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Announcement No. 【CMPD】2012 – 014

China Merchants Property Development Co., Ltd.

The 1st Quarterly Report 2012 (Full Text)

§ 1 Important Declaration

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

1.2 The financial statements carried in this report are not audited.

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

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

§ 2 Company Profile

2.1 Financial highlights

In RMB Yuan

	Ended this report term	Ended previous year	Changed by (%)
Total asset (RMB)	84,043,438,505	79,666,494,368	5.49%
Owners' equity attributable to the shareholders of the listed company (yuan)	20,847,640,112	20,418,214,797	2.10%
Total capital share (shares)	1,717,300,503	1,717,300,503	0.00%
Net asset per share attributable to the shareholders of the listed company (Yuan/share)	12.14	11.89	2.10%
	This report term	Same period last year	Changed by (%)
Turnover (yuan)	3,606,361,060	2,832,919,477	27.30%
Net profit attributable to shareholders of the listed company (yuan)	429,425,315	561,570,608	-23.53%
Net Cash flow generated by business operation (RMB)	-232,454,924	-928,182,873	74.96%
Net Cash flow per share generated by business operation (yuan/share)	-0.14	-0.54	74.96%
Basic earnings per share (Yuan/share)	0.25	0.33	-24.21%
Diluted earnings per share (Yuan/share)	0.25	0.33	-24.21%
Weighted average net income/asset ratio (%)	2.08%	3.04%	Decreased by 0.96%
Weighted average net income/asset ratio less non-recurring gain/loss(%)	2.09%	3.03%	Decreased by 0.94%

Non-recurring gain and loss items

√ applicable □ not applicable

In RMB Yuan

Non-recurring gain and loss items	Amount from beginning of year to the end of report period
Gain/loss of non-current assets	-218,023
Other non-business income and expenditures other than the above	-907,503
Influenced amount of minority shareholders' equity	-105,478
Influenced amount of income tax	218,681
Total	-1,012,323

2.2 Total of shareholders and the top 10 holders of unconditional shares

in shares

Total shareholders at the end of the report period (accounts)	56,630 accounts(A Share: 45,448, B share:11,182)	
Top ten holders of the shares without subscription limitation		
Full name of shareholder	Amount of unconditional shares held at the end of report term	Categories
National Social Insurance Foundation 102 Portfolio	15,700,000	A shares
Bank of Communications Schroders Fund Growth Stock	15,338,678	A shares
Fuguo Tianrui Fine Blend Open Fund	14,000,446	A shares
Guangdong Development Bank Growth Stock Fund	13,003,035	A shares
CM Zhangzhou Development Zone Ltd.	12,900,000	A shares
China People's Life Insurance – dividend – dividend for individual insurance	12,279,884	A shares
Yinhua – Dow Joans 88 Fine Selected Securities Investment Fund	12,099,687	A shares
Yifangda Shenzhen Index 100 Open Stock Fund	11,655,628	A shares
Kerui Securities Investment Fund	11,059,432	A shares
Bank of Communications Schroders Fund Blue Chip Investment	10,908,038	A 股

§ 3 Significant Events

3.1 Details and causations of major change in major accounting subjects and financial indices

√ applicable □ not applicable

Items	2012.03.31	2011.12.31	Changed by %	Major causes
Transactional financial assets	-	417,906	-100%	Decreased by fluctuation of fair value of NDF contracts
Notes receivable	37,985,900	500,000	7497%	Increase of notes from trading of the period
Non-current asset due in 1 year	1,913,729	1,395,887	37%	Increase of amortizable expenses
Trade off financial liabilities	7,147,155	2,002,312	257%	Increased by fluctuation of fair value of NDF contracts
Notes payable	19,833,795	3,714,276	434%	Increase of settlement by notes
Employees' wage payable	122,830,467	260,490,068	-53%	Decreased by disbursing of wage drawn in advance in previous year

Items	Jan-Mar 2012	Jan-Mar 2011	Changed by %	Major causes
Business tax and surcharge	624,221,441	369,580,105	69%	Increase of land VAT rate in the period
Sales expense	109,563,524	71,424,568	53%	Business expanding and increase of ads
Financial expenses	52,592,465	20,229,279	160%	Expanding of loans
Income from change of fair value	-5,562,749	-786,656	-607%	Decrease of NDF fair value
Investment income	5,028,136	20,043,550	-75%	Decrease of investment gains from affiliates and joint ventures
Minor shareholders' equity	140,152,696	873,938	15937%	Net profit from joint projects increased

