

Security Code: 000024、200024

Stock ID: China Merchants, China Merchants B

Announcement No.: [CMPD] 2015—064

# Summary of 2015 Semiannual Report

## 1、Important Notes

The Summary of Semiannual Report 2015 is originated from the full Semiannual Report 2015, and the full text of Semiannual Report 2015 is simultaneously published in [www.cninfo.com.cn](http://www.cninfo.com.cn), so that the investors who want to know the details should carefully read the full Semiannual Report 2015.

Company profile

Stock ID	China Merchants Property Development Co., Ltd.	Security Code	000024、200024
Listed Exchange	Shenzhen Stock Exchange		
Contacts	Secretary of the Board	Representatives for Securities Affairs of the Company	
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## 2、Financial Summary and Shareholders' Information

### (1) Main accounting data and financial index

No retroactive adjustment or restatement of accounting data for previous years due to change in accounting policies and correction of accounting errors

Main Accounting Data	Reporting period	Amount of last year	Increase or decrease of the end of this reporting period
Operating incomes	17,973,948,437.46	16,047,155,730.99	12.01 %
Net profits attributable to the listed company shareholders	2,145,502,164.69	1,785,434,748.85	20.17 %
Net profit attributable to shareholders of listed company after deducting non-recurring profits and losses	1,977,585,479.54	1,842,876,971.45	7.31 %
Net cash flows from operating activities	-7,361,095,087.22	-7,332,324,397.12	-0.39 %
Basic earnings per share (Yuan/share)	0.83	0.69	20.29 %
Diluted earnings per share (Yuan/share)	0.83	0.69	20.29 %

Weighted average rate of return on equity (%)	6.76 %	6.53 %	Increased 0.23 percent
	<b>End of reporting period</b>	<b>At the end of previous year</b>	<b>Year-on-year increase or decrease</b>
Total assets	168,809,263,726.54	151,692,365,118.58	11.28 %
Net assets attributable to the listed company shareholders	32,777,691,121.78	31,094,416,110.82	5.41 %

**(2) Information of shares held by the top ten shareholders**

Unit: share

Total number of common shareholders at the end of the reporting period		98,350 (A-shares: 87,713, B-shares: 10,637)						
Information of shares held by the top ten shareholders								
Name of shareholders	Nature of the shareholder	Shareholding ratio	Quantity of shares held at the end of this reporting period (%)	Increase/decrease during this reporting period	Quantity of restricted share held	Quantity of held un-restricted share	Pledged or frozen status	
							Shareholding status	Quantity
China Merchants Shekou	State-owned corporate	40.38 %	1,040,128,975	None	1,040,128,975	None	None	None
Full Space Investment Limited	Overseas corporate	5.48 %	141,216,075	None	141,216,075	None	None	None
China Merchants Securities (HK) Co., Ltd.	Overseas corporate	2.92 %	75,241,545	36,468	73,863,367	1,378,178	None	None
FOXTROT INTERNATIONAL LIMITED	Overseas corporate	1.61 %	41,580,000	None	41,580,000	None	None	None
ORIENTURE INVESTMENT LTD	Overseas corporate	1.55 %	39,904,717	None	39,904,717	None	None	None
GOLDEN CHINA MASTER FUND	Overseas institutions	1.03 %	26,487,893	None	None	26,487,893	None	None
National Social Security Fund 118 Portfolio	Overseas institutions	0.86 %	22,189,608	5,053,220	None	22,189,608	None	None
Invesco Great Wall Selective Blue	Domestic non-state-owne	0.58 %	15,000,052	11,999,980	None	15,000,052	None	None

Chip Securities Investment Funds	Share d corporate								
Fullgoal Innovative Stock Fund	Tianbo Theme d corporate	Domestic non-state-owne	0.54 %	13,849,442	-4,950,558	None	13,849,442	None	None
GREENWOODS CHINA ALPHA MASTER FUND	Overseas institutions		0.51 %	13,031,565	None	None	13,031,565	None	None

### (3) Changes in the Controlling Shareholder or Actual Controllers

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

## 3、Directors' Report

### Analysis of market situation

In the first half of 2015, the economic operation in China is slow and stabilized, the policy environment of real estate market was further eased. In an overall trend of low opening and high going, the sales volume of commercial houses is RMB 3.4 trillion in the first half year with year-on-year growth of 10.0%. The favorable situation of the sales failed to fully reach the upstream development and investment links. In the first half year, RMB 4.4 trillion of development investment in real estate industry was completed in China, with the year-on-year growth of 4.6% and the rate of growth was slower.

