



CHINA RESOURCES LAND LIMITED

2006 Annual Results Review

30th July, 2007

Agenda

Highlights

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Business Strategy

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Highlights

- Net profit in 2006 rose 123.3% yoy to HK\$858.7mn on the back of 45.4% yoy increase in revenue (HK\$3,936.7mn vs. HK\$2,706.9mn) and substantial margin improvement;
- Both gross and net profit margins improved substantially to 27.6% and 21.8% respectively, against 19.4% and 14.2% for the previous year;
- On an adjusted basis, basic EPS in 2006 rose 65.1% yoy (HK\$ 34.5cents vs. HK\$20.9 cents);
- Development operation saw a respective yoy growth of 22.5% in revenue and 24.1% in gross profit, thanks to rise in completion area, rising selling prices and our sustained efforts to optimize revenue and costs;
- IP recorded strong underlying performance, in particular for those acquired from the Parent. Shenzhen City Crossing and Shanghai Times Square rose 49.7% and 49.8% yoy in revenue;
- We replenished land bank of 5.4mn sqm GFA (including those acquired from CRH in Dec.) during the year, adding to a strong pipeline which extends well beyond 2009;
- As of the end-06, 37.0% of target new completion for 2007 (in GFA terms) has already been locked in, indicating high earnings certainty this year;
- Looking ahead, 2008 will be the year of explosive growth, with completion area expected to reach historical high at 1.8mn sqm or a growth of 191.9% over 2007;
- With strong management, unique business model, well formulated and executable strategy and relentless supports from the parent, our future looks ever promising.

Income statement

Year Ended 31 Dec (HK\$ '000)	2006	% of Sales	2005	% of Sales	YOY Change
Contracted Value	3,875,844		2,997,900		29.3%
Contracted Area (sqm)	438,823		421,779		4.0%
Area booked (sqm)	400,259		352,409		13.6%
Turnover	3,936,730		2,706,886		45.4%
Gross Profit	1,085,524	27.6%	525,215	19.4%	106.7%
<i>Gross Margin</i>	27.6%		19.4%		
IP Revaluation Gain	528,551	13.4%	49,084	1.8%	
Other Operating Income	202,419	5.1%	228,770	8.5%	-11.5%
Associates	11,874	0.3%	15,892	0.6%	-25.3%
Gross profit + other incomes	1,828,368	46.4%	818,961	30.3%	
SG&A Expenses	(349,138)	-8.9%	(155,293)	-5.7%	124.8%
Impairment Loss	(158,658)	-4.0%	(7,299)	-0.3%	
Allowance for Bad Debts	0		(103,819)	-3.8%	52.8%
Finance Costs	(176,919)	-4.5%	(67,290)	-2.5%	162.9%
Total expenses and charges	(684,715)		(333,701)		
Pre-tax Profit	1,143,653		485,260		135.7%
Taxation	(291,778)	-7.4%	(46,937)	-1.7%	521.6%
Minority Interests	(6,800)	-0.2%	53,811	2.0%	-112.6%
Attributable Net Profit	858,675	21.8%	384,512	14.2%	123.3%
<i>Net Margin</i>	21.8%		14.2%		
EPS - Basic (HK\$)	0.276		0.248		11.3%
EPS - Fully Diluted (HK\$)	0.272		0.244		11.5%
DPS (HK\$)	0.071		0.033		115.2%

Net Profit grew 123% yoy, driven by margin expansion, rise in completion area + IP contribution

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Adjusted Attributable Net Profit and EPS

Year Ended 31 Dec (HK\$ '000)	2006	2005	YOY Change
Reported Attributable Net Profit	858,675	384,512	123.3%
Reported EPS (HK\$)			
- Basic	0.276	0.248	11.3%
- Fully Dilluted	0.272	0.244	11.5%
Adjustments for Non-recurrent or Non-comparable Items			
<i>Less:</i>			
Dividend Income from Listed Securities	-	7,242	
Gain on Listed Securities	-	96,679	
Fair Value Gain on Currency Swap	7,120	13,742	
<i>Add:</i>			
Additional provision on LAT, net of deferred tax	103,716	-	
Provision for bad + doubtful debt, net of deferred tax	-	57,906	
Provision for a LT investment, net of deferred tax	117,293	-	
Adjusted Underlying Attributable Net Profit	1,072,564	324,755	230.3%
Adjusted Underlying EPS (HK\$)			
- Basic	0.345	0.209	65.1%
- Fully Dilluted	0.340	0.206	64.8%

Underlying net profit growth was even stronger at 230% yoy

Booking of property development income

Year Ended 31 Dec	Turnover	GFA
	HK\$'000	sqm
La Firenze 1	37,798	7,218
La Firenze 2	8,754	1,328
Top Box	17,424	1,493
Grand Constellation	158,555	10,398
Fortune Island	498,943	76,264
Phoenix City 2	176,516	12,720
Phoenix City 3	705,883	51,900
Beijing Other Residential	7,301	2,004
Shanghai The Bund Side	515,396	28,117
Chengdu Jade City	474,513	99,039
Wuhan Phoenix City	369,592	75,453
Hefei French Annecy	150,195	34,325
2006 Total:	3,120,870	400,259
2005 Total	2,547,266	352,409
YOY Change, %	22.5%	13.6%

Development revenue rose strongly on increases in completion area and ...