3.2 Progress of significant events, their influence, countermeasures, and analysis

3.2.1 None-standard opinions

applicable not applicable

3.2.2 Illegal providing of capital or guarantees to the holding shareholder or its related parties or external parties

applicable not applicable

3.2.3 Signing and execution of major business contracts

applicable not applicable

3.2.4 Misc.

applicable not applicable

3.3 Fulfilling of commitment issues made by the Company, shareholder, or substantial controller

Commitment made by the PLC, its directors, supervisors, executives, and shareholders with 5% or over shares of the Company, and its substantial dominator in the report term or carried over to the report term:

applicable not applicable

Commitments	The undertaker	Content of Commitments	Status of fulfilling
Commitment in share equity relocation	China Merchants Shekou Industrial Zone Co., Ltd.	Will input properties including high quality lands to support the Company's development after the share equity relocation.	In the report term, CMSIZ was fully acting as committed.
Other commitments (including supplementary commitments)	Same as above	CMSIZ, the controlling shareholder of the Company, promised not to conduct or participate with 3 rd parties in any business or activities possibly competing with the Company in terms of business, new commodities and new technology in any forms (including but not limited to direct operation, indirect operation, joint investment). Never use the information obtained from the Company to conduct or participate in and competitive activities against the Company.	In the report term, CMSIZ was fully acting as committed.

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

applicable not applicable

3.5 Major events needs to be explained

3.5.1 Investment in securities

applicable not applicable

3.5.2 Reception of investigations, communications, or interviews

Time/date	Place	Way	Type of visitors	Visitors	Main content involved and material provided
Jan 11, 2012	Shanghai	Field research	Institution	UBS	1. Business summary; 2. Industrial summary; 3. Disclosed information and brochures 4. Visiting of properties for sale<0}
Jan 31, 2012	Shenzhen	Telephone communication	Institution	Orient Securities	
Jan 31, 2012	Shenzhen	Telephone communication	Institution	Ruixin Fangzheng	
Feb 2, 2012	Shenzhen	Telephone communication	Institution	Gaolin Capital	
Feb 03, 2012	Shenzhen	Field research	Institution	Guangfa Fund	
Feb 06, 2012	Shenzhen	Telephone communication	Institution	Ethan Capital Management Limited	
Feb 08, 2012	Shenzhen	Field research	Institution	Anxin Securities, Rongtong Fund, Huatai United Securities	
Feb 09, 2012	Shenzhen	Field research	Institution	Guotai Junan, Huaxia Fund, Zhongyin Fund, Jiashi Fund	
Feb 09, 2012	Shenzhen	Field research	Institution	Yinhua Fund, Huitianfu Fund, Jiashi Fund, Zhongjin Capital	
Feb 09, 2012	Shenzhen	Telephone communication	Institution	Zhongjin	
Feb 09, 2012	Shenzhen	Telephone communication	Institution	Hanlun Fund	
Feb 10, 2012	Shenzhen	Field research	Institution	CITIC Securities	
Feb 13, 2012	Shenzhen	Telephone communication	Institution	Huili Foundation	
Feb 16, 2012	Shenzhen	Field research	Institution	Investigation organized by Shenyin Wanguo	
Feb 17, 2012	Shenzhen	Field research	Institution	Dongxing Securities	
Feb 17, 2012	Chongqing	Field research	Institution	Guotai Junan and its clients	
Mar 01, 2012	Chongqing	Field research	Institution	Orient Securities	
Mar 06 2012	Beijing	Field research	Institution	Guotai Junan, Huaxia Fund	
Mar 19, 2012	Shenzhen	Field research	Institution	Guotai Junan, Huaxia Fund	
Mar 20, 2012	Shenzhen	Telephone communication	Institution	JEFFERIES	
Mar 21 2012	Shenzhen	Field research	Institution	Shanghai Jinli Invetment	
Mar 21 2012	Tianjin	Field research	Institution	Jiashi Foundation	
Mar 22, 2012	Guangzhou, Foshan	Field research	Institution	Shanghai Jinli Invetment	

Mar 22, 2012	Nanjing, Zhenjiang	Field research	Institution	Jiashi Foundation
Mar 26, 2012	Shenzhen	Field research	Institution	open door/BNP(Paris Securities)
Mar 28, 2012	Chengdu	Field research	Institution	Guosen Securities
Mar 29, 2012	Shenzhen	Field research	Institution	Construction Bank International, UG found
Mar 30, 2012	Chengdu	Field research	Institution	Zhongjin and clients

