construction contract						
Completed but not settled (Note)	74,800,000	-	74,800,000	52,800,000	-	52,800,000
Sub-total	74,800,000	-	74,800,000	52,800,000	-	52,800,000
Total	34,152,670,057	296,372,982	33,856,297,075	30,757,554,882	296,372,982	30,461,181,900

Note: This is the “Contract for Construction of Low Rental Apartments” entered by China Merchants Jiaming (Beijing) Property Development Co., Ltd. and Beijing Construction Committee.

Property development costs:

In RMB

Projects	Start date	Planned finish date	Expected total investment	Balance at the end of term	Balance at the beginning of term
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Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

			RMB0'000	RMB Yuan	RMB Yuan
Development costs of real estate under construction:					
Xicheng Jiayuan Beijing (Note 1)	2008.10	2013.05	434,899	2,192,725,242	2,104,036,652
Foshan Yiyun Shangcheng	2008.08	2012.04	282,598	1,744,807,917	1,701,606,478
Beijing Park 1872	2006.10	2012.12	378,198	1,679,023,805	1,706,269,205
Shenzhen Xicheng Phase IV, V	2010.02	2012.10	347,173	1,656,276,626	-
Suzhou Xiaoshicheng	2008.04	2016.12	431,063	1,398,002,215	1,312,808,406
Foshan Yiyunshui'an	2008.04	2011.05	324,049	1,263,384,608	1,453,565,179
Shenzhen CM Guanyuan	2008.08	2010.10	195,073	1,211,589,616	993,833,761
Tianjin Star City	2007.10	2012.08	394,315	1,058,382,610	1,363,422,177
Shenzhen Yongjinwan	2009.07	2011.12	203,935	1,008,565,732	948,094,905
Shanghai Haide Garden Phase II-IV	2006.05	2013.08	150,842	879,511,445	846,939,463
Jinshan Valley, Guangzhou	2008.02	2015.07	482,973	1,194,494,058	981,712,186
Shanghai CM Haiwan Garden	2008.10	2013.12	163,139	740,439,112	707,281,733
Chongqing China Merchants Jiangwan City	2007.10	2012.09	179,892	679,399,979	955,503,667
Tianjin Jingjiang Road Project	2010.03	2012.12	133,981	671,646,033	-
Zhangzhou CM Garden City Phase I	2008.04	2010.11	72,484	485,707,976	433,381,447
Zhuhai CM Garden City Phase II and III	2009.12	2012.12	135,332	485,361,923	427,163,839
Beijing Kanglade Hotel	2009.12	2011.12	120,419	468,077,664	417,452,769
Shanghai CM Yonghua Garden	2008.07	2011.05	132,539	466,950,839	929,129,714
Phase V. Garden City	2008.03	2010.08	38,833	261,276,872	237,499,898
Zhangzhou CM Garden City	2008.07	2011.01	63,701	258,571,914	220,224,406
Shenzhen Meilun Apartment	2008.03	2010.07	29,467	214,318,212	185,309,528
Shenzhen Lanxigu Phase II, land II	2008.08	2010.08	30,890	167,072,861	132,780,136
Nanjing Yiyunxigu Phase IV	2006.12	2010.10	100,524	116,674,305	65,861,754
Shenzhen Xicheng Phase III	2008.09	2010.03	99,922	-	387,164,158
36 Xikang Road Tianjin	2007.02	2010.05	55,672	82,081,812	75,295,066
Shenzhen CM Lanyuan	2008.03	2010.06	155,498	-	1,267,193,998
Shenzhen Technical Building Phase II	2009.03	2010.02	29,360	-	233,518,941
Shanghai CM Nanqiao Yayuan	2008.03	2010.01	84,502	-	735,111,814
Others	-	-	-	87,691,403	84,282,252
Sub-total				20,472,034,779	20,906,443,532

Land to be developed:

In RMB

Projects	Start date	Planned finish date	Planned total investment	Balance at the end of term	Balance at the beginning of term
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Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

			RMB0'000	RMB Yuan	RMB Yuan
Land to be developed:					
Chongqing Danzishi	TBD	TBD	TBD	2,003,183,000	-
Shanghai Jingyuan	TBD	TBD	TBD	1,722,581,019	-
Nanjing G67 project	2010.08	TBD	TBD	1,450,150,204	1,431,811,856
Chongqing CM Garden City	2010.07	2013.05	361,338	1,354,903,683	1,323,592,687
Suzhou Weiting	2010.08	2014.12	170,818	1,030,198,951	1,026,362,838
Foshan Shishan Project	TBD	TBD	TBD	694,421,000	-
Zhangzhou Jiari 365	2010.07	2015.05	41,112	94,510,442	92,212,266
Shenzhen Jiangangshan Phase VI	2010.12	2012.03	80,961	546,990,599	546,539,397
Shenzhen CM Plaza	2010.10	2012.11	150,226	478,868,169	473,230,882
Shenzhen CM Guoling Garden	2010.10	2012.08	118,303	440,219,835	414,341,737
Shenzhen Wuzi Apartment	2010.12	2012.08	83,691	338,236,027	323,568,922
Chengdu CM Dongcheng International Business Plaza	2010.08	2012.11	58,802	209,410,101	-
Zhangzhou Kadalansi (former Zhangzhou Nanpaotai Project)	2010.07	2020.07	311,049	650,099,935	632,686,541
Shenzhen Xicheng phase IV, V	2010.02	2012.10	347,173	-	1,934,265,191
Tianjin Jingjiang Road Project	2010.03	2012.05	129,031	-	662,061,943
Sub-total				11,013,772,965	8,860,674,260
Total				31,485,807,744	29,767,117,792

Property development products:

In RMB

Projects	Date of finish	Balance at the beginning of term	Increased this term	Decreased this term	Balance at the end of term
CM Lanyuan	2010.06	-	1,467,395,208	102,745,823	1,364,649,384
Tianjin Xincheng phase I	2010.03	-	396,300,000	21,865,250	374,434,750
Shanghai Haide Garden Phase I, II, and III north	2009.06	197,093,654	-	11,804,816	185,288,838
Shenzhen Lanxigu Phase II.	2007.06	199,478,035	-	73,173,278	126,304,757
Shanghai CM Yonghua Garden	2010.06	-	579,510,916	471,994,119	107,516,797
Shanghai CM Nanqiao Yayuan	2010.01	-	792,403,879	695,980,806	96,423,073
Chongqing CM. Jiangwancheng Phase I	2010.01	-	387,379,017	300,675,894	86,703,124
Xicheng Phase III	2010.03	-	868,165,204	790,990,397	77,174,807
Tianjin 36 Xikang Road	2008.11	85,897,387	156,743	29,638,256	56,415,874
Shenzhen Haiyue Huating	2009.06	40,555,752	-	-	40,555,752
Zhangzhou Sun Garden Phase I	2006.06	11,479,422	-	-	11,479,422
Zhangzhou CM Jianzhu	2007.12	11,090,109	-	-	11,090,109
Shenzhen YishanJun Phase II	2008.08	12,997,680	-	3,209,151	9,788,529
Zhangzhou CM Garden City Phase I west	2009.12	8,482,178	-	-	8,482,178

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Zhangzhou Yinshanhai Phase II	2007.12	5,239,996	-	-	5,239,996
Nanjing Yiyunxigu phase I - III	2009.12	247,167,734	2,045,538	244,020,303	5,192,969
Suzhou Xiaoshicheng Phase I	2009.12	-	7,036,509	3,786,205	3,250,304
Beijing Park 1872 (block 3)	2010.03	-	230,696,992	228,633,510	2,063,482
Shenzhen Yishanjuan Phase III	2009.09	91,646,738	42,729,230	132,718,917	1,657,051
Zhangzhou Jinshanjiao Apartment	2004.12	1,439,657	-	-	1,439,657
Shenzhen Technical Building Phase II	2010.06	-	247,607,469	247,607,469	-
Foshan Yiyunshui'an phase I	2010.01	-	335,510,570	335,510,570	-
Tianjin 36 Xikang Road apartment and shops	2009.12	3,593,879	4,806,668	8,400,547	-
Beijing Park 1872 Phase I (block 9)	2008.12	6,285,941	-	6,285,941	-
Others		8,987,054	129,955	262,429	8,854,579
Total		931,435,216	5,361,873,898	3,709,303,681	2,584,005,432

Note 1: As of June 30, 2010, China Merchants Jiaming (Beijing) Property Development Co., Ltd. – one of the subsidiaries of the Company, entered the Pledge Contract with China Merchants Bank Beijing Sanhuan Branch, by which the 106,700 square meters of land of Beijing Xicheng Jiayuan (Land CY09 in Changping) was pledged to the bank for the loan of RMB275,000,000. Except for this, there is no inventory under pledge, guarantee, suspension, or abandoned.

Note 2: As of June 30, 2010, the land using contracts for land 2009G67 Nanjing, Land No.2 Haide Garden Shanghai, Chongqing Garden City, Shenzhen Bao'an Xicheng B, and Tianjin Jinjiang Road project totaled to 937,478 square meters has been engaged, and the land using certificate is under process.

Loan expenses capitalized in the term was RMB164,702,213 (RMB256,568,371 for the first half of 2009).

(2) Inventory impairment provision

In RMB

Categories	Balance of book value at beginning	Provided this term	Decreased this term		Balance of book value at end of term
			Written	Transferred	
Real property development costs	296,210,000	-	-	-	296,210,000
Low-value consumables and others	162,982	-	-	-	162,982
Total	296,372,982	-	-	-	296,372,982

Note: Inventory impairment provision was provided at the balance of realizable value lower than the book value of the inventory, namely RMB296,372,982.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

7. Other current assets

Items	In RMB	
	End of term	Beginning of term
Subsidiaries to be disposed (Note 1)	112,764,727	-
Incl. Monetary capital	4,419,861	-
Account receivable	317,751	-
Other account receivable	1,770,794	-
Advance account	131,576	-
Inventories	777,669	-
Fixed assets	103,496,225	-
Construction in process	1,813,492	-
Long-term amortizable expenses	37,359	-
Operation tax and surcharges prepaid	426,217,303	334,952,908
Prepaid income tax	171,185,998 263,792,293	112,458,907
Land VAT prepaid (Note 2)	134,059,677	160,046,409
Prepaid rent	2,242,028	8,968,112
Others	5,416,483	8,374,315
Total	851,886,216 851,886,216	624,800,651

Note 1: On June 28, 2010, Shenzhen CM Property Co., Ltd. – one of the subsidiaries of the Company, the Company, and CMSIZ entered the ‘Agreement of Transferring the 100% share equities of Shenzhen China Merchants Water Supply Co., Ltd.’ By this agreement, the Company and Shenzhen CM Property Co., Ltd. will transfer the 95% and 5% share equities of Shenzhen CM Water Supply Co., Ltd. over to CMSIZ respectively. For details please see Note (IV)1 – Note 8. This deal was approved at the 15th meeting of the 6th term of Board, therefore the whole asset and liabilities of this company were treated as asset to be disposed and liabilities respectively.

Note 2: For the property sales income collected prior to finishing of construction, the Company pays Land VAT at legal portion and account them into other current asset. Upon finishing of the construction, the actual Land VAT is calculated upon the income from sales of property less the legal deductive items, and is accounted into other current liabilities after deducting of prepaid amount.

8. Disposable financial asset

Items	In RMB	
	Fair value at end of term	Fair value at beginning of term
Sellable equity instruments	4,129,216	4,898,240
Incl. Guonong Tech shares	4,129,216	4,898,240
Others	-	-
Total	4,129,216	4,898,240

9. Long-term receivables

Items	In RMB	
	End of term	Beginning of term
Entrusted loan (Note 1)	953,817,502	924,366,673
Balance of share equity transfer (Note 2)	141,421,084	137,779,364
Total	1,095,238,586	1,062,146,037

Note 1: The Company entered the Entrusted Loan Contract with China Agriculture Bank Nanshan Branch for the loan quota of RMB900,000,000. The loan was provided to Nanjing Fucheng Property Development Co., (Nanjing Fucheng), and Nanjing Fucheng put the property of 100,189 square meters located at floor 1-6 and 8-51 into pledge.

As of June 30, 2010, the principal of entrusted loan was RMB881,623,583, interest receivable upon the entrusted loans was RMB72,193,919.

Note 2: Heighten Holdings Limited – one of the Company's subsidiaries transferred its shares in Elite Trade Investment Limited, the balance receivable was RMB152,906,973. According to the Share Trading Agreement entered with ADF Phoenix IV Limited, the receiver, the balance would be retrieved in one to two years. The Company calculated, but not confirmed, financing expenses of RMB11,485,889 with reference to the bank loan rates at the similar period. It was deducted from the long-term receivables.

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(V)Notes to the consolidated financial statements – cont.