Average Selling Price of Key Projects

RMB/sqm	2006	2005	YOY Change
Fortune Island (High-rise)	5,997	5,307	13.0%
Phoenix City 2	15,121	12,147	24.5%
Phoenix City 3	14,407	12,600	14.3%
Shanghai The Bund Side	20,106	18,458	8.9%
Chengdu Jade City	5,701	4,553	25.2%
Wuhan Phoenix City	5,228	4,504	16.1%
Hefei French Annecy	4,602	4,467	3.0%

... strong gains in selling prices

Income from IP + Property Management

Year Ended 31 Dec	Turnover HK\$ '000			Occupancy Rate %		
	2006	2005	YOY Change	2006	2005	YOY Change
Beijing China Resources Building *	121,435	111,232	9.2%	96%	96%	0.0%
Shanghai China Resources Times Square *	138,949	92,737	49.8%	93%	88%	5.0%
Shenzhen City Crossing Phase 1 *	370,314	247,346	49.7%	99%	80%	19.0%
Other Investment Properties	78,303	68,101	15.0%	84%	79%	5.0%
Residential Property Management Fee	106,859	91,519	16.8%	N.A.	N.A.	
Total Rental Income:	815,860	610,935	33.5%			

* Those IP assets were not reflected in 2005 account.

IP acquired from parent witnessed a surge in revenue on gains in occupancy and in rental rate

Margins

Year Ended 31 Dec (HK\$ '000)	2006	2005	YOY Change
Turnover			
Development	3,120,870	2,547,266	22.5%
Investment & Others	815,860	159,620	411.1%
Gross Profit			
Development*	624,840	413,251	51.2%
Investment & Others	532,262	40,386	1217.9%
Gross Profit Margin			
Development*	20.0%	16.2%	
Investment & Others	65.2%	25.3%	

* Adjusted for LAT provisions

2006 saw sustainable and cross-the-board margin improvements

Other income

Year Ended 31 Dec (HK\$ '000)	2006	% of Total	2005	% of Total
Re-valuation of Investment Properties *	528,551	72.3%	49,084	17.7%
Gain on Listed Securities	-	0.0%	96,679	34.8%
Interest Income	73,656	10.1%	28,143	10.1%
Exchange Gain	113,359	15.5%	70,064	25.2%
Others	15,404	2.1%	33,884	12.2%
Total:	730,970	100%	277,854	100%

*After-tax impact of revaluation gains, net of deferred taxation, is HK\$ 437mn for 2006 vs.HK\$ 23mn in 2005

Investment properties appreciate steadily reflecting increases in rental and occupancy rates

Finance costs

Year Ended 31 Dec (HK\$ '000)	2006	2005	YOY Change
Interest on Bank Loans	342,586	186,413	83.8%
<i>Less: Capitalisation</i>	(165,667)	(119,123)	39.1%
Finance Costs on P/L	176,919	67,290	162.9%
Average Interest Rate (p.a.) at End-Dec	5.74%	4.94%	

