

Security Code: 000024、200024

Stock ID: China Merchants, China Merchants B

Announcement No.: 【CMPD】2013—046

Summary of Semi-Annual Report 2014 of China Merchants Property Development Co., Ltd.

§ 1 Important Notice

1.1 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 guarantee the authenticity, accuracy and integrality of the content of this report, 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.

1.2 The Semi-Annual Report 2014 and the Summary of Semi-Annual Report 2014 are examined and approved by the Ninth Temporary Meeting 2014 of the Seventh Board of Directors of the Company, and all Directors in the Company attended the meeting.

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

1.4 Sun Chengming-Legal Representative, Wu Zhenqin-Chief Financial Officer, and Li Shifang-Manager of Accounting Department hereby confirm that the Financial Report enclosed in the Semi-annual Report is true and complete.

1.5 The company plans not to distribute cash bonus, not send bonus shares and not turn accumulation fund to increase subscribed in this report period.

1.6 This report has been prepared in Chinese and English version respectively. In the occurrence of differences due to interpretations of both versions, the Chinese report shall prevail.

1.7 This report relates to forward-looking statements such as future plans and the like and does not constitute a real commitment of the Company to investors; the investors should pay attention to the investment risk.

1.8 The Summary of Semi-Annual Report 2014 is originated from the full Semi-Annual Report 2014, and the full text of Semi-Annual Report 2014 is simultaneously published in www.cninfo.com.cn, so that the investors who want to know the details should carefully read the full Semi-Annual Report 2014.

§ 2 Financial Summary

2.1 Main accounting data and financial index

The Company does not make retroactive adjustment or restatement for the previous year accounting data due to accounting policy alternative, correction of accounting error, etc.

Unit: RMB

	This report period	The same period of last year	Increase/decrease
Operating income	16,047,155,730.99	16,133,568,321.26	-0.54%
Net profit attributable to shareholders of the listed company	1,785,434,748.85	2,550,631,034.51	-30.00%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,842,876,971.45	2,217,672,984.41	-16.90%
Net cash flow from operating activities	-7,332,324,397.12	-1,275,505,230.57	-474.86%
Basic earnings per share (RMB/share)	0.69	0.99	-30.30%

Diluted earnings per share (RMB/share)	0.69	0.99	-30.30%
Weighted return on equity (%)	6.53%	10.38%	Decreased by 3.85%
	End of the report period	End of last year	Increase/decrease
Total assets (RMB)	140,954,002,966.06	134,040,446,989.65	5.16%
Net asset value attributable to shareholders of the listed company (RMB)	27,712,076,248.81	26,725,501,967.24	3.69%

Note: In the report period, The company implemented the project to transfer capital reserve to capital stock. According to The 21th Memo of Information Disclosure - Related terms of Regular Report Disclosure from Shenzhen Stock Exchange, The company have adjusted the EPS last year in the same period, based on the adjusted capital stock.

Non-recurring gain and loss items and amount

Unit: RMB

Non-recurring gain and loss items	Amount
Gains/losses from the disposal of non-current assets	-160,878.35
Government subsidies	25,262,476.52
Other non-operating income and expenses after deducting the above items	-11,330,134.03
Other gain and loss items in accordance with the definition of non-recurring gain and loss	-63,138,644.29
Amount of influence of minority stockholder's interest	-2,141,420.73
Impact on income tax	-5,933,621.72
Total	-57,442,222.60

2.2 Information of Shareholding of top 10 shareholders

Total number of shareholders at the end of the report period	70,477 (including 60,151 A share holders and 10,326 B share holders)					
Shareholding of top 10 shareholders						
Name of shareholder	Class of shareholder	Share proportion	Amount of holding shares	Restricted shares	Pledged or lock-up shares	
					Share state	Amount
Shekou Industrial Zone	State-owned legal person	40.38%	1,040,128,975	1,040,128,975(A)	No	No
Full Space Investment	Overseas legal person	5.48%	141,216,075	141,216,075(B)	No	No
China Merchants Securities Hong Kong Co., Ltd.	Overseas legal person	2.91%	74,836,941	73,863,367(B)	No	No
FOXTROT INTERNATIONAL LIMITED	Overseas legal person	1.61%	41,580,000	41,580,000(B)	No	No
ORIENTURE INVESTMENT LTD	Overseas legal person	1.55%	39,904,717	39,904,717(B)	No	No
Full Goal Tianbo Innovative Theme Equity Securities Investment Fund	Domestic none state-owned legal person	1.17%	30,014,614	No	No	No
GOLDEN CHINA MASTER FUND	Overseas Institution	0.77%	19,808,497	No	No	No
National Social Insurance Fund 102 Combination	Domestic none state-owned legal person	0.73%	18,819,317	No	No	No
China Pacific Life Insurance Co., Ltd.	Domestic none state-owned legal person	0.69%	17,776,370	No	No	No
New China Life Insurance Co., Ltd.	Domestic none state-owned legal person	0.69%	17,775,000	No	No	No
Top 10 holders of unrestricted shares						