3.6 Investment in derivate financial instruments

✓ applicable □ not applicable

Statement on analyzing and controlling of risks with derivate investment in the report term (including but not limited to market risks, liquidity risks, credit risks, operation risks, and legal risks.	In the report term, the major market risks of derivate investment products were the impacts of fluctuation of NDF contracts on the fair values. However the Company's purpose to involve in NDF trade was to lockup the exchange rate and avoid the risks brought by borrowing of foreign currencies, thus it was on the basis of real borrowings in foreign currency, its trading amount and timing are matching with the borrowings of foreign currency and covers the risks. The exchange rate of the future contract has been fixed as soon as been traded, therefore the risks are under control.
Change of derivate instrument market price or fair value, information disclosing on the fair value, relative estimation and setting of indexes	At end of March 2012, the 1-year RMB/USD NDF has quoted equal to 0.60% of devalue, while at end of December 2011, it was 1.43% of devalue, the market is still expecting minor devalue on the NDF. Fluctuation of fair value of NDF in September 2011 caused RMB5.56 million of loss, no NDF contract handover has happened in the report period. Market price basis is adopted by the Company in analyzing of derivate instrument fair value, and the fair values are adjusted at end of each month.
Statement on major alternation in accounting polices and accounting basis on derivate instruments comparing with last year	None
Particular comments of the independent directors on investment of derivate instruments and risk controlling	Not applicable

3.6.1 Derivate financial instrument stock at end of report term

✓ applicable □ not applicable

In RMB Yuan

Category of contracts	Amount of the contract at beginning of term	Amount of the contract at end of term	Gain/loss in the report term	Amount of the contract at end of term on the net asset (%)
N D F Contracts	630,090,000	630,090,000	-5,562,749	3.02%
Total	630,090,000	630,090,000	-5,562,749	3.02%

§ 4 Attachments

4.1 Balance Sheet

Prepared by China Merchants Property Development Co., Ltd. Ended March 31, 2012 RMB Yuan

Items	Ending balance		Balance at the beginning of year	
	Consolidated	Parent company	Consolidated	Parent company
Current asset:				
Monetary capital	16,941,482,933.00	5,163,598,854.00	14,483,798,016.00	5,036,890,168.00
Settlement provision				
Outgoing call loan				
Transactional financial assets			417,906.00	
Notes receivable	37,985,900.00		500,000.00	
Account receivable	107,416,311.00		91,555,827.00	
Prepayment	5,640,043.00		7,602,167.00	
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable				
Dividend receivable		2,820,507,241.00		2,820,507,241.00
Other account receivable	7,761,317,900.00	27,464,105,105.00	6,165,013,340.00	25,073,202,106.00
Repurchasing of financial assets				
Inventories	51,660,313,047.00		51,440,184,642.00	
Non-current asset due in 1 year	1,913,729.00	41,361,444.00	1,395,887.00	
Other current asset	1,850,482,193.00		1,752,296,690.00	
Total of current asset	78,366,552,056.00	35,489,572,644.00	73,942,764,475.00	32,930,599,515.00
Non-current assets				
Disburse of consigned loans				
Available-for-sale financial asset				
Expired investment in possess				
Long-term receivable	162,827,000.00		157,577,000.00	
Long-term share equity investment	829,550,066.00	4,030,766,218.00	814,539,459.00	3,899,618,991.00
Investment real estates	3,229,998,426.00		3,267,157,629.00	
Fixed assets	428,415,788.00	376,814.00	436,229,939.00	383,021.00
Construction in process	62,671,015.00		61,579,832.00	
Engineering goods				
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets				
R&D expense				
Goodwill				
Long-term amortizable expenses	288,266,554.00		252,345,459.00	
Differed income tax asset	675,157,600.00		734,300,575.00	
Other non-current asset				
Total of non-current assets	5,676,886,449.00	4,031,143,032.00	5,723,729,893.00	3,900,002,012.00
Total of assets	84,043,438,505.00	39,520,715,676.00	79,666,494,368.00	36,830,601,527.00