Ready access to low cost debt funding offers CRL a unique competitive advantage

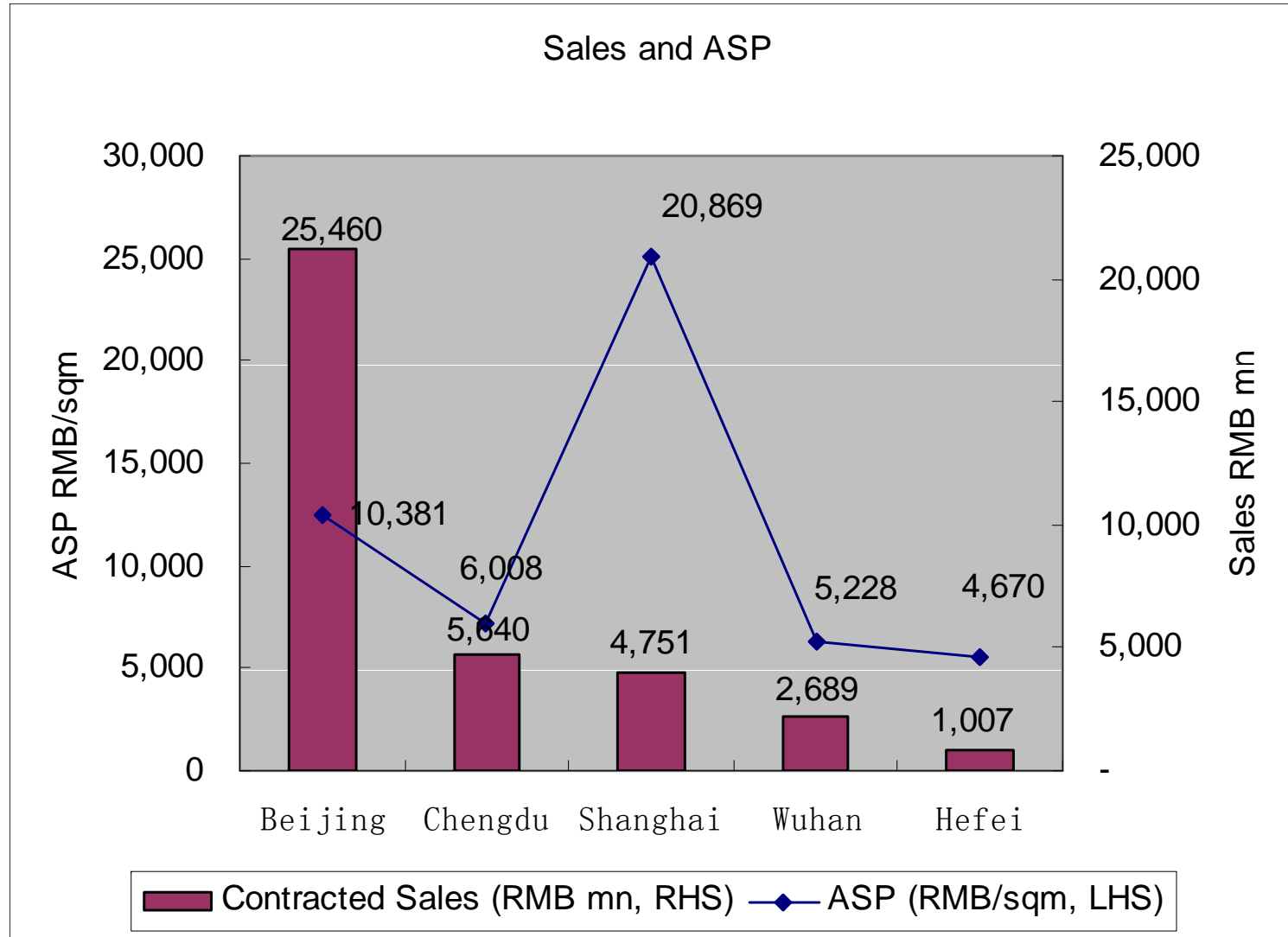
Financial position

Year Ended 31 Dec (HK\$ '000)	2006	2005	YOY Change
Total Borrowings	9,591,569	5,801,748	65.3%
<i>% in HK\$/USD</i>	46%	52%	
<i>% in RMB</i>	54%	48%	
Cash On Hand	3,357,628	1,996,881	68.1%
<i>% in HK\$/USD</i>	26%	3%	
<i>% in RMB</i>	74%	97%	
Net Borrowings	6,233,941	3,804,867	63.8%
<i>% in HK\$/USD</i>	42%	18%	
<i>% in RMB</i>	58%	82%	
Equity	11,513,357	8,106,286	42.0%
Net Debt to Equity Ratio	54.1%	46.9%	N.A.
Book Value (HK\$)	3.46	2.89	19.9%

- In Jan. 06, placed 300 mn new shares at HK\$3.725, raised about HK\$1.1bn.
- Signed HK\$2.5bn (Sep. 06), HK\$2.0bn (Dec. 06) syndicated loan + HK\$1.0bn bilateral loan (Dec. 06), all in a 5-year tenure and at HIBOR+34bp.
- As of end-06, there was HK\$5.14bn un-drawn bank facilities.
- In May 07, placed 400 mn new shares at @HK\$9.81, raised about HK\$3.9bn.

Balance sheet remains strong, despite a large build-up in land bank in the year

Sales and ASP by Cities



Diversifying into various cities

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Land bank: increased by 5.4mn sqm or up150% yoy

- During 2006, enhanced land bank position by 3.87mn sqm in Beijing, Shanghai and Chengdu, while added 1.56mn sqm in newly entered cities Ningbo, Changsha & Suzhou in 2006.
- In Mar. 07, acquired 260,000sqm land bank in Hefei at a total land cost of RMB338.7mn or RMB1,303/sqm.
 In Apr. 07, acquired 47,270sqm land bank in Wuhan at a total cost of RMB155mn or RMB3,279/sqm.
 In Jun. 07, acquired 642,000sqm land bank in Chengdu at a total cost of RMB835mn or RMB1,300/sqm.
 In Aug. 07, acquired 359,000sqm land bank in Xiamen at a total cost of RMB1,956mn or RMB5,444/sqm.
 In Aug. 07, acquired 590,000sqm land bank in Changsha at a total cost of RMB840mn or RMB1,421/sqm.

City	Under Development (sqm)	Completed for Sale (sqm)	Total GFA (sqm) as of end Dec	of which, total new GFA added in 2006	Attributable GFA (sqm)
Beijing	1,672,042	214,096	1,886,138	705,075	1,766,600
Shanghai	478,801	0	478,801	278,490	478,801
Shenzhen	305,160	0	305,160	0	305,160
Chengdu	4,518,762	7,917	4,526,679	2,892,513	4,526,679
Wuhan	130,863	0	130,863	0	130,863
Hefei	453,107	0	453,107	0	453,107
Ningbo	122,581	0	122,581	122,581	122,581
Changsha	1,968,541	0	1,968,541	1,377,605	1,968,541
Suzhou	61,415	0	61,415	61,415	61,415
Xiamen	359,270	0	359,270	359,270	359,270
Sub-total:	10,070,542	222,013	10,292,555	5,437,679	10,173,017
IP Land Bank			657,983		559,080
Grand Total:			10,950,538	5,437,679	10,732,097

LAND BANK

Land bank sufficient to meet development needs in the next few years

Land bank: Held by CRH (parent co.)