10. Investment in affiliates and joint ventures

List of joint ventures and affiliates and their major financial information

Name of the Companies	Ownership type	Reg. Add.	Legal representative	Business property	Registered capital RMB000	Shares held by the Company %	Voting power of the Company in the entity %	Total asset at end of term (RMB)	Total debt at end of term (RMB)	Net asset at end of term (RMB)	Turnover of current term (RMB)	Net profit of current term (RMB)
I. Joint ventures												
Guangzhou Panyu Innovation Technology Garden Co., Ltd.	Ltd. liability	Guangzhou	Hu Jianxin	Property leasing and management	150,000	70%	50%	639,725,937	33,174,320	606,551,617	-	-
Shenzhen China Merchants OCT Investment Co., Ltd.	Ltd. liability	Shenzhen	Lin Shaobin	Property management	5,000	50%	50%	8,454,036	2,090,418	6,363,618	5,496,367	507,432
Huizhou Taitong Property Investment Co., Ltd.	Ltd. liability	Huizhou	Wang Quanlin	Property development	8,000	50%	50%	262,320,602	254,529,474	7,791,129	-	(208,756)
II. Affiliates												
Beijing Tianping Property Management Co., Ltd.	Ltd. liability	Beijing	Wang Guanghui	Property management	1,000	49%	49%	3,740,599	391,616	3,348,983	3,926,599	279,522
China Merchants Guangming Technologies Garden Ltd.	Ltd. liability	Shenzhen	Yang Tianping	Property development and management	200,000	49%	49%	314,014,976	141,060,216	172,954,761	720,000	(4,904,594)
Shenzhen Haitao Hotel Co., Ltd.	Ltd. liability	Shenzhen	He Jianya	Hotel management	6,000	45%	45%	14,678,495	1,915,755	12,762,741	4,960,562	600,000
Tianjin Xinhai real Estate Development Co., Ltd.	Ltd. liability	Tianjin	He Jianya	Property development	15,000	45%	45%	309,866,908	30,234,058	279,632,850	8,750,813	4,654,908
Shenzhen TCL Optical-Electronics Technologies Ltd.	Ltd. liability	Shenzhen	Bo Lianming	Leasing and management of self-owned property	200,000	40%	40%	773,487,732	686,395,711	87,092,021	--	(2,100,000)

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

11. Long-term equity investment

(1) Details of long-term equity investment

Company invested in	Calculating basis	Initial costs	Balance at the beginning of term	Changed by	Balance at the end of term	Percentage of share in the firm %	Voting power in the firm %	Statement on differences between the shareholding and voting rights	In RMB		
									Impairment provision	Impairment provision provided this term	Cash dividend of the current term
Guangzhou Panyu Innovative Technologies Garden Co., Ltd.(Note 1)	Equity basis	350,000,000	345,409,546		345,409,546	70%	50%	(Note 1)	-	-	-
Tianjin Xinhai real Estate Development Co., Ltd.	Equity basis	6,750,000	116,738,432	2,094,709	118,833,141	45%	45%	-	-	-	-
China Merchants Guangming Technologies Garden Ltd.	Equity basis	98,000,000	86,010,889	(2,403,252)	83,607,637	49%	49%	-	-	-	-
Shenzhen TCL Optical-Electronics Technologies Ltd.	Equity basis	42,010,652	40,073,574	(840,000)	39,233,574	40%	40%	-	-	-	-
Shenzhen Haitao Hotel Co., Ltd.	Equity basis	4,996,675	5,729,366	270,000	5,999,366	45%	45%	-	-	-	-
Huizhou Taitong Property Investment Co., Ltd.	Equity basis	4,900,000	4,881,510	(104,377)	4,777,133	50%	50%	-	-	-	-
Shenzhen China Merchants OCT Investment Co., Ltd.	Equity basis	2,500,000	3,037,151	253,716	3,290,867	50%	50%	-	-	-	-
Beijing Tianping Property Management Co., Ltd.	Equity basis	490,000	1,534,255	136,966	1,671,221	49%	49%	-	-	-	-
Beijing Hengshihuarong Real-estate Development Co., Ltd.	Cost basis	14,532,541	12,997,895		12,997,895	12%	12%	-	-	-	-
Shenzhen China Merchants Engineering Co., Ltd.	Cost basis	100,000	100,000		100,000	5%	5%	-	-	-	-
Shenzhen Fishermans' Wharf Restaurant Co., Ltd. (Note 2).	Cost basis	100,000	100,000		100,000	-	-	-	100,000	-	-
Total		524,379,868	616,612,618	(592,238)	616,020,380				100,000		
Less: Impairment provision			100,000		100,000						
Long-term equity investment (net)			616,512,618		615,920,380						

Note1: Guangzhou Qidi Technologies Garden Investment Co., Ltd. – one of the Company's subsidiaries, is holding 70% shares of Guangzhou

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Panyu Innovative Technologies Garden Co., Ltd. As stipulated in the Articles of Association of Guangzhou Panyu Innovative Technologies Garden Co., Ltd., all of the financial and operational decision making have to be decided by presenting of the whole shareholders, thus Guangzhou Qidi Technologies Garden Investment Co., Ltd. has no controlling power over Guangzhou Panyu Innovative Technologies Garden Co., Ltd.. Thus it was not included in the consolidation range.

Note 2: Shenzhen Fisherman Port Restaurant Co., Ltd. was established by Shenzhen Taige Apartment Management Co., Ltd in 2001. Due to poor management, now it is closed. Shenzhen Taige Apartment Management Co., Ltd fully accounted provision for impairment on its long-term investment.

(2) The Company's long-term equity investment receivers as of June 30, 2010 were not limited in ability to transfer capital to the Company.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

12. Investment property

In RMB

Items	Balance of book value at beginning of term	Increased this term	Decreased this term	Balance of book value at end of term
I. Total of original book value	3,569,997,734	249,371,078	1,473,101	3,817,895,711
1. House and buildings	2,388,786,421	107,636,078	1,473,101	2,494,949,398
2. Land using rights	1,181,211,313	141,735,000	-	1,322,946,313
II. Total of accumulated depreciation and amortizing	782,155,484	68,873,766	708,677	850,320,573
1. House and buildings	683,673,427	53,356,007	708,677	736,320,757
2. Land using rights	98,482,057	15,517,759	-	113,999,816
III. Total of net book value of investment property	2,787,842,250			2,967,575,138
1. House and buildings	1,705,112,994			1,758,628,641
2. Land using rights	1,082,729,256			1,208,946,497
IV. Total of impairment provision	-	-	-	-
1. House and buildings	-	-	-	-
2. Land using rights	-	-	-	-
V. Total of book value of investment property	2,787,842,250			2,967,575,138
1. House and buildings	1,705,112,994			1,758,628,641
2. Land using rights	1,082,729,256			1,208,946,497

Note 1: The depreciation of the term was RMB68,873,766

Note 2: As of June 30, 2010, **none of the Company's investment properties is on pledge.**

Note 2: As of June 30, 2010, **there were investment properties amounted to RMB752,061,934. (net value) which have not been granted the certificate of property.**

13. Fixed assets

(1) Details of fixed assets

In RMB

Items	Balance of book value at beginning of term	Increased this term	Decreased this term	Balance of book value at end of term
I. Total of original book value	708,008,818	7,855,851	271,545,171	444,319,498
Incl. House & Buildings	228,061,377	10,300	73,845,146	154,226,531
Equipment & machinery	365,451,743	3,083,830	182,356,364	186,179,210
Transportation equipment	54,165,265	1,415,033	2,480,614	53,099,683
Electronics, furniture, appliances	60,330,433	3,346,687	12,863,047	50,814,073
II. Total of accumulative depreciation	408,392,864	16,924,895	167,816,180	257,501,579
Incl. House & Buildings	95,182,530	4,510,534	45,848,701	53,844,363
Equipment & machinery	236,317,849	5,106,236	108,407,924	133,016,161
Transportation equipment	34,527,282	2,592,294	1,951,325	35,168,250
Electronics, furniture,	42,365,203	4,715,832	11,608,231	35,472,804

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

appliances				
III. Total of net book value of fixed assets	299,615,954			186,817,919
Incl. House & Buildings	132,878,847			100,382,168
Equipment & machinery	129,133,894			53,163,049
Transportation equipment	19,637,983			17,931,433
Electronics, furniture, appliances	17,965,230			15,341,269
IV. Total of impairment provisions	-	-	-	-
Incl. House & Buildings	-	-	-	-
Equipment & machinery	-	-	-	-
Transportation equipment	-	-	-	-
Electronics, furniture, appliances	-	-	-	-
V. Total of fixed asset book value	299,615,954			186,817,919
Incl. House & Buildings	132,878,847			100,382,168
Equipment & machinery	129,133,894			53,163,049
Transportation equipment	19,637,983			17,931,433
Electronics, furniture, appliances	17,965,230			15,341,269

Note 1: The depreciation was RMB16,924,895 for the current term.

Note 2: The original value of fixed assets increased in the current term by transferring of construction in process was RMB3,137,020.

Note 3: Decrease in the current term was caused by the fixed assets of Shenzhen CM Water Supply Co., Ltd. which transferred into other current assets – subsidiaries to be disposed, with net value of RMB103,496,225, see details with Note (V) 7.

Note 4: As of June 30, 2010, the Company still has houses and buildings of RMB60,346,646 which are not granted property certifications. For these properties were constructed a long time ago, and the original materials are not enough to file for certification, thus are not in filing process at present.

14. Construction-in-progress

Details of construction in process:

In RMB

Items	End of term			Beginning of term		
	Book balance	Impairment provision	Net book value	Book balance	Impairment provision	Net book value
Construction project	2,936,043	-	2,936,043	2,936,043	-	2,936,043
Transformer Station	12,024,371	-	12,024,371	13,719,271	-	13,719,271
Water supply project	-	-	-	2,598,693	-	2,598,693

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Total	14,960,414		14,960,414	19,254,007	-	19,254,007
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15. Long-term expenses to be amortized

In RMB

Items	At beginning of term	Increased this term	Amortized this term	Other decrease	At end of term	Reason of other decreasing
Renewing of fixed assets for rent	174,912,809	-	6,394,846	-	168,517,963	
Outdoor advertisement facilities	2,735,176	-	1,307,370	-	1,427,806	
Golf club membership	158,628	-	95,552	-	63,076	
Others	2,387,514	654,628	1,813,816	-	1,228,326	
Total	180,194,127	654,628	9,611,584	-	171,237,171	

16. Differed income tax assets/ differed income tax liabilities

(1) Differed income tax assets and differed income tax liabilities recognized

In RMB

Items	End of term	Beginning of term
Differed income tax assets:		
Land VAT drawn in advance	429,964,422	282,716,985
Expected liabilities	6,145,623	6,118,200
Amortizing of other long-term assets	817,109	817,109
Bad debt provision on receivables	563,569	558,091
Bad debt provision on other receivables	566,215	220,991
Inventory impairment provision	35,856	32,596
Long-term equity investment impairment provision	22,000	22,000
Depreciation of fixed assets	47,563	-
Sub-total	438,162,357	290,485,972
Differed income tax liabilities:		
Fluctuation of fair value of disposable financial assets accounted into capital reserves	613,666	731,713
Sub-total	613,666	731,713

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(2) Details of income tax assets not recognized

In RMB

Items	End of term	Beginning of term
Deductible provisional differences	618,030,977	867,140,392
Neutralizable losses	60,655,242	325,619,889
Total	678,686,219	1,192,760,281

Deductible losses from not recognized differed income tax assets shall due not later than 2015.

(3) Provisional differences caused by recognized differed income tax assets/ differed income tax liabilities

In RMB

Items	Amount of temporary differences
End of term:	
Deductible provisional difference and deductible losses:	
Land VAT drawn in advance	1,969,526,457
Expected liabilities	27,934,648
Depreciation of investment property	3,268,434
Bad debt provision on receivables	2,561,678
Bad debt provision on other receivables	2,534,872
Inventory impairment provision	162,982
Long-term equity investment impairment provision	100,000
Depreciation of fixed assets	216,195
Sub-total	2,006,305,266
Taxable provisional difference:	
Fluctuation of fair value of disposable financial assets accounted into capital reserves	2,556,942
Sub-total	2,556,942
Beginning of term:	
Deductible provisional difference and deductible losses:	
Land VAT drawn in advance	1,259,319,813
Expected liabilities	27,810,000
Depreciation of investment property	3,268,434
Bad debt provision on other receivables	2,561,678
Bad debt provision on receivables	1,101,342
Inventory impairment provision	162,982

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Long-term equity investment impairment provision	100,000
Sub-total	1,294,324,249
Taxable provisional difference:	
Fluctuation of fair value of disposable financial assets accounted into capital reserves	3,325,965
Sub-total	3,325,965

17. Detail of asset impairment provision

In RMB

Items	Balance of book value at beginning of term	Increased this term	Decreased this term		Exchange rate adjustment	Balance of book value at end of term
			Written back	Transferred		
I. Bad debt provision	7,643,221		2,861			7,640,360
II. Inventory impairment provision	296,372,982					296,372,982
III. Disposable financial asset impairment provision	-	-	-	-		-
IV. Investment equity hold till expiring impairment provision	-	-	-	-		-
V. Long-term equity investment impairment provision	100,000	-	-	-		100,000
VI. Property investment impairment provision	-	-	-	-		-
VII. Fixed asset impairment provision	-	-	-	-		-
VIII. Project material impairment provision	-	-	-	-		-
IX. Construction in process impairment provision	-	-	-	-		-
X. Production biological material asset impairment provision	-	-	-	-		-
Incl. Mature production biological material asset impairment provision	-	-	-	-		-
XI. Gas & oil asset impairment provision	-	-	-	-		-
XII. Intangible asset impairment provision	-	-	-	-		-
XIII. Goodwill impairment provision	-	-	-	-		-
XIV. Other	-	-	-	-		-
Total	304,116,203		2,861			304,113,342

18. Short-term loans

In RMB

Items	End of term	Beginning of term
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Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Loan by pledge	-	-
Pledged loan	-	-
Guarantee loan	105,727,522(Note)	398,125,029
Credit loan	1,523,916,924	974,804,580
Total	1,629,644,446	1,372,929,609

Note: The Company borrowed USD10,000,000 (RMB67,909,000) from China Merchants Bank Shenzhen Shekou Branch. Shenzhen CM Power Supply Co., Ltd. – one of the subsidiaries of the Company borrowed USD5,569,000 (RMB37,818,522) from the same bank. Both of these loans were secured by CMSIZ.

19. Notes payable

In RMB

Categories	End of term	Beginning of term
Commercial acceptance	-	-
Bank accepted drafts (Note)	268,100,694	257,896,108
Total	268,100,694	257,896,108

Note: As of June 30, 2010, Shenzhen CM Property Co., Ltd. – one of the subsidiaries of the Company has the balance of RMB37,849,666 of accepted drafts in China Construction Bank Shekou Branch; and the balance of RMB230,251,028 in China Merchants Bank Shenzhen New Age Branch. Both of above were secured by CMSIZ and will expire in 2010.

