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Announcement No.: [CMPD] 2015-083

China Merchants Property Development Co., Ltd.

Announcement on Terminating First Awarding Plan for Stock Option

The Company and all members of the Board of Directors hereby guarantee that this Announcement is true, correct and complete without any false records, misleading statements or material omissions.

China Merchants Property Development Co., Ltd. (the Company or CMPD) held the 17th Meeting of the 7th Board of Directors and passed the *Proposal on Terminating the First Awarding Plan for Stock Option* on September 16, 2015. The Company plans to terminate the First Awarding Plan for Stock Option and this Proposal is to be submitted to the general meeting of shareholders of the Company for examination and approval.

I. Overview and Implementation

1. On May 20, 2014, the Company held the 13th Meeting of the 7th Board of Directors and passed the *Proposal on Reviewing the First Awarding Plan for Stock Option (Draft) and Abstract Thereof*, the *Proposal on Preparing the Implementation and Examination Measures for Incentive Plan for Stock Option*, the *Proposal on Preparing the Administrative Measures for Incentive Plan for Stock Option*, and the *Proposal on Authorizing the Board of Directors on Handling Matters Concerning Incentive Plan for Stock Option*. The independent directors have presented their independent opinions on the *First Awarding Plan for Stock Option (Draft)* of the Company on May 20, 2014.

On May 20, 2014, the Company held the 17th Meeting of the 7th Board of Supervisors and passed the *Proposal on Reviewing the First Awarding Plan for Stock Option (Draft) and Abstract Thereof* and the *Proposal on Verifying List of Incentive Objects of Stock Option*. In accordance with these proposals, it is believed that the incentive objects determined in this incentive plan meet the requirements in laws and regulations like the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Administrative Measures*, *Trial Measures* as well as *Articles of Association* of the Company, which are legal and valid for this stock option.

2. On July 28, 2014, the Company received the *Reply on Implementation of the First*

Incentive Plan for Stock Option by China Merchants Property Development Co., Ltd. from the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), which, in principle, agreed implementation of such plan by CMPD. In accordance with relevant rules, the Company submitted the Incentive Plan for Stock Option (Draft) and related documents to the China Securities Regulatory Commission (CSRC) and communicated related issues with CSRC. Based on feedback opinions from CSRC, the Company revised corresponding parts in the Incentive Plan for Stock Option (Draft). Then, CSRC confirmed the Incentive Plan for Stock Option (Draft) and revisions thereof submitted by CMPD without objection and filed such documents.

3. On August 28, 2014, the Company held the 10th Interim Meeting of the 7th Board of Directors in 2014 and passed the *Proposal on Reviewing the First Awarding Plan for Stock Option (Revision) and Abstract Thereof*. The independent directors have presented their independent opinions on the *First Awarding Plan for Stock Option (Revision)* of the Company on August 28, 2014.

On August 28, 2014, the Company held the 20th Meeting of the 7th Board of Supervisors and passed the *Proposal on Reviewing the First Awarding Plan for Stock Option (Revision) and Abstract Thereof*.

4. On September 16, 2014, the Company held the First Extraordinary General Meeting of 2014 through on-site meeting, network voting and solicitation for voting rights from independent directors and passed the *Proposal on Reviewing the First Awarding Plan for Stock Option (Revision) and Abstract Thereof*, the *Proposal on Preparing the Implementation and Examination Measures for Incentive Plan for Stock Option*, the *Proposal on Preparing the Administrative Measures for Incentive Plan for Stock Option*, and the *Proposal on Authorizing the Board of Directors on Handling Matters Concerning Incentive Plan for Stock Option*.

5. On September 17, 2014, the Company held the 11th Interim Meeting of the 7th Board of Directors in 2014 which reviewed and passed the *Proposal on Adjusting Incentive Objects of the First Awarding Plan for Stock Option and Awarding Quantity*. In accordance with *First Awarding Plan for Stock Option (Revision)* of the Company, 6 persons no longer meet qualifying conditions for incentive objects due to job change and demission. Therefore, the total number of stock options was adjusted from 24,503,400 to 23,228,300 and number of incentive objects was reduced from 149 to 143; the Meeting also reviewed and passed *Proposal on Determining the Awarding Matters Concerning the First Awarding Plan for Stock Option*. In the opinions of the Board of Directors, since all awarding conditions are met, the awarding date is determined on September 18, 2014, on which date, 143 incentive objects are will be awarded with a total of 23,228,300 stock options and all matters thereof shall be handled. The independent directors have presented their independent opinions on September 17, 2014.