City	Acquisition Date	Total GFA (sqm)	Use	Interest	Attributable GFA (sqm)	Attributable Land Cost (RMB)
Hangzhou	Sep. 2005	550,000	Commercial	60%	330,000	660,000,000
Wuxi	Oct. 2005	1,450,000	Res./Com.	60%	870,000	1,506,000,000
Dalian	Sep. 2006	435,800	Commercial	55%	239,690	647,350,000
Dalian	Nov. 2006	1,309,600	Residential	100%	1,309,600	1,700,000,000
Chongqing	Dec. 2006	1,806,668	Residential	100%	1,806,668	1,900,000,000
Shenyang	Feb. 2007	360,000	Com./Res.	100%	360,000	1,040,000,000
Wuhan	Apr. 2007	540,497	Residential	100%	540,497	1,621,000,000
Wuhan	Apr. 2007	396,063	Residential	100%	396,063	1,353,000,000
Total:		6,848,628			5,852,518	10,427,350,000

Pipelines for potential injections are strong and have further enriched

Land bank: CRL breakdown of investment properties

Property Name	City	Interest	GFA (sqm)	Attributable (sqm)	Use
City Crossing 1	Shenzhen	100%	229,938	229,938	
The MIXc			133,281	133,281	Retail
China Resources Building			40,990	40,990	Office
Car Park			55,667	55,667	Car Park
Hua Rui Building	Shenzhen	100%	13,789	13,789	Hotel
CR Times Square	Shanghai	100%	97,139	97,139	
Mall			51,190	51,190	Retail
Office			36,843	36,843	Office
China Resources Building	Beijing	100%	65,222	65,222	Office
Xidan Cultural Centre	Beijing	91.90%	36,184	33,253	Retail
Grand Constellation	Beijing	91.90%	14,105	12,971	Retail
U-Space	Beijing	91.90%	10,685	9,928	Retail
Jing Tong	Beijing	91.90%	17,952	16,498	Retail
Huawei Centre	Beijing	45.95%	54,214	24,911	Res./Retail
Huanan Building	Beijing	15.20%	70,058	10,649	Retail/Office
Others	Beijing	91.90%	48,697	44,782	Office/Retail
Total			657,983	559,080	

LAND BANK

Substantial IP assets solidify future earnings

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Sales Contracted in 2006

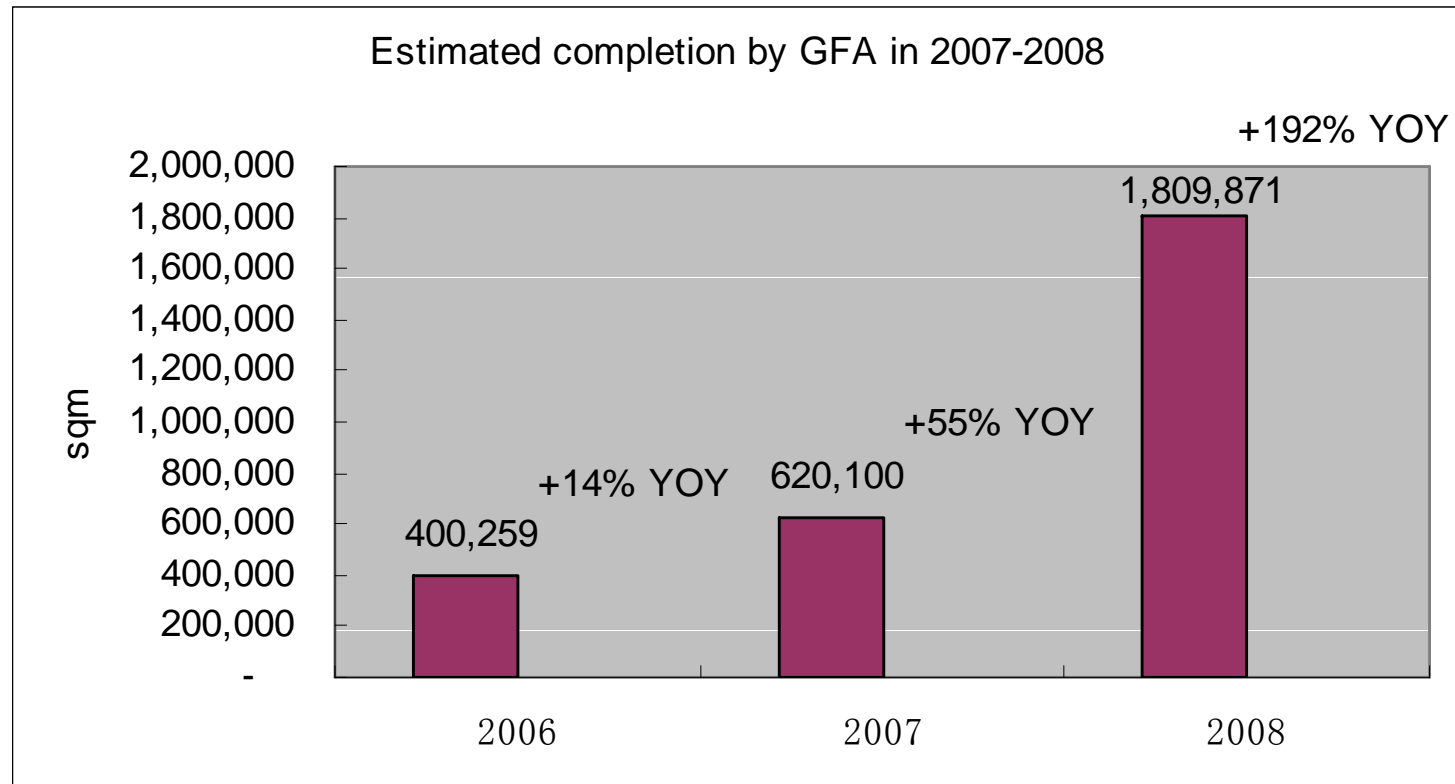
Year Ended 31 Dec	Product Type	Estimated Completion	Total GFA (sqm)	Accumulated GFA Sold (sqm)	GFA Sold in 2006 (sqm)	Ave. Price (RMB/sqm)
Beijing						
La Firenze 1	Low Rise Res.	Completed	62,684	59,893	7,218	5,343
La Firenze 2	Low Rise Res.	Completed	196,656	174,921	1,328	6,727
Fortune Island	Low Rise Res.	Jun/Dec 2006	115,335	104,277	45,004	5,762
Phoenix City 2	High Rise Res.	Completed	186,450	122,436	11,588	15,121
Phoenix City 3	High Rise Res.	Dec 2006	171,130	55,739	52,814	14,407
Phoenix Plaza	Office/Hotel	Jun 2008	231,997	71,639	31,639	11,998
Oak Bay	High Rise Res.	Dec 2009	867,500	84,218	84,218	8,611
Grand Constellation	Office	Completed	72,168	43,515	9,558	16,375
Top Box	Com./Res.	Completed	76,650	58,316	1,463	12,042
Other Residential	Residential	Completed	N.A.	N.A.	1,902	7,119
Car Park	Car Park	Completed	N.A.	N.A.	2,115	5,046
Shanghai						
The Bund Side 1	High Rise Res.	Completed	107,426	38,729	22,768	20,869
Chengdu						
Jade City 2	Low Rise Res.	Completed	180,690	163,287	45,300	5,701
Car Park	Car Park	Completed	25,584	0	0	0
Jade City 3	Low Rise Res.	Dec 2007	175,435	48,355	48,355	6,271
Wuhan						
Phoenix City 1	High Rise Res.	Dec 2007	159,046	75,453	51,443	5,228
Hefei						
French Annecy 1	Low Rise Res.	Jun 2008	227,432	48,385	21,555	4,670