Current liabilities				
Short-term loans	3,283,300,000.00	2,746,300,000.00	2,873,202,269.00	1,846,300,000.00
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities	7,147,155.00		2,002,312.00	
Notes payable	19,833,795.00		3,714,276.00	
Account payable	3,476,652,022.00		4,559,318,989.00	
Prepayment received	18,919,638,974.00		16,882,302,009.00	
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	122,830,467.00	3,224,206.00	260,490,068.00	8,042,607.00
Tax payable	1,413,780,096.00	7,216,070.00	1,272,500,931.00	7,398,033.00
Interest payable	154,324,358.00	134,797,214.00	119,179,993.00	87,596,150.00
Dividend payable	49,582,916.00		49,582,916.00	
Other account payable	6,522,451,580.00	7,711,821,299.00	6,871,412,819.00	8,073,869,394.00
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year	4,060,356,000.00	3,506,036,000.00	3,608,045,000.00	3,182,545,000.00
Other current liability	3,230,317,947.00		3,179,599,549.00	
Total of current liability	41,260,215,310.00	14,109,394,789.00	39,681,351,131.00	13,205,751,184.00
Non-current liabilities				
Long-term borrowings	17,747,273,375.00	9,102,501,275.00	15,621,434,375.00	7,261,992,275.00
Bond payable				
Long-term payable	87,877,133.00		83,565,123.00	
Special payable				
Anticipated liabilities				
Differed income tax liability				
Other non-recurring liabilities	3,150,040.00		3,150,040.00	
Total of non-current liabilities	17,838,300,548.00	9,102,501,275.00	15,708,149,538.00	7,261,992,275.00
Total of liability	59,098,515,858.00	23,211,896,064.00	55,389,500,669.00	20,467,743,459.00
Owners' equity (or shareholders' equity)				
Capital paid in (or share capital)	1,717,300,503.00	1,717,300,503.00	1,717,300,503.00	1,717,300,503.00
Capital reserves	8,387,070,659.00	8,927,054,193.00	8,387,070,659.00	8,927,054,193.00
Less: Shares in stock				
Special reserves				
Surplus reserves	968,028,769.00	917,077,376.00	968,028,769.00	917,077,376.00
Common risk provision				
Retained profit	9,687,471,326.00	4,747,387,540.00	9,258,046,011.00	4,801,425,996.00
Different of foreign currency translation	87,768,855.00		87,768,855.00	
Total of owner's equity belong to the parent company	20,847,640,112.00	16,308,819,612.00	20,418,214,797.00	16,362,858,068.00
Minor shareholders' equity	4,097,282,535.00		3,858,778,902.00	
Total of owners' equity	24,944,922,647.00	16,308,819,612.00	24,276,993,699.00	16,362,858,068.00
Total of liabilities and owners' equity	84,043,438,505.00	39,520,715,676.00	79,666,494,368.00	36,830,601,527.00

4.2 Income Statement

Prepared by China Merchants Property Development Co., Ltd. January – March 2012 in RMB

Items	Amount of the Current Term		Amount of the Previous Term	
	Consolidated	Parent company	Consolidated	Parent company
I. Total revenue	3,606,361,060.00		2,832,919,477.00	
Incl. Business income	3,606,361,060.00		2,832,919,477.00	
Interest income				
Insurance fee earned				
Fee and commission received				
II. Total business cost	2,765,115,171.00	53,856,053.00	2,083,793,416.00	22,763,640.00
Incl. Business cost	1,898,368,645.00		1,554,169,324.00	
Interest expense				
Fee and commission paid				
Insurance discharge payment				
Net claim amount paid				
Net insurance policy reserves provided				
Insurance policy dividend paid				
Reinsurance expenses				
Business tax and surcharge	624,221,441.00		369,580,105.00	
Sales expense	109,563,524.00		71,424,568.00	
Administrative expense	80,362,181.00	5,991,007.00	68,386,835.00	6,302,974.00
Financial expenses	52,592,465.00	47,865,046.00	20,229,279.00	16,460,666.00
Asset impairment loss	6,915.00		3,305.00	
Plus: Gains from change of fair value (“- “ for loss)	-5,562,749.00		-786,656.00	
Investment gain (“- “ for loss)	5,028,136.00	-182,403.00	20,043,550.00	10,881,953.00
Incl. Investment gains from affiliates	1,755,369.00	-852,773.00	15,425,039.00	-339,021.00
Gains from currency exchange (“- “ for loss)				
III. Operational profit (“- “ for loss)	840,711,276.00	-54,038,456.00	768,382,955.00	-11,881,687.00
Plus: Non business income	870,668.00		2,454,722.00	
Less: Non-business expenses	1,745,394.00		847,610.00	
Incl. Loss from disposal of non-current assets	298,023.00		38,026.00	
IV. Gross profit (“- “ for loss)	839,836,550.00	-54,038,456.00	769,990,067.00	-11,881,687.00
Less: Income tax expenses	270,258,539.00		207,545,521.00	
V. Net profit (“- “ for net loss)	569,578,011.00	-54,038,456.00	562,444,546.00	-11,881,687.00
Net profit attributable to the owners of parent company	429,425,315.00	-54,038,456.00	561,570,608.00	-11,881,687.00
Minor shareholders' equity	140,152,696.00		873,938.00	
VI. Earnings per share:				
(I) Basic earnings per share	0.25		0.33	
(II) Diluted earnings per share	0.25		0.33	
VII. Other misc. incomes			2,417,699.00	
VIII. Total of misc. incomes	569,578,011.00	-54,038,456.00	564,862,245.00	-11,881,687.00
Total of misc. incomes attributable to the owners of the parent company	429,425,315.00	-54,038,456.00	563,988,307.00	-11,881,687.00
Total misc gains attributable to the minor shareholders	140,152,696.00		873,938.00	

Merger of entities under common control, the net profit realized by the merged party was RMB0.00.