On September 17, 2014, the Company held the 22nd Meeting of the 7th Board of Supervisors and passed the *Proposal on Adjusting Incentive Objects of the First*

Awarding Plan for Stock Option and Awarding Quantity and the *Proposal on Determining the Awarding Matters Concerning the First Awarding Plan for Stock Option*. After verification for list of adjusted incentive objects, related opinions have been issued on September 17, 2014. In accordance with such opinions, it is believed that the adjusted incentive objects meet the requirements in laws and regulations like the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Administrative Measures*, *Trial Measures* as well as *Articles of Association* of the Company, which are legal and valid for this stock option.

6. On December 13, 2014, the Company has announced the completion of registering the awarding of a total of 23,228,300 stock options to 143 incentive objects.

7. Based on exercise schedule in the *First Awarding Plan for Stock Option (Revision)*, the stock options awarded to those incentive objects are all in their vesting periods.

II. Reasons and Follow-up Treatment

1. Reasons

On September [], 2015, CMPD signed the *Stock-for-stock Merger Agreement between CMSIZH and CMPD* with China Merchants Shekou Industrial Zone Holdings Co., Ltd. (CMSIZH) to plan a stock-for-stock merger (the "stock-for-stock merger"). To guarantee smooth implementation of this stock-for-stock merger, based on needs of this merger in combination with related regulations on this stock option incentiveness and implementation, the Company plans to terminate the stock options authorized in the Incentive Plan for Stock Option yet in their vesting periods after CSRC approves this stock-for-stock merger.

2. Follow-up treatment

The Company plans to terminate the stock options authorized under the *First Awarding Plan for Stock Option* yet in their vesting periods after CSRC approves this stock-for-stock merger. The 143 incentive objects have issued no-objection letters in written to the Company.

The First Awarding Plan for Stock Option will be terminated after related implementation matters are passed by the general meeting of shareholders and the stock-for-stock merger is approved by CSRC. After termination of this First Awarding Plan for Stock Option, a total of 23,228,300 stock options awarded to the incentive objects yet in their vesting periods will be canceled and announced by the Company.

III. Approval Procedures

1. On September 16, 2015, the Company held the 17th Meeting of the 7th Board of Directors and passed the *Proposal on Terminating the First Awarding Plan for Stock Option*.

2. On September 16, 2015, the Company held the 29th Meeting of the 7th Board of Supervisors and passed the *Proposal on Terminating the First Awarding Plan for Stock Option*. In the opinions of the Board of Supervisors, in consideration of matters

concerning termination of the First Awarding Plan for Stock Option, the review and voting procedures on the Proposal meet requirements in related laws and regulations and the *Articles of Association*; and such termination is good for promoting this stock-for-stock merger and satisfies with development plan and actual needs of the Company. Moreover, this termination is in the interests of the Company and all shareholders, and will do no harm to them, in particular to the medium-and-small shareholders. In addition, related incentive objects have issued no-objection letters in written to the Company. Therefore, it is agreed for the Company to terminate this Incentive Plan for Stock Option.

3. The *Proposal on Terminating the First Awarding Plan for Stock Option* is to be submitted to the 3rd Extraordinary General Meeting in 2015 for review.

IV. Special Opinions

1. Independent opinions from the independent directors

(1) The termination of the First Awarding Plan for Stock Option by the Company meets requirements in laws, regulations and normative documents like *Measures for the Administration of Equity Incentive Plans of Listed Companies (for trial)* as well as the *Articles of Associations* and the *First Awarding Plan for Stock Option (Revision)* of the Company. The related incentive objects have issued no-objection letters in written about this termination to the Company.

(2) Review and voting procedures for this Proposal meet requirements in related laws and regulations and the *Articles of Association*.

(3) The termination of the First Awarding Plan for Stock Option is good for promoting this stock-for-stock merger and satisfies with development plan and actual needs of the Company. Moreover, this termination is in the interests of the Company and all shareholders, and will do no harm to them, in particular to the medium-and-small shareholders.

Above all, it is agreed for the Company to terminate this First Awarding Plan for Stock Option.

2. Legal opinions from SHU JIN LAW FIRM

The implemented procedures for this Incentive Plan meet requirements in laws, regulations and normative documents like *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Measures for the Administration of Equity Incentive Plans of Listed Companies (for trial)*, and *Incentive Plan (Revision)* of the Company. Termination of executed procedures of this stock option incentiveness by CMPD are legal and valid and matters concerning termination of the First Awarding Plan for Stock Option are to be submitted to the general meeting of shareholders of CMPD for examination and approval.

V. Documents for Future Reference

1. Resolutions of the 17th Meeting of the 7th Board of Directors;

2. Resolutions of the 29th Meeting of the 7th Board of Supervisors;
3. Independent Opinions from Independent Directors on Matters Related to the 17th Meeting of the 7th Board of Directors; and
4. *Legal Opinions from SHU JIN LAW FIRM on Termination of the First Awarding Plan for Stock Option (Revision) by CMPD.*

China Merchants Property Development Co., Ltd.

Board of Directors

September 18, 2015