From January to June, the new construction area for housing in China was 670 million m<sup>2</sup> with the year-on-year growth of 15.8%, which meant that the real estate market was still at the de-stocking stage in the first half year. The inter-regional and inter-city differentiation is more obvious from the perspective of the quantity and price of sales of commercial housing. While the first and second-tier core cities were quickly warming up, the de-stocking process of the third and fourth-tier was relatively slow due to high inventory level. In the first half year, as the value increasing of former Haishekou Free Trade Area fueled a high rebound of quantity and price of the overall real estate market in Shenzhen, a place with abundant reserves of the Company.

Generally, main real estate companies all kept sales high in the first half year. However, as the traditional land resources acquired is redeveloped in a prudent manner, the industry started to develop optimizing asset-heavy to explore the asset-light operation and management mode. With the tendency of "Mass Venturing and Innovation", lots of Internet companies focusing on exploiting new values of upstream and downstream industry chains in real estate industry are established, which further expand the way of thinking in transformation of traditional real estate companies.

### Operating and management conditions of the Company

In the context of gradually recovering of national real estate market in the first half of 2015, the Company drove the improvement of marketing management through "Five Strong Steps", that is, strong steps to analyze customers' effective demands, to enhance user experience and creation, to construct marketing channel, to reform the marketing mechanism and to build marketing team. Moreover, through launching the first real estate mobile Internet, which is the first matrix member marketing service own-media platform in China, the Company made a firm step toward internal resources integration and Internet-based process to help effectively improve the overall marketing capacity and performance. During the reporting period, the Company accumulatively achieved a contracted sales area of 1,566,600 m<sup>2</sup> with a year-on-year growth of 29.60 %; the contracted sales amount of RMB 20.56 billion with a year-on-year growth of 14.86 %.

With a structure of obvious inter-city differentiation, the Company focused on supplementing the project resources of strategically important cities with a moderate and prudent attitude for acquiring lands. During the reporting period, an area of 988,300 m<sup>2</sup> in cities like Shanghai was supplemented as the project resources, wherein the interest area is 503,100 m<sup>2</sup>. Meanwhile, we are also actively tracking the high-quality projects in Shenzhen, Beijing, Guangzhou, Xiamen, etc.

In the respect of project management, the Company continued to perfect operational "lighting" guide to take lighting warm control from seven dimensions, i.e., progress, quality, safety, marketing , cost, customer service, efficiency and monitored the process of lighting, which effectively improve the overall control ability of the projects.

During the reporting period, the Company continued to strengthen the implementation of product R&D and standardization, optimized standardization product line based on market demands and creatively put forward the product design concept of "Two Children House". The implementation of relevant standardization product in cities like Nanjing had been well received by our customers.

Under the complicated market situation, the Company vigorously developed direct financing channels, actively supplemented high quality capital resources and ensure to meet the capital demands of operating activities. Since the beginning of this year, the Company grasped the favorable time window of cutting bank reserve requirement ratio and lowering interest rate and successfully issued three-year medium-term notes in two tranches with a total amount of RMB 3 billion at an interest of 4.55% and 4.12% respectively. CMLL, a holding subsidiary of the Company, successfully issued the 290 billion dollars convertible bonds with a nominal annual interest rate of 0.5%, which further effectively lowered the cost of funds of the Company. In recent years, both the interest rate and exchange rate market greatly fluctuated due to the economic situation changes at home and abroad and the effect of policy adjustment of national currency and foreign exchanges. This puts forward higher requirements for reasonable matching between monetary assets and monetary liabilities of capital-intensive real estate companies and the Company will pay close attention to market changes and strengthen risk prevention.