20. Account payable

(1) Details of payable accounts:

In RMB

Items	End of term	Beginning of term
Project payment	1,420,437,792	1,454,062,917
Land price	163,001,348	1,096,001,348
Payment for purchasing of share equity	70,650,000	70,650,000
Warrant pay	34,051,200	21,499,544
Others	108,055,095	63,307,476
Total	1,796,195,435	2,705,521,285

(2) Payable accounts due to shareholders with 5% or over of the Company's shares or related parties:

In RMB

Name of the companies	End of term	Beginning of term
China Merchants Shekou Industrial Zone Co., Ltd.	9,919,240	5,338,724
Total	9,919,240	5,338,724

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(3) Payable accounts with large amount and due over 1 year

				In RMB
Name of the companies	End of term	Age	Reason of overdue	Amount to repay after the report term
Shanghai Meiyang Property Co., Ltd.	70,650,000	1-2 years	Payment for purchasing of share equity	-
Baoshan Yanghang Town Government	72,192,000	1-2 years	Land price	-
Shenzhen OCT Construction and Installation Co., Ltd.	45,210,211	1-3 years	Project quality warranty at 5%, payable upon expiring of warranty period and no claiming.	-
Chaoyang Property Development Co., Ltd.	40,000,000	4-5 years	Moving assisting fee payable to Chaoyang Property Development Co., Ltd., payable upon completion letter granted by National Land Property Bureau.	-

21. Account received in advance

(1) Age analyse of prepayment received

					In RMB
Age	End of term		Beginning of term		
	Amount	%	Amount	%	
within 1 yr	6,993,513,080	84%	9,454,578,537	100%	
1-2 years	1,301,401,770	16%	33,778,332	-	
2-3 years	1,363,000	-	8,026,332	-	
Over 3 yrs	46,732	-	2,078,090	-	
Total	8,296,324,582	100%	9,498,461,291	100%	

Including: presale of properties:

					In RMB
Projects	End of term	Beginning of term	Planned finish date	Presale portion	
Tianjin Xincheng phase I	580,458,390	539,347,212	2010	91%	
Beijing Park 1872	2,108,712,290	1,609,282,424	2012	98%	
Foshan Yiyun Shui'an phase I,II	1,084,494,119	1,090,757,116	2011	90%	
Shenzhen CM Lanyuan North	907,787,593	691,948,950	2010	98%	
Tianjin Xincheng Phase II (Low density)	244,866,051	-	2010	41%	
Beijing Xicheng Jiayuan	813,390,292	563,964,405	2012	61%	
Chongqing CM Jiangwancheng phase I, II	523,927,434	475,822,198	2010	73%	
Phase V. Garden City	377,187,198	-	2010	57%	

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Guangzhou Jinshangu phase II	323,082,199	318,212,200	2010	96%
Zhangzhou CM Garden City Phase I	220,237,208	-	2010	75%
Foshan Yiyun Shangcheng phase I	203,347,599	24,100,950	2010	60%
Shanghai CM Yonghuayuan Phase I,II	192,619,698	658,889,318	completed	67%
Shenzhen Xicheng Phase III	151,093,498	2,014,274,540	completed	95%
Zhangzhou CM Garden City Phase I	138,546,829	1,701,305	2011	92%
Shenzhen Haiyue Huating	89,874,826	2,762,368	completed	98%
Guangzhou Jinshangu Phase III - 1	77,400,193	-	2010	9%
Shenzhen Lanxigu Phase II.	27,734,125	41,896,025	completed	86%
Tianjin 36 Xikang Road	16,800,000	11,107,049	completed	72%
Shanghai CM Nanqiao Yayuan	15,660,132	751,329,017	2010	89%
Nanjing Yiyunxigu Phase IV	9,980,601	347,394,769	completed	4%
Shanghai Haiwan Garden Phase II	8,121,731	-	2010	7%
Zhangzhou CM Jianzhu	6,728,737	2,458,519	completed	100%
Zhangzhou Yinshanhai Phase II	1,385,532	759,573	completed	100%
Shenzhen Haijing Plaza	1,328,637	1,328,637	completed	100%
Shenzhen Yishanjun phase II, III	771,660	149,215,837	completed	100%
Others	10,869,765	20,307,368		
Total	8,136,406,337	9,316,859,780		

(2) No prepayment account received from shareholders holding 5% or over of shares of the Company.

22. Wage payable

In RMB

Items	Balance of book value at beginning of term	Increased this term	Decreased this term	Balance of book value at end of term
I. Wage, bonus, allowances	138,779,990	245,997,003	311,549,754	73,227,239
II. Employees' welfare	703,632	13,372,360	12,591,369	1,484,623
III. Social security	5,116,720	21,112,666	24,641,632	1,587,754
IV. Housing fund	90,207	3,082,450	3,033,157	139,500
V. Dismissing welfare	1,280,000	629,680	629,680	1,280,000
VI. Others	16,862,433	8,690,074	6,940,685	18,611,822
Incl. Trade union fee and training fee	15,488,395	6,902,061	4,093,163	18,297,293
Total	162,832,982	292,884,233	359,386,277	96,330,938

Note: Balance of union fund and employee training fund is RMB18,297,293. Balance of dismissing compensation is RMB1,280,000.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

23. Tax payable

Items	In RMB	
	End of term	Beginning of term
Enterprise income tax	235,353,960	345,044,458
Land VAT (Note)	72,986,793	82,326,199
Business tax	58,126,774	100,574,873
VAT	5,372,245	15,659,902
Personal income tax	3,897,506	4,462,646
City maintenance and construction tax	1,775,099	1,225,228
Land using tax	856,874	765,383
Consumption tax	-	-
Others	1,747,398	39,800,764
Total	380,116,649	589,859,453

Note: See Note (V)7.

24. Tax disburseable

Items	In RMB	
	End of term	Beginning of term
Long-term loan interest with instalments	38,362,168	19,532,853
Interest of company bond	-	-
Short-term borrowing interests payable	1,392,984	2,339,565
Total	39,755,152	21,872,418

25. Dividend payable

Name of the companies	End of term	Beginning of term	In RMB
			Reason of overdue for over 1 year
CMSIZ. (Note 1)	89,112,876	-	
CM Zhangzhou Development Co., Ltd. (Note 1)	3,787,878	-	
Dafeng International Holdings Co., Ltd. (Note 1)	4,900,000	-	
Other investors of the PLC (Note 1)	73,929,296	-	
Shenzhen Nanshan Property Development Co., Ltd. (Note 2)	23,806,776	23,806,776	
Tianjin Shenmiao Investment Group Co., Ltd. (Note 3)	22,103,882	22,103,882	
Shekou Huayuan Seafood Restaurant	285,600	285,600	This company has been closed up.
Shenzhen OCT Property Co., Ltd.	-	61,555,629	
Total	217,926,308	107,751,887	

Note 1: This was the dividend payable according to the distribution plan of 2009 approved at

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

the Shareholders' Annual Meeting 2009 held on June 7, 2010.

Note 2: According to the profit distribution plan as of December 31, 2009 adopted by the board meeting of Suzhou CM Nanshan Property Co., Ltd. held on December 28, 2009, this was the profit payable to Shenzhen Nanshan Property Co., Ltd.

Note 3: According to the profit distribution plan as of December 31, 2009 adopted by the board meeting of Tianjin CM Property Co., Ltd. held on December 28, 2009, this was the profit payable to Tianjin Shenmiao Investment Group Co., Ltd.

26. Other account payable.

(1) Details of other payable accounts

Items	In RMB	
	End of term	Beginning of term
Interchange with co-operative companies	4,553,769,559	3,673,592,439
Loans to related companies	-	887,698,968
Deposit	657,194,279	642,352,024
Temporary payment	236,290,542	368,284,408
Others	191,050,057	263,402,148
Total	5,638,304,437	5,835,329,987

(2) Details of other payable accounts to shareholders with 5% or over of shares of the Company:

Name of the companies	In RMB	
	End of term	Beginning of term
Dafeng International Holdings	-	887,700,513
CM Zhangzhou Development Zone Ltd.	475,334,117	420,821,115
Tianjin Xinhai real Estate Development Co., Ltd.	133,081,399	148,831,399
Shenzhen Shekou Dazhong Investment Co., Ltd.	138,235,302	138,235,302
Shenzhen China Merchants Financing Service Co., Ltd.	33,510,000	16,338,000
China Merchants Guangming Technologies Garden Ltd.	1,069,390	1,067,447
China Merchants Hanghua Technologies and Trade Center Co., Ltd.	528,151	1,051,707
Total	781,758,359	1,614,045,483

(3) Statement on other payable accounts with large amount and aged over 1 year

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

In RMB

Name of the companies	End of term	Age	Reason of overdue
Huidefeng Property (China) Co., Ltd.	750,524,622	2-3 years	Investment payable by Huipeng Property Development Co., Ltd. to Huidefeng Property (China) Co., Ltd. who paid the investment payment to Foshan Xinjie Property Co., td. on its behalf
Shenzhen Nanshan Development Industrial Co., Ltd.	327,220,681	2-3 years	Suzhou CM Nanshan Property Co., Ltd. payable to Shenzhen Nanshan Development Industry Co., Ltd. of payment made on behalf
Beijing Jiaming Property Development Co., Ltd.	246,155,074	1-2 years	CM Jianming (Beijing) Property Development Co., Ltd. payable to Beijing Jiaming Property Co., Ltd. of payment made on behalf
CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD	147,095,730	1-2 years	Shanghai Fengyang Property Development Co., Ltd. payable to China International Marine Container (Group) Co., Ltd. for the payment paid on behalf.
Shenzhen Shekou Dazhong Investment Co., Ltd.	138,235,302	1-2 years	Beijing Kanglade Property Development Co., Ltd. payable to Shenzhen Shekou Dazong Investment Co., Ltd. for the payment paid on behalf.
Shenzhen China Merchants Financing Service Co., Ltd.	33,510,000	1-2 years	Beijing Kanglade Property Development Co., Ltd. payable to Shenzhen CM Financial Services Co., Ltd. for the payment paid on behalf.

27. Predicted liabilities

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
Providing of external guarantees	-	-	-	-
Unsettled lawsuit				
- lawsuit of Yishanjun (Note 1)	27,810,000	-	-	27,810,000
Dismissing policy	-	-	-	-
Loss contract to be executed	-	-	-	-
Predicted expenses (Note 2)	80,242,194	5,748	-	80,247,942
Total	108,052,194	5,748	-	108,057,942

Note 1. Some of the owners of Shenzhen Yishanjun, which was developed by Shenzhen CM Property Co., Ltd., sued to the court claiming for compensation of delayed property

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

certification. The compensation of RMB27,810,000 could be paid by Shenzhen CM Property Co., Ltd.

Note 2: According to the agreement engaged with Nanjing Fucheng Property Development Co., Ltd., the Company is expected to pay for the land using rights, land VAT, house maintaining fund, and other taxes for the transferring of International Finance Center held by Nanjing Fucheng Property Development Co., Ltd.

28. Non-current liabilities due in one year

(1) Details of non-current liabilities due in one year

In RMB

Items	End of term	Beginning of term
Long-term loans due in 1 year	1,457,610,597	1,303,402,319
Bond payable due in one year	-	-
Long-term payable due in 1 year	-	-
Other non-current liabilities due in 1 year		99,402
Total	1,457,610,597	1,303,501,721

(2) Long-term loans due in 1 year

(a) Long-term loans due in one year

In RMB

Items	End of term	Beginning of term
Loan by pledge	-	-
Pledged loan (Note 1)	275,000,000	218,000,000
Guaranteed loan (Note 2)	432,610,597	835,402,319
Credit loan	750,000,000	250,000,000
Total	1,457,610,597	1,303,402,319

Note 1: China Merchants Jiaming (Beijing) Property Development Co., Ltd. – one of the subsidiaries of the Company, entered the Pledge Contract with China Merchants Bank Beijing Sanhuan Branch, by which the 106,700 square meters of land of Beijing Xicheng Jiayuan (Land CY-09 in Changping) was pledged to the bank for the loan of RMB275,000,000.

Note 2: Ruijia Investment Industrial Co., Ltd. Raised loans of USD47,000,000 (RMB319,198,597) and HKD130,000,000 (RMB113,412,000) from China Industrial & Commercial Bank (Asia), which were both secured by China Merchants Group (HK) Co., Ltd.

(b) Long-term loans due in 1 year top 5 in amount

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

In RMB

Loan provided by	Commence date	Terminate date	Currency	Interest rates %	End of term		Beginning of term	
					Amount of foreign currency	Amount of original currency	Amount of foreign currency	Amount of original currency
China Construction Bank Shekou Branch	2008.11.24	2011.02.23	RMB	4.86%	-	500,000,000	-	-
China Industrial and Commercial Bank (Asia)	2008.12.14	2010.12.17	USD	浮动利率	47,000,000	319,198,597	47,000,000	320,937,319
China Merchants Bank Beijing Beisanhuan Branch	2009.06.29	2011.05.20	RMB	Float rates	-	275,000,000	-	218,000,000
China Minsheng Bank Shenzhen Shekou branch	2008.11.28	2010.11.28	RMB	4.86%	-	200,000,000	-	200,000,000
China Industrial and Commercial Bank (Asia)	2008.12.24	2010.12.24	HKD	Float rates	130,000,000	113,412,000	130,000,000	114,465,000
Total						1,407,610,597		853,402,319

29. Other current liability

In RMB

Items	Balance of book value at end of term	Balance of book value at beginning of term
Subsidiaries to be disposed (Note 1)		
Incl. Account payable	156,218	-
Account received in advance	773,618	-
Employees' wage payable	4,154,122	-
Tax payable	369,170	-
Other payables	40,393,353	-
Other long-term liabilities	2,784,584	-
Land VAT drawn in advance (Note 2)	2,159,065,278	1,819,878,069
Outsourced cleaning and security guard services	11,660,143	7,857,914
Improving of intelligent system	1,729,173	2,763,676
Original water and power supply	2,893,238	2,364,392
Uniforms	2,501,671	466,201
Visiting tours	2,122,500	-
Agencies	-	3,012,000
Others	11,356,063	7,220,749
Total	2,239,959,131 2,237,152,128 223	1,843,563,001

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Note 1: See Note (V)7, note 1.

Note 2: Land VATs are calculated and provided in accordance with 国税发[2006]187号 with the heading of circular about Settlement of Land VAT of Property Development Enterprises issued by National Tax Bureau General, and accounted into current income account. Meanwhile, when calculating of the income tax of current year, corresponding adjustments were done by the subsidies of the Company on the taxable income account according to the relative income tax rules of local governments.

30. Long-term loans

(1) Categories of long-term loans

Items	In RMB	
	End of term	Beginning of term
Loan by pledge	-	-
Pledged loan	-	-
Guaranteed loan (Note 1)	5,690,737,832	2,244,268,040
Credit loan	3,671,636,000	3,323,128,000
Entrusted loan (Note 2)	152,906,972	152,906,972
Total	9,515,280,804	5,720,303,012

Note 1: The Company raised loan of RMB470,000,000 from China Merchants Bank Shekou Branch, and RMB470,000,000 from China Merchants Bank New Age Branch, both of them were secured by China Merchants Shekou Industrial Zone Co., Ltd.

The Company obtained RMB2,000,000,000 of input capital from Huatai Asset Management Co., Ltd., Ruijia Investment & Industry Co., Ltd. raised USD36,000,000 (RMB244,492,543) from China Merchants Bank Offshore Business Dept., and USD50,000,000 (RMB339,572,976) and USD70,000,000 (RMB475,402,166) from ING Bank N.V., Hong Kong Branch. All of them were secured by China Merchants Group (HK) Co., Ltd.

Shenzhen CM Power Supply Co., Ltd. – one of the subsidiaries of the Company raised the loan of USD30,000,000 (RMB203,727,000) from ING Bank N.V., Shanghai Branch, which was secured by the Company.

Ruijia Investment & Industry Co., Ltd. – one of the subsidiaries of the Company, raised USD194,000,000 (RMB1,317,543,147) of loan from China Construction Bank Hong Kong Branch. According to the ‘Agreement of Guarantee Letter’ engaged between the Company and China Construction Bank Shenzhen Branch, it forms a substantial guarantee liability to the Company over Ruijia Investment & Industry Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Zhuhai Yuanfeng Property Co., Ltd. raised RMB170,000,000 of loan from Guangdong Development Bank Zhuhai Branch, which was secured by the Company at 51% of the outstanding balance.