Name of shareholder	Unrestricted shares at the end of report	Class of Share
Full Goal Tianbo Innovative Theme Equity Securities Investment Fund	30, 014, 614	A share
GOLDEN CHINA MASTER FUND	19, 808, 497	B share
National Social Insurance Fund 102 Combination	18, 819, 317	A share
China Pacific Life Insurance Co., Ltd.	17, 776, 370	A share
New China Life Insurance Co., Ltd.	17, 775, 000	A share
GF Small-capitalization Growth Equity Securities Investment Fund	16, 452, 124	A share
VALUE PARTNERS CLASSIC FUND	14, 691, 105	B share
Huaxin Trust Co., Ltd.	14, 651, 478	A share
Dacheng Innovation Grow Hybrid Securities Investment Funds (LOF)	12, 894, 156	A share
Yinhua Shenzhen 100 Index Securities Investment Fund	12, 358, 040	A share
In the report period, the Company takes general capital 1,717,300,503 shares at the end of year as the base, and for each 10 shares, the capital reserve is transferred into 5 common shares. Shekou Industrial Zone and its subsidiary companies Full Space Investment, Top Chief International, FOXTROT INTERNATIONAL LIMITED and ORIENTURE INVESTMENT LTD are persons acting in concert. The shares held by China Merchants Securities Hong Kong Co., Ltd., 49,242,245 shares were bought in by Top Chief in the previous year through entrustment. After accumulation fund turning to increase subscribed capital is implemented, Top Chief International holds the shares of 73,863,367.		

2.3 Introduction to the Controlling Shareholder and Changes of Substantial Controller

In this report period, the controlling shareholder and the substantial controller have no change.

§ 3 Management Discussion and Analysis

Analysis on the market situation

China's economic growth in the first half of the year dropped compared to the same period of last year. However, it remained stable generally. The overall performance of the property industry was flat which was affected by demand overdraw of the last year and tight credit within the year. Both the amount and price of commercial housing over the country decreased. The property market still focused on inventory in the first half of the year and the property enterprises had weak willingness to increase the investment. The development investment of property around the country from January to June was RMB 0.42019 trillion, increasing 14.1% over the same period of the previous year. Growth continued to decline and the new construction area of the housing was 801.26 million square meters, decreasing 16.4%.

The tightening of credit policy and the rising of financing costs is one of the crucial factors which caused the sluggish property market in the first half of the year. The risk preference of the bank has been transferred since the fourth quarter of last year, plus returned payments of sales being hindered, causing industrial funds tight as a whole. The growth of capital which was in place for the property enterprises had been declining in the first half of the year.

The differentiation trend in the industry and region is obvious when the market adjusts the price. Property

enterprises cope with the industrial changes from transformation of modes, diversification, being related to finance by marriage, advancing oversea and Internet thinking. In the face of environmental change, the Company observes calmly and resolves problems positively. While maintaining financial stability and abundance of capital and meeting market challenges, it also explores actively new development opportunities.

Operation and management condition of the Company

In the face of the environmental changes, the Company focuses on marketing breakthrough by means of measures such as strengthening analysis and judgment, guidance mechanism, process optimization and standard construction. Taking the thirty anniversary of the establishment as an opportunity, the Company launched the marketing policy of “double-digit blowouts”, namely “Storm in May” and “Plant feet firmly upon the ground at thirty and thank you” to reinforce brand publicity and speed up sales accounting for the overall amount of the project. In the report period, the Company accumulatively achieved the contracted sales area of 1.2182 million square meters, down 10.47% compared with the same period of the previous year; the contracted sales amount was RMB 17.9 billion, down 10.35% compared with the same period of the previous year; completing 90% of the corporate sale objective of RMB 20 billion in the first half of the year.

In the report period, the Company adhered to prudent attitude and decided investment by sales. In the first half of the year, newly added projects were 15 and additional project resources were 3.7021 million square meters, of which the interest area was 3.4168 million square meters. With the landing of Xi'an project, the Company achieved the strategic entry into the northwest region and the urban layout became more perfect. In the first half of the year, the new construction area was 4.19 million square meters with 0.98 million square meters of the completed area. The overall building area under construction was 10.77 million square meters as of the end of June.

Under the severe market environment, the Company made full use of the advantage of overseas financing platform, vigorously developed new financing platform, strengthened cooperation with insurance and funds institutions, raised funds through multiple channels and met the demand of business development. In the report period, the Company fully tapped the financing potential of commercial property sector and revitalized existing mature property to prepare for further capital operation in the future. The Company strictly controlled financial costs and continued to optimize the debt structure. The lending rate maintained the lower level in the industry under the condition of satisfying the demand. The synthetic fund cost of the Company in the first half of the year was 5.00%. Newly added borrowing costs in the first half of the year slightly rose.