During the reporting period, the Company further refined the business strategy of "One Foundation, Two New Paths, Three Fertile Lands" and launched the decomposition of functional strategy, regional strategy, city company strategy and specialized sub-strategy of the Company to form a headquarter to optimize the top design,

create specialized platform and actually implement the risk management and control. The regional management headquarters should play a proper role in decision-making, strengthen the platform relay. All city companies should ensure a sustained growth in effective business and profits. All specialized subsidiary-strategies should reinforce the links of value chain and create complete strategy system where the value of asset-heavy business is increased by operation service. All companies will work together to promote the achievement of strategic targets of the Company.

During the reporting period, the Company mainly focused on retirement, medical treatment, culture, science and technology, consumption of imports, enhanced the study and practices of innovative business related to the above fields, actively developed strategic partners and promoted the model study and implementation of projects of the themed industrial parks, healthy aging life industry, mobile Internet smart cities, etc. Meanwhile, we also smoothly implemented the combination of industry and finance and the combination of industry and the Internet, realized the effective coincidence of real estate business and financial capital and accelerated the promotion and application the online service platform on the Internet, such as <http://www.cmpmc.com/>, Investment Fair, etc. Furthermore, the Company preliminarily established a risk investment system with the combination of industry and the Internet and strove to inject new vigor into strategic transformation of the Company.

In the face of transformation, in addition to self-thinking and efforts, China Merchants Group, the actual controller of the Company, launched consolidation of the Company with China Merchants Shekou, striving to build a broader platform combining the flagship company of real estate sector of China Merchants Group with core assets from the perspective of resources integration and coordinated development during the reporting period. We are now processing the related work in an orderly manner and will release the announcement and resume trading after performing the appropriate procedures.

The comprehensive strength and brand value of the Company has been widely recognized by the market. During the reporting period, the Company won the “2015 TOP 10 Shanghai and Shenzhen Listed Real Estate Companies with Comprehensive Strength”, “TOP 10 Companies with Sound Finance”, “TOP 10 Companies with Wealth Creation Ability” and “TOP 10 Companies with Investment Value” which was jointly evaluated and selected by the Enterprise Institute of Development Research Center of the State Council, Real Estate Institute of Tsinghua University and China Index Academy; “2014 – 2015 Most Admirable Companies in China” that is evaluated and selected by the Economic Observer; “2015 TOP 100 Companies with Capital Brand Value” that is jointly evaluated and selected by China Association for Public Companies, SIPF, Securities Association of China and Asset Management Association of China, “2014 TOP 30 Real Estate Listed Companies in China” and “TOP 100 Excellent Real Estate Companies in China” that is evaluated and selected by Guandian New Media, “Gallup Global Most Devoted Organizations” that is evaluated and selected by Gallup Inc., “2015 TOP 100 Companies with Capital Brand Value” that is evaluated and selected by China Center for Market Value Management, “Golden Bee Companies” and “Golden Bee • Sustainable Development Prize” that is evaluated and selected by WTO Economic Herald of the Ministry of Commerce and “China Blue Chip Enterprise Award in Real Estate” that is the evaluated and selected by The Economic Observer. The operation and management performance of the Company is fully affirmed by the outside.

#### **Operational environment forecast and business concepts of the Company**

Currently, as the national economy is at a critical stage of adjusting structure and transferring mode, the pain of structure adjustment is still lasting. The new power can hardly offset the effect caused by the decrease of traditional power, so that the pressure of the economic downturn is high. In this context, a stable and wide policy environment of real estate market is basically established, which will promote the consistent and steady recovery of real estate market in the second half year.