Note 2: According to the “Contract for Entrusted Loans in RMB” entered by Shenzhen China Merchants Construction Co., Ltd., Nanjing Fucheng Property Development Co., Ltd. and Bank of China Shekou Branch, Nanjing Fucheng Property Development Co., Ltd. entrusted Bank of China Shekou Branch to provide Shenzhen China Merchants Construction Co., Ltd. the loan with term of 3 years.

(2) Long-term loans top 5 in amount

Loan provided by	Commence date	Terminate date	Currency	Interest rates %	End of term		Beginning of term	
					Amount of foreign currency	Amount of original currency	Amount of foreign currency	Amount of original currency
Huatai Asset Management Co., Ltd.	2010.04.20	2017.04.19	RMB	Float rates	-	2,000,000,000	-	-
Xinhua Trust & Investment Co., Ltd.	2009.07.21	2012.07.20	RMB	Float rates	-	1,000,000,000	-	1,000,000,000
China Construction Bank Hong Kong Branch	2010.01.05	2012.12.23	USD	Float rates	130,000,000	882,889,738	-	-
China Merchants Bank Newage Branch	2009.07.27	2012.07.27	RMB	4.86%	-	470,000,000	-	600,000,000
China Construction Bank Hong Kong Branch	2010.01.14	2012.12.23	USD	Float rates	64,000,000	436,453,409	-	-
Total						4,789,343,147		1,600,000,000

31. Long term payables

In RMB

Units	Term	Initial amount	Interest rates %	Interest payable	Balance at the end of term	Condition
Main body maintaining fund	-	50,033,638	-	-	50,033,638	-
Shenzhen China Merchants Landmark Co., Ltd.	-	1,200,000	-	-	1,200,000	-
Total		51,233,638		-	51,233,638	

32. Other non-current liabilities

In RMB

Items	Balance of book	Balance of book
Differed rental income	4,483,360	2,983,360
Infrastructure construction fund granted by Bureau of Water	-	2,737,985
Special grant for culture development	-	1,500,000
Other water supply grants	-	96,300
Total	4,483,360	7,317,645

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Less: Other non-current liabilities due in 1 year	-	99,402
Incl. Infrastructure construction fund granted by Bureau of Water	-	99,402
Non-current liabilities due beyond 1 year	4,483,360	7,218,243

33. Capital Share

In RMB

Items	Beginning of term	Changed this term					Sub-total	End of term
		Issuing of new shares	Bonus shares	Transferred from reserves	Others			
June 30, 2010								
I. Shares with conditional subscription								
1. State-owned shares	-	-	-	-	-	-	-	
2. National legal person shares	731,298,105	-	-	-	-	-	731,298,105	
3. Other domestic shares	-	-	-	-	-	-	-	
4. Foreign shares	197,709,440	-	-	-	-	-	197,709,440	
5. Management shares	431,939	-	-	-	-	-	431,939	
Total of conditional shares	929,439,484	-	-	-	-	-	929,439,484	
II. Shares with unconditional subscription								
1. RMB common shares	646,434,394	-	-	-	-	-	646,434,394	
2. Foreign shares placed in domestic exchange	141,426,625	-	-	-	-	-	141,426,625	
3. Foreign shares listed overseas	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
Total of unconditional shares	787,861,019	-	-	-	-	-	787,861,019	
III. Total of capital shares	1,717,300,503	-	-	-	-	-	1,717,300,503	
December 31, 2009								
I. Shares with conditional subscription								
1. State-owned shares	-	-	-	-	-	-	-	
2. National legal person shares	731,298,105	-	-	-	-	-	731,298,105	
3. Other domestic shares	-	-	-	-	-	-	-	
4. Foreign shares	197,709,640	-	-	-	(200)	(200)	197,709,440	

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

5. Management shares	473,789				(41,850)	(41,850)	431,939
Total of conditional shares	929,481,534	-	-	-	(42,050)	(42,050)	929,439,484
II. Shares with unconditional subscription							
1. RMB common shares	646,407,544	-	-	-	26,850	26,850	646,434,394
2. Foreign shares placed in domestic exchange	141,411,425	-	-	-	15,200	15,200	141,426,625
3. Foreign shares listed overseas	-	-	-	-			-
4. Others	-	-	-	-			-
Total of unconditional shares	787,818,969	-	-	-	42,050	42,050	787,861,019
III. Total of capital shares	1,717,300,503	-	-	-	-	-	1,717,300,503

The above shares are with par value of RMB1 yuan.

34. Capital reserves

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
June 30, 2010				
Share capital premium	8,369,949,610	-		8,369,949,610
Incl. Capital input by investors	8,884,412,549	-	-	8,884,412,549
Using of converting rights of convertible bonds	1,394,072,217	-	-	1,394,072,217
Liabilities converted to capital	-	-	-	-
Difference formed by merger of firms under common control	(1,354,694,800)	-	-	(1,354,694,800)
Acquiring share equities from minor shareholders of subsidiaries	(384,866,956)	-		(384,866,956)
Capital reserves capitalized	(168,973,400)	-	-	(168,973,400)
Other misc incomes	13,565,536		650,978	12,914,558
Other capital reserves	104,411,758	-	-	104,411,758
Incl. Equity part distilled from convertible bond	-	-	-	-
Fair value of equity instrument accounted at equity basis	-	-	-	-
Balance of moving compensation granted by government for public interests	-	-	-	-

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Transferred from capital reserves under original system	104,411,758	-	-	104,411,758
Total	8,487,926,904	-	650,978	84,87,275,926
December 31, 2009				
Share capital premium	8,433,024,544	-	63,074,934	8,369,949,610
Incl. Capital input by investors	8,884,412,549	-	-	8,884,412,549
Using of converting rights of convertible bonds	1,394,072,217	-	-	1,394,072,217
Liabilities converted to capital	-	-	-	-
Difference formed by merger of firms under common control	(1,354,694,800)	-	-	(1,354,694,800)
Acquiring share equities from minor shareholders of subsidiaries	(321,792,022)	-	63,074,934	(384,866,956)
Capital reserves capitalized	(168,973,400)	-	-	(168,973,400)
Other misc incomes	11,108,482	2,457,054	-	13,565,536
Other capital reserves	104,411,758	-	-	104,411,758
Incl. Equity part distilled from convertible bond	-	-	-	-
Fair value of equity instrument accounted at equity basis	-	-	-	-
Balance of moving compensation granted by government for public interests	-	-	-	-
Transferred from capital reserves under original system	104,411,758	-	-	104,411,758
Total	8,548,544,784	2,457,054	63,074,934	8,487,926,904

35. Surplus reserves

In RMB

Items	Beginning of term	Increased this term	Decreased this term	End of term
June 30, 2010				
Statutory surplus reserves	645,672,972	-	-	645,672,972
Optional surplus reserves	140,120,038	-	-	140,120,038
Preserved fund	-	-	-	-
Enterprise development fund	-	-	-	-
Others	-	-	-	-
Total	785,793,010	-	-	785,793,010
December 31, 2009				
Statutory surplus reserves	530,106,466	115,566,506	-	645,672,972
Optional surplus reserves	140,120,038	-	-	140,120,038

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Preserved fund	-	-	-	-
Enterprise development fund	-	-	-	-
Others	-	-	-	-
Total	670,226,504	115,566,506	-	785,793,010

Legal common reserves could be used to makeup losses, expand business operation or capitalized to capital shares.

36、 Retained profit

In RMB

Items	Amount	Percentage of drawing or allocation
The period from January 1, 2010 to June 30, 2010		
Before adjustment: Retained profit at end of last year	5,214,909,610	
Adjustment: Total of retained profit at beginning of year (+ for increase, - for decrease)	-	
Adjusted: Retained profit at beginning of year	5,214,909,610	
Plus: Net profit attributable to owners of the parent company	1,050,179,281	
Less: Statutory surplus reserves	-	
Optional surplus reserves	-	
Common risk provisions	-	
Common share dividend payable	171,730,050	Note 1
Common share dividend transferred to capital share	-	
Retained profit at the end of term	6,093,358,841	
Year 2009		
Before adjustment: Retained profit at end of last year	3,858,062,286	
Adjustment: Total of retained profit at beginning of year (+ for increase, - for decrease)	-	
Adjusted: Retained profit at beginning of year	3,858,062,286	
Plus: Net profit attributable to owners of the parent company	1,644,143,880	
Less: Statutory surplus reserves	115,566,506	
Optional surplus reserves	-	
Common risk provisions	-	
Common share dividend payable	171,730,050	
Common share dividend transferred to capital share	-	
Retained profit at the end of term	5,214,909,610	

Note 1: Cash dividend approved by the Shareholders' Annual Meeting

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

According to the resolutions adopted at the Shareholders' Meeting 2009 held in June 2010, on the basis of 1,717,300,503 shares at December 31, 2009, the Company distributed RMB1.00 to each 10 shares, and totally RMB171,730,050 was distributed.

Note 2: Surplus reserves drawn by subsidiaries

As of June 30, 2010, there was RMB505,929,305 of surplus reserves provided by the subsidiaries which has been included in the retained profit of the Company. (December 31, 2009: RMB505,929,305).

37. Operational turnover and cost

(1) Turnover

Items	In RMB	
	Occurred current term	Amount occurred same period last year
Major business turnover	6,980,394,887	2,874,721,644
Other business income	759,038	1,055,582
Major business cost	4,127,221,400	1,628,092,292
Other business cost	142,333	185,970

(2) Main businesses (on industries)

Name of industry	In RMB			
	Occurred current term		Amount occurred same period last year	
	Turnover	Operation cost	Turnover	Operation cost
Property development	6,460,083,143	3,725,031,407	2,407,393,782	1,279,625,305
Public Utilities	321,265,272	236,716,661	301,655,272	215,172,676
Property management	199,046,472	165,473,332	165,672,590	133,294,311
Total	6,980,394,887	4,127,221,400	2,874,721,644	1,628,092,292

(3) Income from top 5 clients

Name of clients	In RMB	
	Turnover	Percentage in total turnover of the Company %
Shenzhen Nanshan Property Development Co., Ltd.	52,437,650	0.75%
Owner of block 152, phase III of Xicheng	49,305,296	0.71%
Owner of block 163, phase III of Xicheng	46,627,472	0.67%
Owner of block 143, phase III of Xicheng	43,415,227	0.62%
Owner of block 165, phase III of Xicheng	33,903,042	0.49%

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Total	225,688,687	3.24%
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(4) Turnover from construction contracts:

In RMB

Construction contract with fixed price	Project	Contract amount	Accumulated costs occurred	Accumulation of gross profit recognized	Settled amount
	Low rental project of Beijing Xicheng Jiayuan	88,000,000	67,460,834	7,339,166	-

38. Business tax and surcharge

In RMB

Items	Occurred current term	Amount occurred same period last year	Rate
Land VAT	509,082,873	344,756,208	Note
Business tax	335,311,052	129,410,111	Note
City maintenance and construction tax	10,008,345	2,335,284	Note
Education surtax	7,158,099	2,919,672	Note
Resource tax	-	-	
Consumption tax	-	-	
Others	1,364,878	1,062,632	
Total	862,925,247	480,483,907	

Note: See Note (III).

39. Financial expenses

In RMB

Items	Occurred current term	Amount occurred same period last year
Interest expense	195,007,097	328,428,319
Less: Interest expenses capitalized	173,094,565	262,854,000
Less: Interest income	48,785,129	9,608,370
Exchange differences	26,152,464	349,430
Less: Exchange difference capitalized	8,392,352	-
Others	12,165,719	1,572,378
Total	3,053,234	57,887,757

40. Borrowing expenses

In RMB

Items	Amount of borrowing expenses capitalized in current term	Capitalization rate

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Inventories	164,702,213	5.31%
Production physical assets	-	-
Biological assets with public interests	-	-
Construction in process	-	-
Intangible assets	-	-
Subtotal of borrowing expenses capitalized in current term	164,702,213	5.31%
Borrowing expenses accounted into current income account	21,912,532	-
Total of borrowing expenses of current term	186,614,745	5.31%

41. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Occurred current term	Amount occurred same period last year
Transactional financial assets	19,394,866	(108,371,152)
Incl. Gains from fluctuation of fair value of derivate financial instruments	19,394,866	(108,371,152)
Trade off financial liabilities	10,523,008	-
Investment property measured at fair value	-	-
Others	-	-
Total	29,917,874	(108,371,152)

Note: See Note (V)2.

42. Investment income

(1) Detailed investment gains

In RMB

Items	Occurred current term	Amount occurred same period last year
Long-term equity investment gains on cost basis	-	-
Long-term equity investment gains on equity basis	(592,236)	109,884,894
Investment gains from disposal of long-term equity investment	-	-
Investment gains in the period of holding transactional financial assets	-	-
Investment gains in the period from receiving to expiration	-	-
Investment gains in period of holding disposable financial assets	-	-
Investment gains from disposal of transactional financial assets	3,637,080	81,835,093
Investment gains from disposal of investment hold to	-	-

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

expiration		
Investment gains from disposal of disposable financial assets	-	-
Others	22,409,110(Note 1)	20,401,339
Total	25,453,954	212,121,326

Note 1: Interest income from entrusted loans was RMB22,409,110 after deducting of taxes. For details please see Note (V)9.

(2) Details of gains from long-term equity investment on equity basis

In RMB

Company invested in	Occurred current term	Amount occurred same period last year	Causation of change
China Merchants Guangming Technologies Garden Ltd.	(2,403,252)	(1,825,269)	Increase of loss by invested business
Tianjin Xinhai real Estate Development Co., Ltd.	2,094,709	1,963,199	Profit of the firm increased
Shenzhen China Merchants OCT Investment Co., Ltd.	-	110,525,808	Included in the consolidation range since October 2009
Total	(308,543)	110,663,738	

43. Asset impairment loss

In RMB

Items	Occurred current term	Amount occurred same period last year
I. Bad debt loss	(2,861)	(107,964)
II. Inventory impairment loss	-	-
III. Disposable financial asset impairment	-	-
IV. Impairment loss from investment held till expiration	-	-
V. Impairment loss from long-term stock investment	-	-
VI. Property investment impairment loss	-	-
VII. Fixed asset impairment loss	-	-
VIII. Engineering goods impairment loss	-	-
IX. Construction-in-process impairment loss	-	-
X. Production goods impairment loss	-	-
XI. Gas and fuel asset impairment loss	-	-
XII. Intangible asset impairment loss	-	-
XIII. Goodwill impairment loss	-	-
XIV. Other	-	-

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Total	(2,861)	(107,964)
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44. Non-business income

(1) Details of non-operational income

In RMB

Items	Occurred current term	Amount occurred same period last year
Total of gains from disposal of non-current assets	66,174	20,524
Incl. Gains from disposal of fixed assets	66,174	20,524
Gains from disposal of intangible assets	-	-
Gains from debt reorganization	-	-
Gains from exchange of non-monetary assets	-	-
Donation received	-	-
Government subsidy	7,088,493	8,484,431
Write back of predicted debts	-	7,450,000
Income from penalties	599,948	1,847,513
Others	1,155,626	72,907
Total	8,910,241	17,875,375

Details of government subsidy

In RMB

Items	Occurred current term	Amount occurred	Remarks
VAT refund for electric power import	4,862,063	7,755,000	Note 1
Industrial development special fund	600,000	-	Note 2
Tax refund	556,129	634,730	Note 3
Government financing for pipe	49,702	49,702	Note 4
Subsidy for solar energy application	1,020,600	45,000	Note 5
Total	7,088,493	8,484,432	

Note 1: As approved by the Ministry of Finance and National Tax Bureau General with document 财关税[2010]22号, in the period from January 1, 2010 to December 31, 2012, the electric power imported by Shenzhen China Merchants Power Supply Co., Ltd. from Hong Kong is on the basic amount of 560 million Kwh. The VAT on the amount lower than the basic amount will be refunded at 20%, where the amount beyond the basic amount is subject to the import VAT according to the regulations.