In the first half of the year, the Company accelerated the standardization of landing work, fully carried out

application and promotion of standardized results of the house type, refined decoration and the displaying area and intensified the implementation of strategic purchasing through establishment of the supplier management system and the ERP business system. Application and promotion of standardization and strategic purchasing not only quickened the project turnover, but also effectively controlled the costs. In the first half of the year, the cost of construction and installation per square meter decreased by RMB 65/square meter.

In the report period, the Company launched the draft of stock option incentives, steadily promoted long-term incentives, tightly linked the benefit of staff, shareholders and the Company together, further improved the return of shareholders and supported the steady development of the Company.

In the report period, the Company vigorously promoted the collaborative development in the merchant industry and boosted the integration of industry and finance. Currently, the Company has conducted strategic corporation with China Merchants Bank in the areas of marketing channel and community finance and achieved share of partial channels, resources and clients with China Merchants Bank.

Based on the principle of growth with quality, the Company gave priority to major research, built a new strategy of transformation and upgrading and formed the resultant force of the staff by system security to achieve strategic landing. In the report period, the Company organized strategic development department, enhanced medium- and long-term industrial trend study, systematically cleaned investment strategy and gain and loss of obtaining the land, and rationally allocated corporate resources by matrix analysis of urban sustainable development to improve the benefit of investment decision of the Company. The Company further proposed an overall framework of business transformation and upgrade of “One foundation, two new roads and three fertile lands”. One foundation means that the Company sticks to selection of cities and product upgrade of residential property. The selection of cities is based on the developing potential of the city and the comprehensive ability of urban companies; two new roads mean overseas expansion and cross-border innovation of the new economy; three fertile lands refer to business of the property for healthy aged living, the characteristic industrial zone and the cruise mother port city. The company specially set up corresponding topic research teams who have completed a series of research results and persisted in the integration of theoretical research and pilot project which already has preliminary effects.

In the report period, the Company was on the list of “2014 Comprehensive Strength TOP 10 of Shanghai and Shenzhen Listed Property Companies”, “Financial Stability TOP 10”, “Wealth Creation Capacity TOP 10” and “Investment Value TOP 10” jointly evaluated by State Council Development Research Center Enterprise Institute, Institute of Property of Tsinghua University and China Index Research Institute; obtained titles of “2013 Comprehensive Annual Award of China Best Corporate Citizen” jointly selected by *21st Century Business Review*

and *21st Century Business Herald*, “2013 Best Main Board of Blue-chip Company” selected by Sina Finance and “Chinese Blue Chip Property Enterprise” selected by *Economic Observer*. The performance of operation and management of the Company gained full affirmation from the outside world.

Forecast of the Company on the operation environment in the second half of the year and operation thinking of the Company

The property market continued cooling down in the first half of the year. However, the market turnover in the second half of the year is expected to rebound with the introduction and implementation of a series of relaxing policy. Overall, adjustment of this time, slightly different from the previous two times, is mainly caused by internal market factors such as the imbalance between supply and demand. Recovery of the market needs the effective release of the demand. Therefore, the recovery which determines the market is slow. However, the possibility of overall decline is also not high. Industry differentiation in the second half of the year will still continue. The market in the short-term will find the landing point in the downstream and structural development opportunities will still be brought in the medium- and long-term. The Company will closely focus on industrial change, seize the period of sales window, with production decided by sales and controlling the rhythm. Meanwhile, it will continue to quicken the adjustment of product structure, stick to financial stability, improve financing ability and advance the transforming development.

Grasping marketing will be the priority among priorities in the second half of the year. The Company will further boost innovative cooperation and strengthen rapid share and promotion around the country of innovative marketing results from various regions. Projects will flexibly adjust marketing strategies according to the market situation, accurately grasp the project sales window, actively innovate front line marketing measures, make good use of data and the Internet platform and ensure the effective sales accounting for the overall amount of the project.

In the second half of the year, the Company will fully consider the uncertainty of the market adjustment and the long-term development strategy and conduct resource development combining factors of basic urban aspects, team capability and project reserve status. In addition, the Company will also continue to exploit its advantage of financing and fully protect the demand of the funds. Step up the research of the refinancing program which is fit to the financing environment of the existing capital market, strive to improve the capital composition of the Company soon and intensity the financing capacity of the Company.

In the second half of the year, the Company will further accelerate to promote the pilot and landing of the project, cultivate capabilities and conduct fine arrangement to lay a good foundation for the transformation

development of the Company, based on the overall framework of business transformation and upgrade of “One foundation, two new roads and three fertile lands”.

§ 4 Related issues of Financial Report

(1) Explanation of changes in accounting policies, accounting estimate change and accounting methods compared with last year's Financial Report

Not Applicable

(2) Explanation of retroactive adjustment or restatement in this report period due to correction of major accounting errors

Not Applicable

(3) Explanation of consolidated statement scope change compared with last year's Financial Report

Not Applicable

(4) Explanation of the Board of Directors and Board of Supervisors on the ‘Non-standard Audit Report’ of this report period of the accounting firm

Not Applicable