The top priority of our work in the second half year is to strive to achieve the annual sales target. Based on the implementation of "Five Strong Steps" in marketing, the Company will ensure the improvement of the marketing capability of companies of all cities, continue to organize crossover marketing, take advantage of the resources integration force of "CM companies", thus helping to realize the sales target.

While high quality resources should be continuously obtained from multiple channels, the resources in strategically important cities, especially Shenzhen, Beijing and other key cities should be further effectively configured. Furthermore, the Company will steadily undertake overseas expansion and focus on countries and regions with great economic development potential and along the line of "One Belt and One Road".

Efforts will be made to realize new breakthrough in transformation development. The Company will continuously improve structural layout and major commercial project promotion of the first and second-tier cities and constantly promote the construction of asset-light platforms, such as operation service platform of parks and real estate fund management platform with combination of industry and finance. In addition, the Company will energetically develop the cooperation in real estate finance fields, explore the possibility and feasibility of securitization of remnant assets, vitalize remnant assets as soon as possible to improve efficiency of operation and management.

At the same time of carrying out normal production and operation, the Company will fully cooperate to promote the integration of the real estate sector of China Merchants Group, profoundly consider and develop development strategy and target for the new company to accelerate the realization of the integration effects of "1 + 1 > 2".

#### **Analysis of Core Competitiveness**

##### **1. Strong China Merchants and more collaboration**

China Merchants Group owns a number of outstanding companies, including China Merchants Holdings (International) Co., Ltd., China Merchants Ships Co., Ltd., China Merchants Roads Co., Ltd., China Merchants Bank Co., Ltd., China Merchants Securities Co., Ltd., and China Merchants Capital for Direct Investment Fund Management Platform. In recent years, China Merchants Group, specialized in industrial and financial field, vigorously promotes the combination of industry and finance. Through the effective interaction between capital and industry, it gives play to synergy benefits so as to develop by leaps and bounds. On the base that the Group vigorously practiced the strategy of synergetic development and innovative development, the Company and counterparts strived to exploit the opportunity of synergetic cooperation. So far, a solid strategic cooperation alliance has been built in project cooperation, financial innovation, brand linkage, etc. In the future, the Company will further strengthen industrial and financial combination to realize the win-win situation of resource sharing

and mutual development.

## 2. First-class capability of urban development, improvement and operation

Having been based in Shekou for 30 years, China Merchants Shekou has been a distinguished domestic park operator by accumulating abundant experiences and capabilities in first development, operation and improvement of parks. The experiences of "30 years and 30 cities" in property development and operation enable the Merchants Property to become a leading company of comprehensive development of property. In effective combination with such experiences, the Company has been a top service supplier with respect to urban development, improvement and operation.

## 3. Abundant property assets and land resources of FTA and FTA policy on try prior to implementation

In December 2014, Qianhai & Shekou area was officially classified as Guangzhou FTA. In July 2015, the Construction Implementation Plan on China (Guangdong) Pilot FTA was formally issued, proposing to preferentially develop the strategic emerging service industries of finance, modern logistics, information service and technology service in Qianhai & Shekou area, and build an experimental and model window for Chinese financial industry open to the world, an important base of world service trade and an international hub port. As the largest main body of development and construction in the Qianhai & Shekou FTA, the Company and China Merchants Shekou possess plenty of business assets in Qianhai & Shekou, covering the office buildings, shopping malls, apartments, factories, etc. enabling the possession of stable income of operation and management, as well as the capital appreciation arising out of the FTA development. The Company will comply with the FTA policy advantage to reasonably plan the development pace of the plenty of land resources to be developed in the FTA (except as the properties which have been constructed) and industry development path, innovating and promoting a multi-level value.

## 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 retroactive adjustment or restatement in this report period due to correction of major accounting errors**

On May 01, 2015, the Company obtained majority voting rights in the board of directors of Beijing Guangying Residential Property Development Limited, thus having control over such company. The control right was included into the consolidation scope

of the consolidated statements after being altered.

On June 30, 2015, the Company has control over Xiamen Jinghucheng Real Estate Development Co., Ltd. by increasing capital and share.

**(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