Note 2: This was the special fund for industrial development received by Shenzhen CM Real-estate Co., Ltd. – one of the subsidiaries of the Company.

Note 3: Tax refund received by Shanghai China Merchants Property Management Co., Ltd. – the subsidiary of the Company, according to the tax refunding agreement engaged with

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Shanghai Hongkou Government.

Note 4. It was the differed income formed by government grant received by Shenzhen China Merchants Water Supply Co., Ltd. for reconstruction of Shahexi DN1200 pipe lines and expanding engineering of Xili (Beihuan-Langshan) water pipe.

Note 5. This was government financing granted by Shenzhen Nanshan District Bureau of Finance and the first disburse of solar energy application subsidy granted by Shenzhen Bao'an District Bureau of Finance for Shenzhen China Merchants Lanyuan Project.

45. Non-business expenditures

Items	In RMB	
	Occurred current term	Amount occurred same period last year
Total of loss from disposal of non-current assets	276,647	318,807
Incl. Loss from disposal of fixed assets	276,647	318,807
Loss from disposal of intangible assets	-	-
Losses from debt restructuring	-	-
Loss from exchange of non-monetary assets	-	-
Expected liability expense	-	-
Donations	2,232,000	190,461
Others	2,595,038	846,398
Total	5,103,685	1,355,666

46. Income tax expenses

Items	In RMB	
	Occurred current term	Amount occurred same period last year
Income tax calculated according to the law and regulations of current term	582,418,590	198,172,477
Adjustment of differed income tax	(147,676,385)	(56,119,274)
Total	434,742,205	142,053,203

Adjustments on income tax expenditure and accounting profit:

	In RMB	
	Occurred current term	Amount occurred same period last year
Accounting profit	1,833,668,498	624,090,354
Income tax at 22% (20% last year)	403,407,070	124,831,715
Influence of taxes may not be neutralized by expenses	16,484,665	37,319,173

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Influence of tax-free income	(2,229,334)	(23,673,865)
Influence of taxes not confirmed to neutralize loss and neutralizable provisional differences	(45,150,629)	(13,088,910)
Tax influence by using of unrecognized previous loss and deductible provisional differences	43,672,028	-
Influence of inconsistency in tax rates of subsidiaries in other region	18,558,405	16,665,090
Income tax expenses	434,742,205	142,053,203

47. Calculation of basic earning per share and diluted earning per share

At calculating of basic earning per share, the net profit of current term attributable to common shareholders is:

	In RMB	
	Occurred current term	Amount occurred same period last year
Net profit of current term attributable to common shareholders	1,050,179,281	486,847,748
Incl. Net profit attributable to continuous operation	1,050,179,281	486,847,748
Net profit attributable to terminating operation	-	-

At calculating of diluted earning per share, the net profit of current term attributable to common shareholders is:

	In RMB	
	Occurred current term	Occurred in previous term
Net profit of current term attributable to common shareholders	1,050,179,281	486,847,748
Diluting potential common share interests recognized as expenses at current term		
The part attributable to common shareholders after deducting of income tax	-	-
The part of income or expenses generated by converting of diluted potential common shares attributable to common shareholders after deducting of income tax	-	-
Incl. Net profit attributable to continuous operation	1,050,179,281	486,847,748
Net profit attributable to terminating operation	-	-

At calculating of basic earning per share, the denominator is the weighted average of common shares issued outside, the calculation formula is as:

In RMB

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

	Occurred current term	Amount occurred same period last year
Common shares out in the market at beginning of year	1,717,300,503	1,717,300,503
Plus: Weighted amount of common shares issued this term	-	-
Less: weighted amount of common shares repurchased in current term	-	-
Weighted amount of common shares issued outside at end of year	1,717,300,503	1,717,300,503

At calculating of diluted earning per share, the formula for weighted average amount of common shares issued outside is as:

	RMB Yuan	
	Occurred current term	Occurred in previous term
Weighted average of common shares used in calculating of basic earnings per share	1,717,300,503	1,717,300,503
Plus: Weighted average amount of common shares increased with assumption of the diluted potential common shares have been converted to current common shares	-	-
Incl. Weighted amount of common shares increased by converting of convertible bonds	-	-
Weighted amount of common shares increased by exercising of subscription certificate / share option	-	-
Weighted amount of common shares increased by executing of repurchasing commitment	-	-
Weight average amount of common shares used in calculating of diluted earning per share	1,717,300,503	1,717,300,503

Earnings per share

	In RMB	
	Occurred current term	Amount occurred same period last year
Calculated according to net profit attributable to the shareholders of the parent company		
Basic earnings per share	0.6115	0.2834
Diluted earnings per share	0.6115	0.2834
Calculated according to continuous operation net profit attributable to the shareholders of parent company		

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Basic earnings per share	0.6115	0.2834
Diluted earnings per share	0.6115	0.2834
Calculated according to termination net profit attributable to the shareholders of parent company		
Basic earnings per share	-	-
Diluted earnings per share	-	-

48. Other miscellaneous income

In RMB

Items	Occurred current term	Amount occurred same period last year
1. Gain(loss) generated by sellable financial assets	(769,024)	2,218,903
Less: Income tax influence of sellable financial assets	(118,046)	443,780
Net amount written into other gains and transferred into gain/loss in previous terms	-	-
Sub-total	(650,978)	1,775,123
2. Share in other misc. income of the invested company on equity basis	-	-
Less: Income tax influence of shares in other gains of investees on equity basis	-	-
Net amount written into other gains and transferred into gain/loss in previous terms	-	-
Sub-total	-	-
3. Gain(loss) generated by cash flow of hedging instrument	-	-
Less: Income tax influence of cash flow hedge instruments	-	-
Net amount written into other gains and transferred into gain/loss in previous terms	-	-
Adjustment converted to initially recognized amount of hedging subject	-	-
Sub-total	-	-
4. Difference in translating of foreign currency accounts	39,197,159	-
Less: Net amount of disposing overseas business and transferred to current gain/loss	-	-
Sub-total	39,197,159	-
5. Others	-	(2,000,000)
Less: Income tax influence by other accounted into other misc. incomes	-	-
Net amount accounted into other misc. income and transferred into current gain/loss in previous terms	-	-
Sub-total	-	(2,000,000)

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Total	38,546,181	(224,877)
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49. Notes to cash flow statements

(1) Other cash received relating to business operation

In RMB

Items	Occurred current term	Amount occurred same period last year
Operational trade money received	965,050,266	500,146,184
Project deposit received	337,179,945	125,550,342
Interest received	50,537,793	24,367,967
Operational provisional money received	104,664,258	174,655,573
Total	1,457,432,262	824,720,066

(2) Other cash paid relating to business operation

In RMB

Items	Occurred current term	Amount occurred same period last year
Operational trade money paid	475,466,354	618,392,498
Project deposit refunded	477,206,606	65,130,245
Cash paid for sales expenses	71,933,008	67,049,266
Cash paid for administrative expenses	51,773,005	32,678,218
Total	1,076,378,973	783,250,227

(3) Other cash received relating to investment operation

In RMB

Items	Occurred current term	Amount occurred same period last year
Cash received from trade of foreign currency future contract	12,887	77,277,985
Total	12,887	77,277,985

50. Supplementary data of cash flow statement

(1) Supplementary cash flow statement

In RMB

Supplementary Info.	Amount of the Current Term	Amount of the same period of previous term
1. Net profit adjusted to cash flow of business operation		
Net profit	1,398,926,293	482,037,151
Plus: Asset impairment provision	(2,861)	(107,964)
Fixed asset depreciation, gas and petrol depreciation,	16,924,895	17,499,053

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

production goods depreciation		
Amortizing of intangible assets and investment properties	68,873,765	62,839,470
Amortizing of long-term expenses	9,611,584	11,167,990
Loss from disposal of fixed assets, intangible assets and other long-term assets	210,473	298,283
Loss of disposing fixed assets	-	-
Loss (gain) from fair value fluctuation	(29,917,874)	108,371,152
Financial expenses	3,053,234	57,887,757
Investment loss (gains)	(25,453,955)	(212,121,326)
Decrease of differed income tax assets (increase)	(147,676,385)	(56,119,274)
Increase of differed income tax liabilities	(118,047)	443,780
Decreasing (increase) of inventory	(3,339,843,203)	(2,042,467,115)
Decrease (increase) of operational receivables	888,747,172	484,523,627
Increase of operational payables	(838,744,392)	4,232,170,148
Others		
Cash flow generated by business operation, net	(1,995,409,301)	3,146,422,732
2. Major investment and financing operation not involving with cash		
Liabilities converted to capital	-	-
Convertible bond expire in 1 year	-	-
Fixed assets leased through financing	-	-
3. Net change of cash and cash equivalents		
Balance of cash at period end	10,315,367,297	8,561,695,831
Less: Initial balance of cash	8,775,661,067	7,358,057,106
Plus: Balance of cash equivalents at the period end	-	-
Less: Initial balance of cash equivalents	-	-
Net increasing of cash and cash equivalents	1,539,706,230	1,203,638,725

(2) Composition of cash and cash equivalents

Items	In RMB	
	End of term	Beginning of term
I. Cash	10,315,367,297	8,775,661,067
Incl: Cash in stock	66,540	43,011
Bank savings could be used at any time	10,315,300,757	8,775,618,056
Other monetary capital could be used at any time	-	-
Usable money in Central Bank	-	-
Money saved in associated financial bodies	-	-
Money from associated financial bodies	-	-
II. Cash equivalents	-	-

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Incl. Bond investment due in 3 months	-	-
III. Balance of cash and cash equivalents at end of term	10,315,367,297	8,775,661,067

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(VI) Related parties and related transactions

1. Particulars about the parent company of the Company

In RMB

Name of the parent co.	Relationship	Ownership type	Reg. Add.	Legal representative	Business property	Registered capital	Shareholding of the parent co.	Voting power of the parent company %	Ultimate holder of the Company	Organization code
China Merchants Shekou Industrial Zone Co., Ltd.	Controlling shareholder	Ltd. liability	Shenzhen	Fu Yuning	Establishment and management of various types of enterprises.	2,236,000,000	51.89%	51.89%	China Merchants Group Co., Ltd.	10001146 - 0
The ultimate controlling party of the Group is China Merchants Group Co., Ltd. The parent company and the ultimate controlling party of the Group do not provide financial statements to outsiders.										

2. Particulars of the subsidiaries

See Note (IV)

3. Joint-ventures and affiliates

See Note (V) 10

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

4. Other related parties

Name of the related parties	Relationship with the Company	Organization code
Shenzhen China Merchants Landmark Co., Ltd.	Under same controlling shareholder	70844202 - 3
Shenzhen Beike Venture Co., Ltd.	Under same controlling shareholder	72304387 - 2
Dafeng International Holdings	Under same controlling shareholder	Not applicable
Shenzhen China Merchants Financing Service Co., Ltd.	Under same controlling shareholder	19244397 - 2
China Merchants Logistics Holdings Co., Ltd.	Under same controlling shareholder	72472882 - 2
Shenzhen Shekou Dazhong Investment Co., Ltd.	Under same controlling shareholder	61880956 - 5
China Merchants Hanghua Technologies and Trade Center Co., Ltd.	Under same controlling shareholder	60002262 - 5
China Merchants Group (HK) Ltd.	Under common substantial controlling shareholder	Not applicable
China Merchants Securities Co., Ltd.	Under common substantial controlling shareholder	19218149 - 0
China Merchants International (China) Investment Co., Ltd.	Under common substantial controlling shareholder	71786931-X
CM Zhangzhou Development Zone Ltd.	Under common substantial controlling shareholder	61145106 - 2
Shenzhen CM Qianhaiwan Property Co., Ltd.	Under common substantial controlling shareholder	79386851 - 1
Shenzhen TCL Optical-Electronics Technologies Ltd.	Affiliate of the Company	26639365 - 3
China Merchants Guangming Technologies Garden Ltd.	Affiliate of the Company	76755303 - 0
Tianjin Xinhai real Estate Development Co., Ltd.	Affiliate of the Company	7581445 - 4
Huizhou Taitong Property Investment Co., Ltd.	Joint venture of the Company	67314099 - 0
Director, general manager and vice general manager	Key management	

5. Related transactions

(1) Related transactions of goods and services

In RMB

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Related parties	Type of trade	Subjects of the related transactions	Pricing and decision making process	Occurred current term		Amount occurred same period last year	
				Amount	Percentage in similar trades %	Amount	Percentage in similar trades %
Shenzhen CM Qianhaiwan Property Co., Ltd.	income of construction contract	Note 1	approved by the board	53,350,000	100%	-	-

Note 1: Shenzhen CM Construction Co., Ltd. contracted for the general project of phase I and II of Qianhaiwan Garden from Shenzhen CM Qianhaiwan Property Co., Ltd. The company actually gained RMB603,347 after subcontracted the project.