Completion Schedule for 2007-2009

City	Project	Total GFA (sqm)	GFA (sqm) Yet Completed	Projected Completion Schedule (sqm)		
				2007E	2008E	Post 2009E
Beijing	Phoenix City 3	171,105	101,194	101,194	-	-
	Fortune Island	123,793	42,736	35,465	7,271	-
	Oak Bay	867,500	867,500	95,686	142,080	629,734
	Phoenix Plaza	231,997	231,997	-	146,439	85,558
	Majestic Garden	91,230	91,230	-	-	91,230
	Land acquired in Nov 2006	280,000	280,000	-	-	280,000
Shanghai	The Bund Side	228,429	200,312	25,737	34,865	139,710
	Land acquired in Nov 2006	278,490	278,490	-	-	278,490
Chengdu	Jade City	1,150,543	984,249	150,736	436,306	397,207
	Phoenix City	702,558	702,558	-	323,000	379,558
	Twenty Four City	2,634,514	2,634,514	-	300,000	2,334,514
Wuhan	Phoenix City	159,096	66,329	66,329	-	-
Hefei	French Annecy	226,629	205,497	144,953	60,544	-
	Land acquired in Mar 2007	260,000	260,000	-	-	260,000
Shenzhen	City Crossing 2	299,296	299,296	-	299,296	-
Ningbo	Land acquired in Sep 2006	122,581	122,581	-	45,870	76,711
Changsha	Land acquired in Oct 2006	1,377,605	1,377,605	-	-	1,377,605
Suzhou	Land acquired in Oct 2006	61,415	61,415	-	14,200	47,215
Total completion in the year:				620,100	1,809,871	6,377,532

Notes: The above does not include land bank of CRH (parent co.)

Growth of Completion Area



COMPLETION SCHEDULE

Completion area expected to record an exceptional growth of 55% each year over the next two years

Completion Schedule for 2007

City	Project	Projected completion time	GFA (sqm) to be completed in the year	GFA already sold as of 31/12/06	% locked-in
Beijing	Phoenix City 3	1H/2H	101,194	3,839	3.8%
	Fortune Island	1H	35,465	27,872	78.6%
	Oak Bay	2H	95,686	84,218	88.0%
Shanghai	The Bund Side	2H	25,737	10,011	38.9%
Chengdu	Jade City	1H/2H	150,736	89,460	59.3%
Wuhan	Phoenix City	2H	66,329	-	0.0%
Hefei	French Anncy	1H/2H	144,953	14,060	9.7%
Total:			<u>620,100</u>	<u>229,460</u>	<u>37.0%</u>

37% of area targeted for completion in 2007 already locked in as of end-2006

2008 - The year of explosive growth in development

City	Project	Completion time	GFA (sqm) to be completed in the year
Beijing	Fortune Island	2H	7,271
	Oak Bay	2H	142,080
	Phoenix Plaza	2H	146,439
Shanghai	The Bund Side	2H	34,865
Chengdu	Jade City	1H/2H	436,306
	Phoenix City	2H	323,000
	Twenty Four City	2H	300,000
Hefei	French Annecy	1H	60,544
Shenzhen	City Crossing 2	1H/2H	299,296
Ningbo	Land acquired in Sep 2006	2H	45,870
Suzhou	Land acquired in Oct 2006	2H	14,200
			1,809,871