4.3 Cash Flow Statement

Prepared by China Merchants Property Development Co., Ltd. January – March 2012 in RMB

Items	Amount of the Current Term		Amount of the Previous Term	
	Consolidated	Parent company	Consolidated	Parent company
I. Net cash flow from business operation				
Cash received from sales of products and providing of services	5,615,868,070.00		4,423,016,856.00	
Net increase of customer deposits and capital kept for brother company				
Net increase of loans from central bank				
Net increase of inter-bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee, and commission				
Net increase of inter-bank fund received				
Net increase of repurchasing business				
Tax returned	6,750.00			
Other cash received from business operation	827,649,199.00	370,740,794.00	459,539,494.00	91,901,745.00
Sub-total of cash inflow from business activities	6,443,524,019.00	370,740,794.00	4,882,556,350.00	91,901,745.00
Cash paid for purchasing of merchandise and services	3,996,265,062.00		3,516,857,557.00	
Net increase of client trade and advance				
Net increase of savings in central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	335,381,117.00	5,157,052.00	294,299,282.00	5,761,928.00
Taxes paid	867,339,244.00	1,084,183.00	893,677,175.00	331,132.00
Other cash paid for business activities	1,476,993,520.00	2,048,133,534.00	1,105,905,209.00	902,037,943.00
Sub-total of cash outflow from business activities	6,675,978,943.00	2,054,374,769.00	5,810,739,223.00	908,131,003.00
Cash flow generated by business operation, net	-232,454,924.00	-1,683,633,975.00	-928,182,873.00	-816,229,258.00
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	30,780.00		3,630.00	
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	30,780.00		3,630.00	
Cash paid for construction of fixed assets, intangible assets and other long-term assets	3,751,329.00		19,200,263.00	

Cash paid as investment	85,685,238.00	184,430,000.00	98,000,000.00	178,000,000.00
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units	5,244,360.00			
Other cash paid for investment activities			6,819,097.00	
Sub-total of cash outflow due to investment activities	94,680,927.00	184,430,000.00	124,019,360.00	178,000,000.00
Net cash flow generated by investment	-94,650,147.00	-184,430,000.00	-124,015,730.00	-178,000,000.00
III. Cash flow generated by financing				
Cash received as investment	98,000,000.00		51,250,000.00	
Incl. Cash received as investment from minor shareholders	98,000,000.00		51,250,000.00	
Cash received as loans	3,615,439,000.00	2,697,009,000.00	2,146,077,138.00	862,794,500.00
Cash received from bond placing				
Other financing-related cash received				
Subtotal of cash inflow from financing activities	3,713,439,000.00	2,697,009,000.00	2,197,327,138.00	862,794,500.00
Cash to repay debts	627,191,269.00	483,009,000.00	905,905,283.00	731,794,500.00
Cash paid as dividend, profit, or interests	320,495,556.00	219,227,556.00	250,343,741.00	59,396,640.00
Incl. Dividend and profit paid by subsidiaries to minor shareholders			154,627,031.00	
Other cash paid for financing activities				
Subtotal of cash outflow due to financing activities	947,686,825.00	702,236,556.00	1,156,249,024.00	791,191,140.00
Net cash flow generated by financing	2,765,752,175.00	1,994,772,444.00	1,041,078,114.00	71,603,360.00
IV. Influence of exchange rate alternation on cash and cash equivalents	102,343.00	217.00	2,658,433.00	7,588.00
V. Net increase of cash and cash equivalents	2,438,749,447.00	126,708,686.00	-8,462,056.00	-922,618,310.00
Plus: Balance of cash and cash equivalents at the beginning of term	13,659,974,240.00	5,036,890,168.00	8,914,595,308.00	3,691,866,660.00
VI. Balance of cash and cash equivalents at the end of term	16,098,723,687.00	5,163,598,854.00	8,906,133,252.00	2,769,248,350.00

4.4 Auditors' Report (Not audited)