(2) Related rents

In RMB

Name of the owner	Name of the tenant	Description of the property	Leases Start date	Stop date	Rental income
China Merchants Shekou Industrial Zone Co., Ltd.	Shenzhen China Merchants Property Co., Ltd.	Land using right	2010.1.1	2010.12.31	4,580,516
China Merchants Shekou Industrial Zone Co., Ltd.	Shenzhen China Merchants Property Co., Ltd.	Nanhai E-cool	2008.9.1	2023.8.31	6,726,084
China Merchants Shekou Industrial Zone Co., Ltd.	Shenzhen CM Water Supply Co., Ltd.	Land using right	1982.01.01	2025.06.30	1,366,986
China Merchants Shekou Industrial Zone Co., Ltd.	Shenzhen CM Power Supply Co., Ltd.	Land using right	2007.01.01	2010.12.31	1,120,500
Shenzhen China Merchants Property Co., Ltd.	China Merchants Shekou Industrial Zone Co., Ltd.	Office building of New Time Plaza	2010.01.01	2010.12.31	5,946,918
Shenzhen China Merchants Property Co., Ltd.	China Merchants International (China) Investment Co., Ltd.	Office building of New Time Plaza, industrial building	2010.02.01	2011.01.31	2,266,634
Shenzhen China Merchants Property Co., Ltd.	Shenzhen China Merchants Landmark Co., Ltd.	Office building of New Time Plaza	2009.10.01	2010.09.30	1,076,120
Shenzhen China Merchants Property Co., Ltd.	China Merchants Logistics Holdings Co., Ltd.	China Merchants Building, Haibin Commercial Center	2010.01.01	2010.12.31	763,896
Shenzhen China Merchants Property Co., Ltd.	Shenzhen Beike Venture Co., Ltd.	Beike Chuangye Building	2000.07.01	2015.06.03	335,000

The above transactions are implemented according to agreement price.

(3) Related guarantees

In RMB

The guarantor	The beneficiary	Amount guaranteed	Start date	Due date	Completed or not
CMSIZ. (Note 1)	The Company	1,007,909,000	2009.05.26	2012.07.27	No
CMSIZ. (Note 1)	Shenzhen China Merchants Property Co., Ltd.	230,251,028	2010.01.06	2010.12.28	No
CMSIZ. (Note 1)	Shenzhen CM Power Supply Co., Ltd.	37,818,522	2009.08.26	2010.08.26	No
CMSIZ. (Note 1)	Shenzhen China Merchants Property Co., Ltd.	82,012,508	2009.11.15	2012.03.20	No
China Merchants Group (HK) Co., Ltd. (Note 2)	The Company	2,000,000,000	2010.04.20	2017.04.19	No
China Merchants Group (HK)	Ruijia Investment	244,492,543	2009.12.01	2011.11.28	No

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Co., Ltd. (Note 2)	Industrial Ltd.				
China Merchants Group (HK) Co., Ltd. (Note 2)	Ruijia Investment Industrial Ltd.	339,572,976	2007.11.20	2012.11.19	No
China Merchants Group (HK) Co., Ltd. (Note 2)	Ruijia Investment Industrial Ltd.	475,402,166	2010.04.27	2013.04.27	No
China Merchants Group (HK) Co., Ltd. (Note 2)	Ruijia Investment Industrial Ltd.	319,198,597	2008.12.24	2010.12.24	No
China Merchants Group (HK) Co., Ltd. (Note 2)	Ruijia Investment Industrial Ltd.	113,412,000	2008.12.24	2010.12.24	No

Dafeng International Holding Co., Ltd. – fully-owned subsidiary of CMSIZ, provided credit guarantee for Ruijia Investment & Industry Co., Ltd. – subsidiary of the Company, for the future foreign currency contract in ING Bank N.V., Hong Kong Branch.

Note 1: China Merchants Shekou Industrial Zone Co., Ltd. provided RMB1,007,909,000 of loan guarantee for the company; USD5,569,000 (RMB37,818,522) of loan guarantee for Shenzhen CM Power Supply Co., Ltd.; RMB82,012,508 of credit guarantee for Shenzhen China Merchants Property Co., Ltd.; and RMB230,251,028 of guarantee for accepted draft to Shenzhen China Merchants Property Co., Ltd.

Note 2: The Company obtained RMB2,000,000,000 of input capital from Huatai Asset Management Co., Ltd., Ruijia Investment & Industry Co., Ltd. raised USD36,000,000 (RMB244,492,543) from China Merchants Bank Offshore Business Dept., and USD50,000,000 (RMB339,572,976) and USD70,000,000 (RMB475,402,166) from ING Bank N.V., Hong Kong Branch, and USD47,000,000 (RMB319,198,597) and HKD130,000,000 (RMB113,412,000) from China Industrial & Commercial Bank (Asia) All of them were secured by China Merchants Group (HK) Co., Ltd.

(4) Asset acquisition

On June 29, 2010, Shenzhen CM Commerce Development Co., Ltd. – one of the subsidiaries of the Company entered the ‘Land Using Right Confirmation Contract’ with CMSIZ, to purchase the land using right of land SKC102-01. The land is of 11,904.23 square meters with 40 years of using rights. It is stipulated for commercial use. The consideration was RMB111.7518 million.

(5) Asset transferring

On June 28, 2010, Shenzhen CM Properties and the Company entered the agreement with CMSIZ to transfer the 100% share equities of Shenzhen CM Water Supply Co., Ltd. held directly or indirectly over to CMSIZ with the consideration of RMB162.8332 million.

6. Receivable and payables due with related parties

In RMB

Projects	Related parties	Amount at end of term	Initial amount
Other account receivable	Shenzhen TCL Optical-Electronics Technologies Ltd.	257,339,044	187,851,513

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Other account receivable	Huizhou Taitong Property Investment Co., Ltd.	127,236,214	121,257,000
Account payable	China Merchants Shekou Industrial Zone Co., Ltd.	9,919,240	5,338,724
Other account payable	Dafeng International Holdings Co., LTd.	-	887,700,513
Other account payable	CM Zhangzhou Development Zone Ltd.	475,334,117	420,821,115
Other account payable	Tianjin Xinhai real Estate Development Co., Ltd.	133,081,399	148,831,399
Other account payable	Shenzhen Shekou Dazhong Investment Co., Ltd.	138,235,302	138,235,302
Other account payable	Shenzhen China Merchants Financing Service Co., Ltd.	33,510,000	16,338,000
Other account payable	China Merchants Guangming Technologies Garden Ltd.	1,069,390	1,067,447
Other account payable	China Merchants Hanghua Technologies and Trade Center Co., Ltd.	528,151	1,051,707
Interest payable	Dafeng International Holdings Co., LTd.	-	1,288,737
Dividend payable	China Merchants Shekou Industrial Zone Co., Ltd.	89,112,876	-
Dividend payable	CM Zhangzhou Development Zone Ltd.	3,787,878	-
Dividend payable	Dafeng International Holdings	4,900,000	-
Long-term payable	Shenzhen China Merchants Landmark Co., Ltd.	1,200,000	1,200,000

(VII)Contingent issues

As of June 30 2010, the Company has provided guarantees for property mortgages to the banks totalled to RMB134,818,721 (December 31, 2009: RMB251,212,905). This issue makes no material influence on the financial situations of the report term and the period after the report term.

(VIII)Commitments

(1) Capital commitment

In RMB

Items	End of term	Beginning of term
Signed but not yet recognized in the financial statements		-
- commitment of long-term asset purchasing	-	3,494,368
- Outsourcing contract with large amount	-	-
— Real estate development projects	5,188,660,756	2,277,962,492
— Investment commitment to the outside		-
Total	5,188,660,756	2,281,456,860

(2) Operational leasing commitment

By the balance sheet date, information on irrevocable operation lease contract signed with outside, as follows:

In RMB

Items	End of term	Beginning of term
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Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Minimum lease payments of irrevocable operation lease:		
The first year since the balance sheet date.	29,936,742	29,845,542
The Second years since the balance sheet date.	25,946,332	29,460,842
The Third years since the balance sheet date.	24,917,024	25,381,484
The following years.	215,009,652	227,468,164
Total	295,809,750	312,156,032

(IX) Post-balance-sheet issues

No post-balance-sheet issue with the Company up to the date of this report.

(X) Segment report

The Group decides and disclose the segment report according to “Interpreting of Enterprise Accounting Standard” for year 2009, and no longer execute “Enterprise Accounting Standard No.35 – Segment Report”.

According to the internal structure, administrative requirement and reporting criteria of the Group, the Group divides its businesses into four reporting segments. These reporting segments are decided according to the characteristics of businesses. The executives evaluate the business performance of these segments and decide the allocation of resources. These segments are: property development, public sector business, property management and others.

Segment report adopts same accounting policies and measurement basis with those adopted in preparing of this financial statement.

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(1) Segment report data

In RMB

	Property development		Public sector		Property management		Others		Unclassified projects		Neutralized between segments		Total	
	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year
Turnover														
Income from external trade	6,460,083,143	2,407,393,782	321,265,272	301,655,272	199,046,472	165,672,590	759,038	1,055,582	-	-	-	-	6,981,153,925	2,875,777,226
Income among the segments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total turnover of the segments	6,460,083,143	2,407,393,782	321,265,272	301,655,272	199,046,472	165,672,590	759,038	1,055,582	-	-	-	-	6,981,153,925	2,875,777,226
Adjusted items:														
Total of turnover in the financial statement													6,981,153,925	2,875,777,226
Operation cost	3,725,031,407	1,279,625,305	236,716,661	215,172,676	165,473,332	133,294,311	142,333	185,970	-	-	-	-	4,127,363,733	1,628,278,262
Segment operation profit (loss)	2,735,051,736	1,127,768,477	84,548,611	86,482,596	33,573,140	32,378,279	616,705	869,612	-	-	-	-	2,853,790,192	1,247,498,964
Adjusted items:														
Business tax and surcharge	851,678,388	471,218,073	815,766	913,586	10,431,093	8,352,248	-	-	-	-	-	-	862,925,247	480,483,907
Sales expense	112,145,064	114,595,993	-	-	-	-	-	-	-	-	-	-	112,145,064	114,595,993
Administrative expense	71,161,608	56,844,994	6,674,145	5,038,804	13,060,686	13,672,120	10,282,955	15,262,882	-	-	-	-	101,179,394	90,818,800
Financial expenses	(15,283,182)	(6,244,587)	(272,842)	21,806,324	(1,519,832)	(3,120,883)	20,129,090	45,446,902	-	-	-	-	3,053,234	57,887,757
Asset impairment loss	(2,861)	(107,964)	-	-	-	-	-	-	-	-	-	-	(2,861)	(107,964)
Income from change of fair value	-	-	-	-	-	-	29,917,874	(108,371,152)	-	-	-	-	29,917,874	(108,371,152)
Investment income	2,927,006	108,857,278	-	-	390,684	(116,505)	1,057,234,603	604,089,760	(1,035,098,339)	(500,709,206)	-	-	25,453,954	212,121,326
Operation profit	1,718,279,725	600,319,246	77,331,542	58,723,882	11,991,877	13,358,289	1,057,357,137	435,878,436	(1,035,098,339)	(500,709,206)	-	-	1,829,861,942	607,570,645
Non-operational income	3,396,091	9,403,326	4,912,894	7,804,701	601,256	667,348	-	-	-	-	-	-	8,910,241	17,875,375
Non-operational expenditure	2,655,341	567,110	2,278,486	621,595	169,858	166,962	-	-	-	-	-	-	5,103,685	1,355,666
Total profit	1,719,020,475	609,155,462	79,965,950	65,906,988	12,423,275	13,858,675	1,057,357,137	435,878,436	(1,035,098,339)	(500,709,206)	-	-	1,833,668,498	624,090,354
Income tax	405,867,659	122,459,100	18,360,567	14,665,235	4,512,537	4,804,169	6,001,442	124,699	-	-	-	-	434,742,205	142,053,203
Net profit	1,313,152,816	486,696,362	61,605,383	51,241,753	7,910,739	9,054,506	1,051,355,697	435,753,737	(1,035,098,339)	(500,709,206)	-	-	1,398,926,293	482,037,151

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

In RMB

	Property development		Public sector		Property management		Others		Unclassified projects		Neutralized between segments		Total	
	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year	Current year	Same period last year
Total asset of the segments	48,700,383,337	41,330,383,216	3,770,461,248	1,814,453,728	472,737,757	335,013,896	33,051,010,397	31,188,797,460	(9,738,481,949)	(7,850,392,575)	(24,470,465,895)	(18,921,095,228)	51,785,644,895	47,897,160,497
Total asset in the financial statements	48,700,383,337	41,330,383,216	3,770,461,248	1,814,453,728	472,737,757	335,013,896	33,051,010,397	31,188,797,460	(9,738,481,949)	(7,850,392,575)	(24,470,465,895)	(18,921,095,228)	51,785,644,895	47,897,160,497
Total liability of the segments	35,548,838,318	33,063,133,537	2,785,938,164	885,425,597	36,330,819	245,968,027	17,841,550,683	14,321,692,087	-	-	(24,470,465,895)	(18,921,095,228)	31,742,192,089	29,595,124,020
Total liability in the financial statements	35,548,838,318	33,063,133,537	2,785,938,164	885,425,597	36,330,819	245,968,027	17,841,550,683	14,321,692,087	-	-	(24,470,465,895)	(18,921,095,228)	31,742,192,089	29,595,124,020
Supplementary info.														
Depreciation and amortized expenses	85,291,608	79,923,496	8,904,500	8,613,477	1,118,584	494,964	95,552	2,474,577	-	-	-	-	95,410,244	91,506,513
Impairment recognized in current term	(2,861)	(107,964)	-	-	-	-	-	-	-	-	-	-	(2,861)	(107,964)
Capital expenditure														
Incl. Expenditure of construction-in-process	-	59,501	656,918	5,290,763	-	-	-	-	-	-	-	-	656,918	5,350,264
Expenditure for purchasing of fixed assets	3,225,824	1,449,679	150,015	1,523,893	1,286,592	979,890	56,400	-	-	-	-	-	4,718,831	3,953,462
Expenditure for purchasing of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Expenditure for purchasing of investment property	249,371,078	5,262,207	-	-	-	-	-	-	-	-	-	-	249,371,078	5,262,207
Non-cash expenses other than depreciation and amortizing	-	-	-	-	-	-	-	-	-	-	-	-	-	-

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

(2) Income from external trade upon location of source and segment asset upon locations

In RMB

Items	Occurred current term	Occurred in previous term
External trade income from mainland China	6,981,153,925	2,875,777,226
External trade income from Hong Kong and abroad	-	-
Total	6,981,153,925	2,875,777,226

In RMB

Items	End of term	Beginning of term
Non-current asset located in mainland China	5,351,988,515	5,122,449,922
Non-current asset located in Hong Kong and abroad	142,052,666	138,553,404
Total	5,494,041,181	5,261,003,326

(XI) Financial Instruments and Risk Management

Financial instruments adopted by the Company are available-for-sale financial assets, long-term equity investments, loans, account receivable, account payable, transactional financial liabilities, and convertible bonds. Details of these financial instruments are available in respective notes herein. Risks attached to these financial instruments and the risk management policies adopted by the Company are illustrated hereafter. The executive team of the Company have been monitoring and controlling over the risk exposures to constrain them in a certain extent.

1. Objective and policies of risk management

The objective of the Company's risk management is to achieve a balance between the risk and gains. Constrain the negative influence on business operation to the lowest limit, and maximum the interests of shareholders and other equity holders. With regard to this target, the basic policies of the Company are; locate and analyse the risks, set appropriate bottom line for risks, and manage and monitor on each risk and constrain them in a certain extent.