Completion area expected to reach historical high exceeding 1.8mn sqm in 2008

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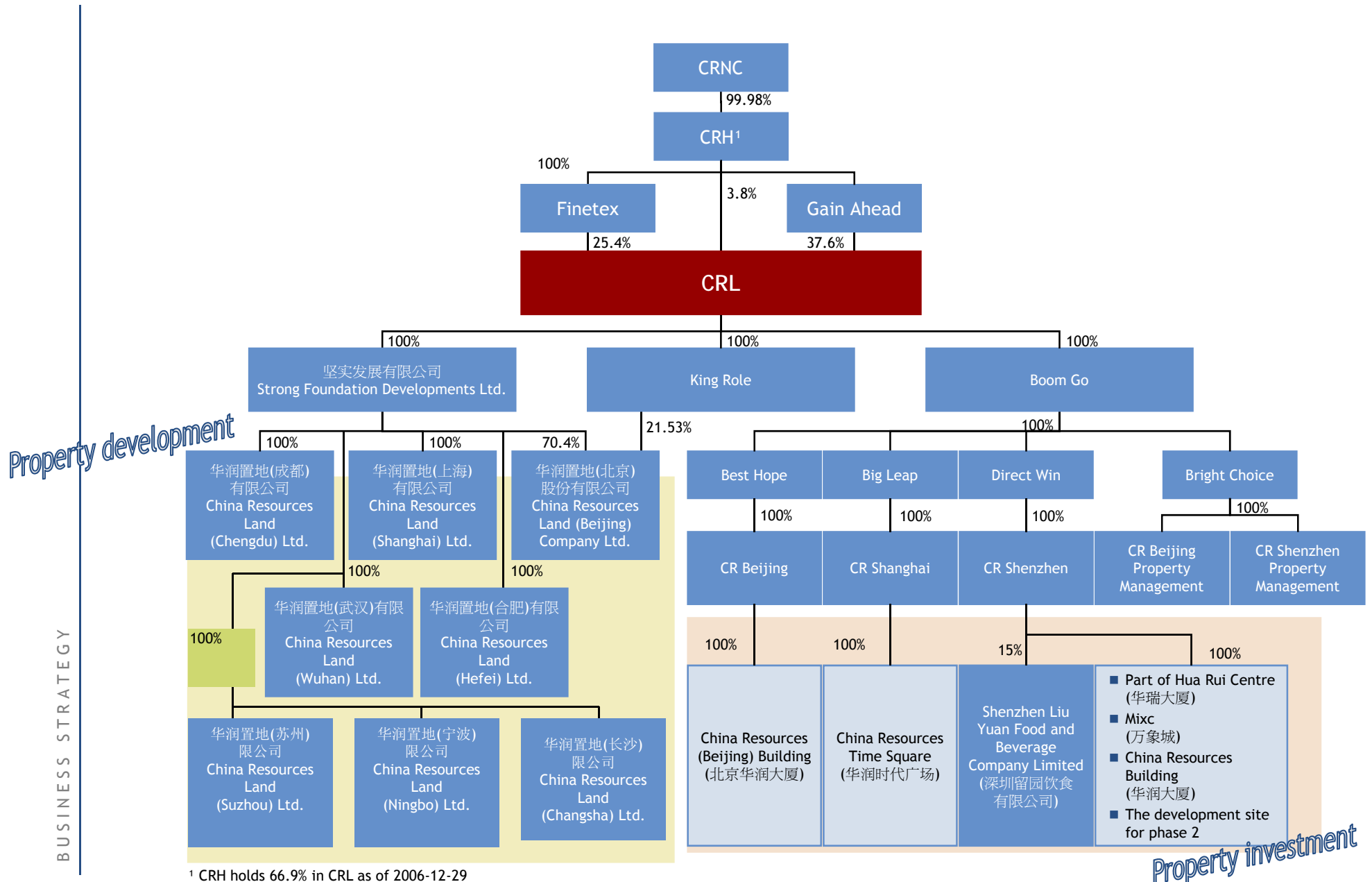
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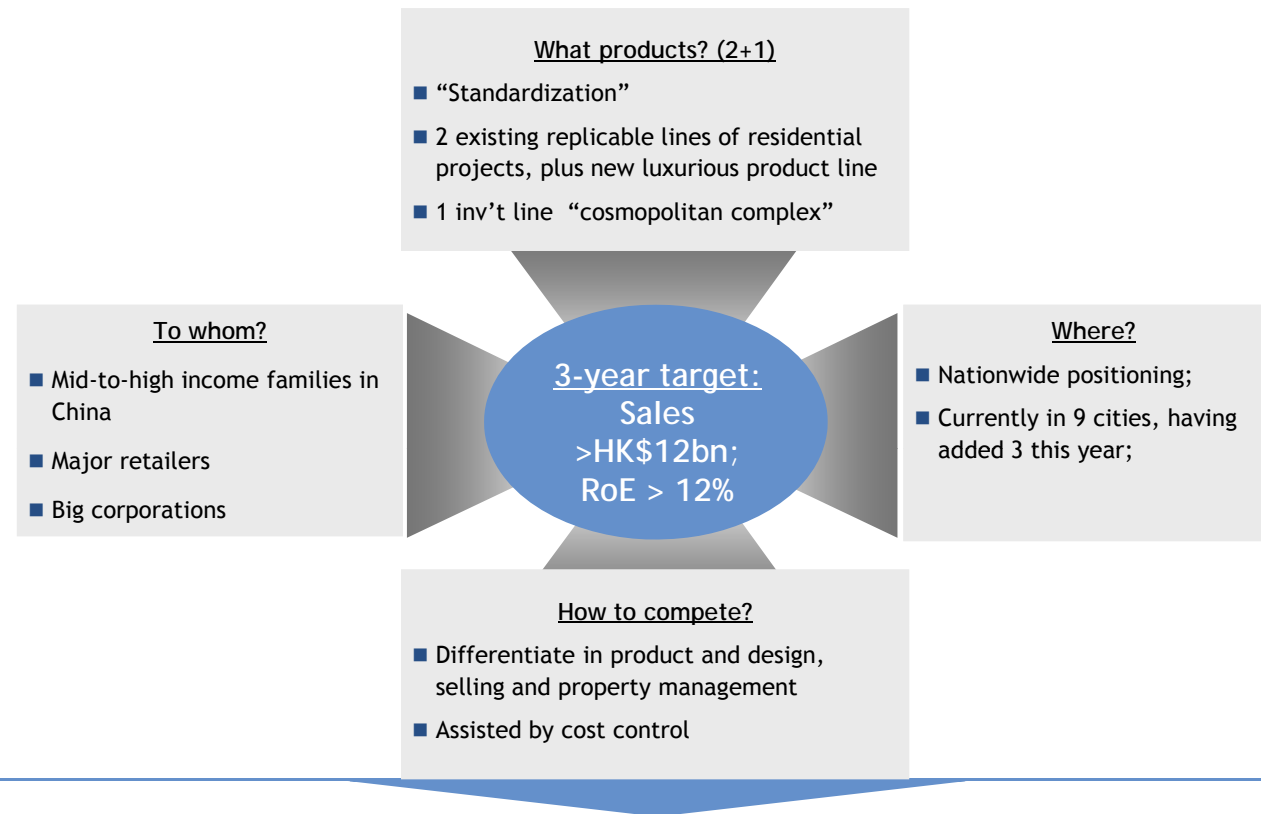
Major corporate developments in 2006: acquisition of residential lands in Beijing & Chengdu from CRH



¹ CRH holds 66.9% in CRL as of 2006-12-29

BUSINESS STRATEGY

Business strategies of CRL



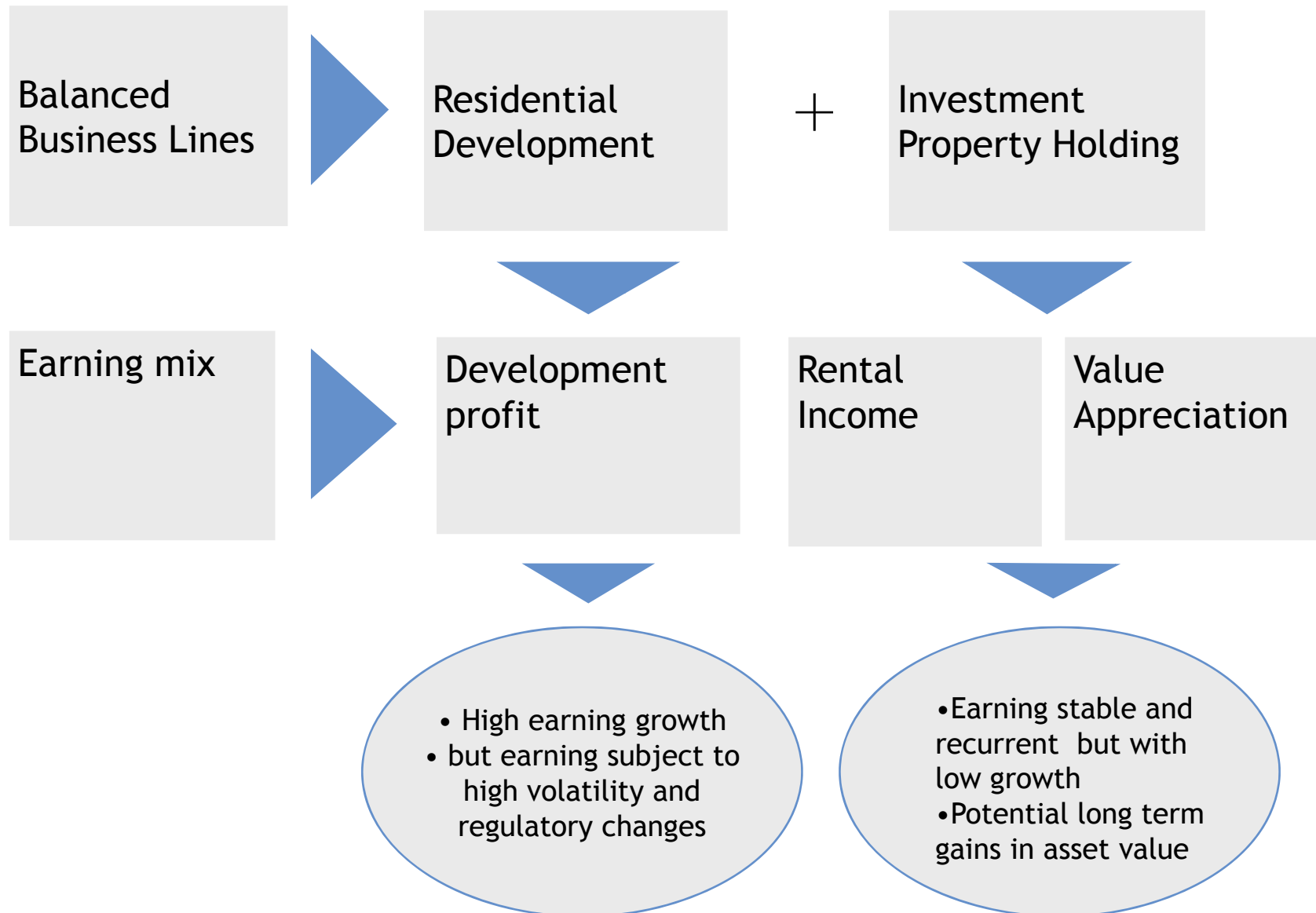
Competitive advantages

- Well-defined and proven strategy supported by a coherent incentive system and organization structure
- Ultra-strong financial background backed not just by CRL’s own balance sheet but the China Resources Group’s resources
- China Resources Holdings being an incubator provides CRL with wider selection and first move advantage to future projects
- Strong government relationships ensure better access to land (esp. in secondary cities), sometimes lower costs and smaller risks
- Strong pipeline of development projects and rising rental income ensure promising prospects.