1.1 Market risk

1.1.1 Foreign currency risk

Foreign currency risks are those generated by vibration of exchange rates. Foreign currency risks of the Company are mainly involved with Hong Kong Dollar, and US Dollar. Except for the overseas subsidiaries of the Company incorporated in Hong Kong Special Executive Zone and other countries, which are doing their businesses by local currencies, all other main business operations of the Company are in Renminbi. As of December 31, 2009, except for the following assets which are demonstrated in Hong Kong Dollar, and US Dollar, all of the other assets and liabilities of the Company are demonstrated in RMB. Foreign currency risks brought by these assets and liabilities in foreign currencies may influence the Company's business performance.

Items	In RMB	
	End of term	Beginning of term
Monetary capital	543,242,033	953,918,750
Other account receivable	179,574,894	1,365,754,365
Other account payable	1,818,503,461	2,662,527,318
Short-term loans	1,079,644,446	1,322,929,609
Long-term loans due in 1 year	432,610,597	435,402,319
Long-term borrowings	2,852,373,832	1,297,396,040

Note: As of June 30, 2010, except for the above assets and liabilities accounted in HKD or USD, the Company has the book principal of USD396,639,000 (RMB2,693,757,713) purchased in term of foreign currency future contract without transferring of principal.

The Company pays close attention on the influences of exchange rate vibration.

1.1.2 Interest risks

The Company's loans are mainly in Renminbi, and foreign currency loans are just auxiliary measures. Foreign currency loans are mainly floating rate loans in USD and HKD without being influenced by adjustment of basic interest rate done by People's Bank of China. As for loans in RMB, the Company eliminated the influence of increasing interest rate to a certain extent by obtaining fix rate loans in advance and raise the portion of fix rate loans in the whole loans, in both arrangements of short-term and long-term loans.

1.1.3 Other price risks

The financial assets available to sale (see Note (V)8) held by the Company are measured at their fair value at the balance sheet day. Thus the Company is exposed to the risks of securities market fluctuation. So far the Company adopted no countermeasures to minimize financial asset price fluctuation risks.

1.2 Credit risks

As at December 31, 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counter parties or debtors is arising from:

- Book value of financial asset recognized in consolidated balance sheet; as for financial instruments measured at fair value, the book value is reflecting the exposure to risks but not actually the greatest exposure. The greatest exposure to risks fluctuates along with the future fair value.
- Amount of financial guarantee contracts disclosed in Note (VII) – Contingent issues.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company adopted necessary policies to make sure that all clients and customers are attributed with merit credit records.

1.3 Liquidity risk

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensure the loan contracts are properly exercised.

The Company uses bank loans as main capital resources. On June 30, 2010, the bank loan credit not used was RMB25,465,440,000 (December 31, 2009: RMB24,873,030,000)

The due dates of financial liabilities held by the Company on retained contract liabilities without discounted to cash is as the followings:

	In RMB				
	Book value	Gross value	within 1 yr	1-5 yrs	over 5 yrs
Monetary capital	10,390,560,833	10,390,560,833	10,390,560,833	-	-
Account receivable	109,526,262	109,526,262	109,526,262	-	-
Other account receivable	1,050,297,111	1,050,297,111	1,050,297,111	-	-
Long-term receivable	1,095,238,586	1,150,002,968	-	1,150,002,968	-
Short-term loans	1,629,644,446	1,657,206,336	1,657,206,336	-	-
Interest payable	39,755,152	39,755,152	39,755,152	-	-
Dividend payable	217,926,308	217,926,308	217,926,308	-	-
Other current liability	2,239,959,131	2,239,959,131	2,239,959,131	-	-
Long-term loans due in 1 year	1,457,610,597	1,488,485,117	1,488,485,117	-	-
Notes payable	268,100,694	268,100,694	268,100,694	-	-
Account payable	1,796,195,435	1,796,195,435	1,796,195,435	-	-
Other account payable	5,638,304,437	5,638,304,437	5,638,304,437	-	-
Long-term borrowings	9,515,280,804	11,032,902,976	405,469,219	8,412,617,319	2,214,816,438

2. Fair value

Fair value of financial assets and financial liabilities are decided by the ways as provided hereafter:

Fair values of financial assets and financial liabilities complying with standard conditions and with active market are decided respectively with reference to the current prices of the active market and current offers;

Fair value of other financial assets and financial liabilities (derivate instruments not included) are recognized by general pricing matrix on future discounted cash flow basis, or recognized by observable current market prices;

Fair values of derivate instruments are determined by the public offer in the active market.

The management of the Company deems that, the book values of financial assets and financial liabilities measured by amortized costs are close to the fair values of these assets and liabilities.

3. Sensitivity analyse

3.1 Foreign currency risk

Foreign currency risks come mostly from the influence of exchange rate fluctuation on the foreign currency loans raised by the Company and monetary assets and liabilities accounted in foreign currencies. Foreign currency loans are mainly USD loans with float interest rates. To avoid the exchange rate risks, the Group locks the future exchange rates by using future exchange contracts without transferring of principal. On the other hand, for those monetary asset and liabilities accounted in foreign currencies, the Group capitalizes most of the exchange gain/loss and accounted into inventory cost.

3.2 Interest risks

Interest risks are mostly the influences of interest fluctuation on the borrowing expenses. Most of the borrowing expenses have been capitalized and accounted into inventory cost, therefore fluctuation of interest rate is not making major influence on the gain/loss of current term or shareholders' equity at end of report term.

(XII) Notes to the main items of the financial statements of the parent company

1. Other account receivable.

(1) Other account receivable categorized by property

In RMB

Categories	End of term				Beginning of term			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Other receivable with major individual amount	17,220,768,759	100%	-	-	12,501,248,369	100%	-	-
No major amount individually but with great risk after combined with others with similar credit risk	-	-	-	-	-	-	-	-
Other minor other receivables	3,442,905	-	-	-	3,066,436	-	-	-
Total	17,224,211,664	100%	-	-	12,504,314,805	100%	-	-

Ages of other receivable accounts

Age	End of term				Beginning of term			
	Amount	Proportion %	Bad debt provision	Book value	Amount	Proportion %	Bad debt provision	Book value
within 1 yr	17,220,805,910	100%	-	17,220,805,910	12,503,630,176	100%	-	12,503,630,176

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Age	End of term				Beginning of term			
	Amount	Proportion %	Bad debt provision	Book value	Amount	Proportion %	Bad debt provision	Book value
1-2 years	3,405,754	-	-	3,405,754	684,629	-	-	684,629
2-3 years	-	-	-	-	-	-	-	-
Over 3 yrs	-	-	-	-	-	-	-	-
Total	17,224,211,664	100%	-	17,224,211,664	12,504,314,805	100%	-	12,504,314,805

(2) No other receivable account due from shareholders with 5% or over of shares of the Company in the balance.

(3) Top other receivable accounts

In RMB

Name of the companies	Relation with the Company	Amount	Ages	Portion in total other receivables (%)
Shenzhen China Merchants Property Co., Ltd.	Subsidiary of the Company	5,001,722,535	within 1 yr	29%
CM Power Supply Co., Ltd.	Subsidiary of the Company	2,000,000,000	within 1 yr	12%
CM Property (Chongqing) Garden City Co., Ltd.	Subsidiary of the Company	1,321,273,876	within 1 yr	8%
Guangzhou China Merchants Real-estate Co., Ltd.	Subsidiary of the Company	1,267,724,709	within 1 yr	7%
China Merchants Property (Nanjing) Co., Ltd.	Subsidiary of the Company	1,173,000,000	within 1 yr	7%
Total		10,763,721,120		63%

(4) Receivables from related parties

Note: See Note (XII)7(2)

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

2. Long-term equity investment

(1) Details of long-term equity investment

In RMB

Company invested in	Calculating basis	Initial costs	Balance at the beginning of term	Changed by	Balance at the end of term	Percentage of share in the firm %	Voting power in the firm %	Statement on differences between the shareholding and voting rights	Impairment provision	Provided current term Impairment provision	Cash dividend of the term
China Merchants Guangming Technologies Garden Ltd.	Equity basis	98,000,000	86,010,889	-2,403,252	83,607,637	49%	49%	Not applicable	-	-	-
Shanghai China Merchants Properties Co., Ltd.	Cost basis	3,000,000	3,000,000	-	3,000,000	10%	10%	Not applicable	-	-	-
Shenzhen CM Property Consultancy Ltd.	Cost basis	400,000	400,000	-	400,000	20%	20%	Not applicable	-	-	-
Shenzhen City Main Plaza Investment Co., Ltd.	Cost basis	-	-	-	-	10%	10%	Not applicable	-	-	-
Shanghai China Merchants Real-estates Co., Ltd.	Cost basis	3,000,000	3,000,000	-	3,000,000	100%	100%	Not applicable	-	-	-
Shenzhen China Merchants Property Co., Ltd.	Cost basis	500,000,000	2,734,841,461	-2,734,841,461	-	100%	100%	Not applicable	-	-	-
Shenzhen CM Power Supply Co., Ltd.	Cost basis	57,000,000	119,791,233	-	119,791,233	95%	95%	Not applicable	-	-	-
Shenzhen CM Water Supply Co., Ltd.	Cost basis	43,000,000	127,209,610	-	127,209,610	95%	95%	Not applicable	-	-	-
Shenzhen China Merchants Xin'an Properties Co., Ltd.	Cost basis	25,000,000	20,822,211	-	20,822,211	60%	60%	Not applicable	-	-	-
Ruijia Investment Industrial Ltd.	Cost basis	19,919,300	19,919,300	-	19,919,300	100%	100%	Not applicable	-	-	-
CM Property (Beijing) Ltd.	Cost basis	18,000,000	18,000,000	-	18,000,000	90%	90%	Not applicable	-	-	-
China Merchants (Suzhou) Co., Ltd.	Cost basis	27,000,000	27,000,000	-	27,000,000	90%	90%	Not applicable	-	-	-
CM (Chongqing) Ltd.	Cost basis	27,000,000	27,000,000	-	27,000,000	90%	90%	Not applicable	-	-	-
China Merchants Property Management Co., Ltd.	Cost basis	22,500,000	36,460,597	-	36,460,597	90%	90%	Not applicable	-	-	-
CM (Nanjing) Ltd.	Cost basis	14,700,000	14,700,000	-	14,700,000	49%	49%	Not applicable	-	-	-
Zhangzhou China Merchants Properties Co., Ltd.	Cost basis	25,500,000	25,500,000	-	25,500,000	51%	51%	Not applicable	-	-	-
Tianjing Zhaosheng Property Co., Ltd.	Cost basis	18,000,000	18,000,000	-	18,000,000	60%	60%	Not applicable	-	-	-
Suzhou CM Nanshan Property Co., Ltd.	Cost basis	120,000,000	120,000,000	-	120,000,000	60%	60%	Not applicable	-	-	-

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Company invested in	Calculating basis	Initial costs	Balance at the beginning of term	Changed by	Balance at the end of term	Percentage of share in the firm %	Voting power in the firm %	Statement on differences between the shareholding and voting rights	Impairment provision	Provided current term Impairment provision	Cash dividend of the term
China Merchants Properties (Chongqing) Co., Ltd.	Cost basis	30,000,000	30,000,000	-	30,000,000	100%	100%	Not applicable			
Chengdu China Merchants Beihu Property Co., Ltd.	Cost basis	50,000,000	50,000,000	-	50,000,000	100%	100%	Not applicable			
Chengdu CM Property Co., Ltd.	Cost basis	10,000,000	-	10,000,000	10,000,000	100%	100%	Not applicable			
Total			3,481,655,301	7,596,748	3,489,252,049						

(2) Investment in affiliates and joint-ventures

In RMB

Name of the Companies	Ownership type	Reg. Add.	Legal representative	Business property	Registered capital	Shares held by the Company %	Voting power of the Company in the entity %	Total asset at end of term	Total liability at end of term	Total net asset at end of term	Total of turnover at current term	Net profit of the current term
I. Affiliates												
China Merchants Guangming Technologies Garden Ltd.	Ltd. liability	Shenzhen	Yang Tianping	Property development and management	200,000,000	49%	49%	314,014,976	141,060,216	172,954,761	720,000	(4,904,594)

(3) The Company's long-term equity investment receivers as of June 30, 2010 were not limited in ability to transfer capital to the Company.

3. Short-term loans

Items	In RMB	
	End of term	Beginning of term
Loan by pledge	-	-
Pledged loan	-	-
Guarantee loan	67,909,000	-
Credit loan	1,059,317,500	630,397,000
Total	1,127,226,500	630,397,000

4. Non-current liabilities due in one year

(1) Details of non-current liabilities due in one year

Items	In RMB	
	End of term	Beginning of term
Long-term loans due in 1 year	750,000,000	650,000,000
Bond payable due in one year	-	-
Long-term payable due in 1 year	-	-
Other non-current liabilities due in 1 year	-	-
Total	750,000,000	650,000,000

(2) Long-term loans due in 1 year

(a) Long-term loans due in one year

Items	In RMB	
	End of term	Beginning of term
Loan by pledge	-	-
Pledged loan	-	-
Guaranteed loan (Note)		400,000,000
Credit loan	750,000,000	250,000,000
Total	750,000,000	650,000,000

Note: See Note (V)28(2)

(b) Long-term loans due in 1 year top 5 in amount

Loan provided by	Commence date	Terminate date	Currency	Interest rates %	End of term		Beginning of term	
					Amount of foreign currency	Amount of original currency	Amount of foreign currency	Amount of original currency
					China Construction Bank Shekou Branch	2008.11.24	2011.02.23	RMB
China Minsheng Bank Shenzhen Shekou branch	2008.11.28	2010.11.28	RMB	4.86%	-	200,000,000	-	200,000,000

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

China Agriculture Bank								
Shenzhen Nanshan Branch	2008.07.31	2010.07.30	RMB	4.86%	-	50,000,000	-	50,000,000
Total						750,000,000		250,000,000

5. Long-term loans

(1) Categories of long-term loans

In RMB

Items	End of term	Beginning of term
Loan by pledge	-	-
Pledged loan	-	-
Guaranteed loan (Note)	2,940,000,000	1,100,000,000
Credit loan	3,271,636,000	3,023,128,000
Entrusted loan		-
Total	6,211,636,000	4,123,128,000

Note: See Note (V)30(1)

(2) Long-term loans top 5 in amount

Loan provided by	Commence date	Terminate date	Currency	Interest rates %	End of term		Beginning of term	
					Amount of foreign currency	Amount of original currency	Amount of foreign currency	Amount of original currency
Huatai Asset Management Co., Ltd.	2010.04.20	2017.04.20	RMB	Float rates	-	2,000,000,000	-	-
Xinhua Trust & Investment Co., Ltd.	2009.07.21	2012.07.20	RMB	Float rates	-	1,000,000,000	-	1,000,000,000
China Merchants Bank Shenzhen New Times Branch	2009.07.27	2012.07.27	RMB	4.86%	-	470,000,000	-	600,000,000
Bank of China Shenzhen Shekou Branch	2009.07.24	2012.07.24	RMB	4.86%	-	400,000,000	-	400,000,000
China Agriculture Bank Nanchan Branch	2009.07.17	2014.07.16	RMB	5.472%		330,000,000		330,000,000
Total						4,200,000,000		2,330,000,000

6. Investment income

(1) Detailed investment gains

In RMB

Items	Occurred current term	Amount occurred same period last year
Long-term equity investment gains on cost basis	-	-
Long-term equity investment gains on equity basis	(2,403,251)	(1,825,269)
Investment gains from disposal of long-term equity investment	-	-
Investment gains in the period of holding transactional	-	-

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

financial assets		
Investment gains in the period from receiving to expiration	-	-
Investment gains in period of holding disposable financial assets	-	-
Investment gains from disposal of transactional financial assets	-	-
Investment gains from disposal of investment hold to expiration	-	-
Investment gains from disposal of disposable financial assets	-	-
Others	22,409,110	23,370,730
Total	20,005,859	21,545,461

(2) Details of gains from long-term equity investment on equity basis

In RMB

Company invested in	Occurred current term	Amount occurred same period last year	Causation of change
China Merchants Guangming Technologies Garden Ltd.	(2,403,252)	(1,825,269)	Profit decrease of the invested business
Total	(2,403,252)	(1,825,269)	

7. Related Transactions

(1) Guarantees of related parties

In RMB

The guarantor	The beneficiary	Amount guaranteed	Start date	Due date	Completed or not
CMSIZ. (Note 1)	The Company	67,909,000	2010.05.17	2011.05.17	No
China Merchants Group (HK) Co., Ltd. (Note 2)	The Company	2,000,000,000	2010.04.20	2017.04.19	No
CMSIZ. (Note 2)	The Company	100,000,000	2009.06.24	2012.06.24	No
CMSIZ. (Note 2)	The Company	300,000,000	2009.05.26	2012.05.26	No
CMSIZ. (Note 2)	The Company	540,000,000	2009.07.27	2012.07.27	No
The Company (Note 2)	Shenzhen CM Power Supply Co., Ltd.	203,727,000	2010.06.18	2013.06.18	No
The Company (Note 2)	Zhuhai Yuanfeng Property Co., Ltd.	86,700,000	2009.11.27	2012.06.11	No
The Company (Note 2)	Ruijia Investment Industrial Ltd.	1,317,543,147	2010.01.05	2012.12.23	No

Note 1: See Note (V)18

Note 2: See Note (V)30(1)

(2) Receivable and payable due with the related parties

In RMB

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Projects	Related parties	Amount at end of term	Initial amount
Dividend receivable	Shenzhen China Merchants Property Co., Ltd.	859,075,614	859,075,614
Dividend receivable	China Merchants (Suzhou) Co., Ltd.	182,635,544	182,635,544
Dividend receivable	Suzhou CM Nanshan Property Co., Ltd.	35,710,165	35,710,165
Dividend receivable	Shanghai China Merchants Properties Co., Ltd.	13,298,824	13,298,824
	Total	1,090,720,147	1,090,720,147
Other account receivable	Shenzhen China Merchants Property Co., Ltd.	5,001,722,535	4,442,695,824
Other account receivable	CM Power Supply Co., Ltd.	2,000,000,000	-
Other account receivable	China Merchants Properties (Chongqing) Co., Ltd.	1,321,273,876	1,277,696,120
Other account receivable	Guangzhou China Merchants Real-estate Co., Ltd.	1,267,724,709	1,204,289,451
Other account receivable	CM (Nanjing) Ltd.	1,173,000,000	200,000,000
Other account receivable	Shanghai Jingyuan Property Co., Ltd.	947,232,399	-
Other account receivable	Shanghai CM Fengrui Property Ltd.	703,212,194	660,363,253
Other account receivable	Suzhou CM Nanchan Property Co., Ltd.	606,125,737	553,165,572
Other account receivable	Tianjing Zhaosheng Property Co., Ltd.	599,248,516	683,736,391
Other account receivable	Zhangzhou China Merchants Properties Co., Ltd.	491,866,900	508,057,437
Other account receivable	Zhuhai China Merchants Property Co., Ltd.	426,389,859	417,905,262
Other account receivable	CM (Chongqing) Ltd.	400,108,953	400,108,953
Other account receivable	Shanghai CM Minsheng Property Ltd.	380,000,000	299,732,000
Other account receivable	Shanghai CM Fengsheng Property Ltd.	350,000,000	307,398,200
Other account receivable	Beijing Kanglade Property Development Co., Ltd.	255,853,158	229,581,158
Other account receivable	China Merchants Jiaming (Beijing) Property Development Co., Ltd.	251,947,896	315,407,245
Other account receivable	Shanghai Fengyang Property Development Co., Ltd.	220,643,596	220,643,596
Other account receivable	China Merchants (Suzhou) Co., Ltd.	211,587,211	204,233,511
Other account receivable	Chengdu CM Property Co., Ltd.	200,773,965	-
Other account receivable	Chengdu CM Beihu Property Co., Ltd.	150,999,461	-
Other account receivable	Suzhou Shuanghu Property Co., Ltd.	103,543,309	101,421,070
Other account receivable	Ruijia Investment Industrial Ltd.	81,536,271	81,647,973
Other account receivable	Foshan Xinjie Property Ltd.	35,769,380	27,890,037
Other account receivable	Shenzhen China Merchants Xin'an Properties Co., Ltd.	29,896,380	34,396,380
Other account receivable	Foshan CM Huifeng Property Co., Ltd.	6,456,075	-
Other account receivable	Zhuhai Yuanfeng Property Co., Ltd.	104,349	-
Other account receivable	Shenzhen Meiyue Property Investment Co., Ltd.	50,110	-
Other account receivable	CM Property (Beijing) Ltd.	-	266,385,000
	Total	17,217,066,839	12,436,754,433

In RMB

Projects	Related parties	Amount at end of term	Initial amount
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China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Other account payable	Shenzhen CM Power Supply Co., Ltd.	1,568,543,551	1,414,231,992
Other account payable	Shenzhen CM Water Supply Co., Ltd.	96,251,370	95,072,758
Other account payable	Shenzhen CM Property Consultancy Ltd.	42,494,152	20,012,738
Other account payable	Shanghai China Merchants Properties Co., Ltd.	184,777,154	173,006,186
Other account payable	China Merchants Guangming Technologies Garden Ltd.	1,069,390	1,067,447
Other account payable	CM Property (Beijing) Ltd.	559,172,160	164,730,677
Other account payable	China Merchants (Suzhou) Co., Ltd.	476,942,526	491,582,002
Other account payable	CM (Chongqing) Ltd.	207,334,473	35,900,947
Other account payable	Shekou Xinghua Industrial Holdings Co., Ltd.	94,633,646	91,948,499
Other account payable	Zhangzhou China Merchants Properties Co., Ltd.	50,627,993	-
Other account payable	Shenzhen City Main Plaza Investment Co., Ltd.	30,388,279	30,388,279
Other account payable	Shanghai China Merchants Real-estates Co., Ltd.	30,500,688	30,500,688
Other account payable	CM (Nanjing) Ltd.	12,041,488	134,423,946
Other account payable	Shanghai CM Property Management Co., Ltd.	39,020,041	36,014,281
Other account payable	Beijing CM Property Management Co., Ltd.	90,192,421	100,366,424
Other account payable	China Merchants Property Management Co., Ltd.	19,564,306	23,562,444
Other account payable	Shenzhen China Merchants Property Management Co., Ltd.	125,078,258	125,755,466
Other account payable	Tianjin China Merchants Properties Co., Ltd.	129,047,042	81,360,183
Other account payable	Shenzhen Taige Apartment Management Co., Ltd.	135,536,011	118,490,378
Other account payable	Nanjing CM Property Management Co., Ltd.	2,034,158	6,078,108
Other account payable	Wuhan CM Property Management Co., Ltd.	14,095,296	15,087,597
Other account payable	Zhangzhou CM Honglong Property Ltd.	11,865,965	11,573,817
Other account payable	Tianjing Zhaosheng Property Co., Ltd.	76,454,407	7,496,320
Other account payable	Shanghai CM Minsheng Property Ltd.	79,133,968	67,392,495
Other account payable	Shenzhen CM Construction Co., Ltd.	50,534,075	50,534,075
Other account payable	Shanghai CM Fengsheng Property Ltd.	535,879,500	360,600,486
Other account payable	Shanghai Fengyang Property Development Co., Ltd.	51,763,810	62,892,770
Other account payable	Shenzhen CM Commercial Development Co., Ltd.	49,969,324	49,969,324
Other account payable	Beijing Kanglade Property Co., Ltd.	21,675	-
Other account payable	Ruijia Investment Industrial Ltd.	3,416,349	3,443,990
Other account payable	Shenzhen CM Qile Property Management Ltd.	12,281,329	12,715,005
Other account payable	Guangzhou China Merchants Real-estate Co., Ltd.	-	76,572,970
Other account payable	Shenzhen China Merchants Property	-	27,340,441

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

	Co., Ltd.		
Other account payable	Shenzhen China Merchants Xin'an Properties Co., Ltd.	-	2,072,989
	Total	4,780,664,805	3,922,185,722
Dividend payable	China Merchants Shekou Industrial Zone Co., Ltd.	89,112,876	-
Dividend payable	CM Zhangzhou Development Zone Ltd.	3,787,878	-
Dividend payable	Dafeng International Holdings	4,900,000	-
Dividend payable	Other investors of the PLC	73,929,296	-
	Total	171,730,050	-

(3) Capital coordinating by capital settlement center

The Company has established an internal capital clearance center to collectively manage and coordinate the capital inside the Company. All of the subsidiaries save their money in the center, and apply for fund when needed for project development. The Company charge the fund applied at practical financial cost.

(XIII) Approval of the financial statements

The financial statements of the Company and the consolidated are approved by the Board of Directors of the Company on July 23, 2010.

(XIV) Supplementary Info.

1. Details of non-recurring gain/loss

In RMB

Items	Amount	Remarks
Gain/loss of non-current assets	(210,473)	-
Tax refunding or exemption without official certification or exceeded authority		-
Government subsidy recorded into current income account (other than those closely related to the Company's business operation, granted at fixed amount according to the national regulations)	2,226,430	-
Capital adoption fee collected from non-financial organizations and accounted into current gain/loss		-
Gain/loss from differences between the cost of enterprise merger and the fair value of recognizable net asset of the invested entities	-	-
Gain/loss from non-monetary assets	-	-
Gain/loss from commissioned investment or assets	-	-
Asset impairment provisions provided for force-majeur	-	-
Gain/loss from debt reorganization	-	-
Enterprise reorganizing expenses, such as employee placement fee and integration fee	-	-
Gain/loss from trade departing from fair value	-	-
Current net gain/loss of subsidiaries under same control from beginning of term till date of consolidation	-	-
Gain/loss generated by contingent liabilities without connection with main businesses	-	-
Gain/loss from change of fair value of transactional asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	-	-

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

Restoring of receivable account impairment provision tested individually	2,861	-
Gain/loss from commissioned loans	-	-
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-	-
Influence of one-time adjustment made on current gain/loss account according to the laws and regulations regarding tax and accounting	-	-
Consigning fee received for cosigned operation	-	-
Other non-business income and expenditures other than the above	(3,071,464)	-
Other gain/loss items satisfying the definition of non-recurring gain/loss account	-	-
Influenced amount of income tax	180,518	-
Influence on minority shareholders' equity (after tax)	(184,726)	-
Total	(1,056,854)	-

2. Net income on asset ratio and earning per share

This calculation formula of net income on asset ratio and earning per share was prepared by CMPD according to "Information Disclosure Rules of PLC No.09 – calculating and disclosing of net income on asset and earnings per share" (Revised 2007) issued by China Securities Regulatory Commission.

Profit of the report period	Weighted average net income on asset %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	6.25%	0.6115	0.6115
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	6.25%	0.6121	0.6121

3. Analysis on irregular situation of items in the financial statements

RMB Yuan

	Items	Current term	Comparing amount	Scale of change	Causation of differences
1	Transactional financial assets	25,651,617	6,437,479	298%	Increased due to price fluctuation of NDF
2	Other account receivable	1,050,297,111	1,926,509,243	-45%	Land bidding deposit at beginning of year was recognized as initial pay for the land and transferred into inventory
3	Other current asset	851,886,216	624,800,651	36%	Subsidiary asset disposable increased
4	Fixed assets	186,817,919	299,615,954	-38%	Decreased because part of the fixed assets transferred into subsidiary asset disposable.
5	Differed income tax asset	438,162,357	290,485,972	51%	Increase of differed income tax assets recognized by provisional difference caused by drawn of land VAT in advance
6	Account payable	1,796,195,435	2,705,521,285	-34%	Decrease of land payment payable
7	Employees' wage payable	96,330,938	162,832,982	-41%	Decreased because of greater amount of wage paid to employees this term
8	Tax payable	380,116,649	589,859,453	-36%	Decreased because of greater amount of taxes

China Merchants Property Development Co., Ltd.

Notes to Financial Statements

The period from January 1, 2010 to June 30, 2010

9	Interest payable	39,755,152	21,872,418	82%	Increase of outstanding interest payable
10	Dividend payable	217,926,308	107,751,887	102%	Increased because announcing of dividend distributing for 2009
11	Long-term borrowings	9,515,280,804	5,720,303,012	66%	Loan increased by expanding of business scale
12	Different of foreign currency translation	95,753,565	72,806,727	32%	Caused by adjustment of foreign currency rate
13	Minor shareholders' equity	2,863,970,961	2,023,299,723	42%	Caused by increase of registered capital of co-operated projects and profit realized
14	Turnover	6,981,153,925	2,875,777,226	143%	Increase of property sales income
15	Operation cost	4,127,363,733	1,628,278,262	153%	Increase of property sales costs
16	Business tax and surcharge	862,925,247	480,483,907	80%	Increase of tax caused by increase of property sales
17	Financial expenses	3,053,234	57,887,757	-95%	Mainly caused by increase of interest income
18	Gain/loss from change of fair value	29,917,874	-108,371,152	128%	Caused by increase of fair value of NDF contract
19	Income tax expenses	434,742,205	142,053,203	206%	Caused by increase of total profit
20	Minor shareholders' equity	348,747,012	-4,810,597	7350%	Caused by increase of profit realized by the co-operated projects

Note: NDF means future foreign currency trade contract without handover of principal.