Business strategies of CRL

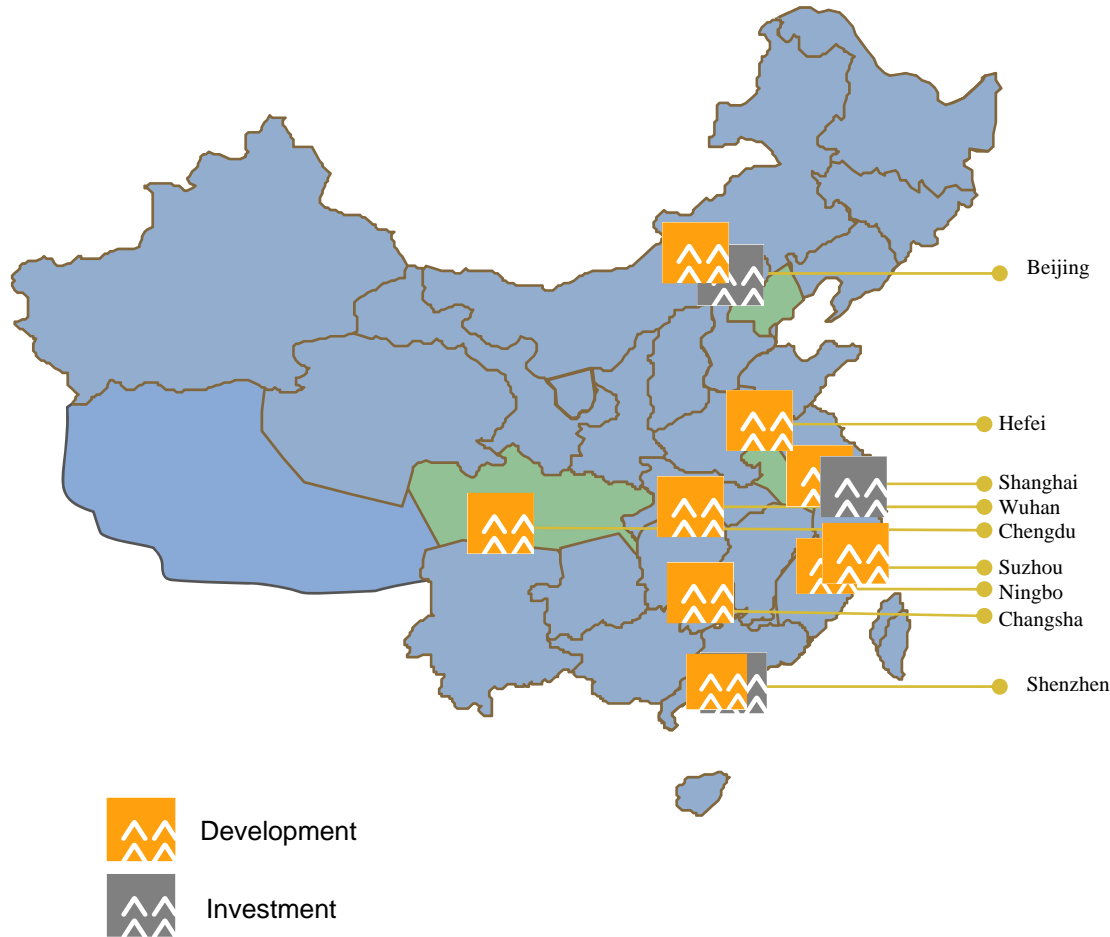


Unique Business Model of CRL



Geographical Strategy: rolling out national footprint

BUSINESS STRATEGY



Where is our next market?

We currently operate in 9 cities and we plan to expand to more cities in China in the next few years. At expansion, we prefer buying land directly, taking advantage of China Resources' good relationship with local governments, to acquiring other companies.

Where to?

Residential (IRR > 20%)

- Per capita GDP > US\$1500; population > 2 million, being a regional or local hub attracting emigration and investment interests from neighboring provinces; local property market starts to grow but lagging behind the coastal areas; local projects less sophisticated and local developers less competitive

Cosmopolitan complex (cash IRR > 12%)

- Major cities, central location, landmark status; per capita GDP > US\$3500, fast urbanization, lack of quality large scale shopping mall

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Macro-economic Measures and Their Impacts

Recent Macro Developments

- <No.187 Circular on LAT> issued by the State Taxation Bureau on Land Appreciation Tax on Dec. 28, 2006

Implications to CRL

- Impacts on CRL insignificant due to CRL's significant operation in IP
 - HK\$151.9mn additional provision made in 2006, of which HK\$94.3mn was made for 2006 and HK\$57.5mn for 2005 and earlier. Impact of additional LAT provision, net off deferred taxation, on 2006 net profit was HK\$103.7mn
- Estimated to have RMB 116.4mn additional LAT provision in 2007, which will have a net profit impact of Rmb78.0mn
- LAT taken as a cost factor in land acquisition decision and our pricing of our products
- Possible means being studied to explore synergy opportunities to minimize LAT impact

Macro-economic Measures and Their Impacts

Recent Macro Developments

- Profit Tax Unification

Implications to CRL

- positive on CRL

- currently all development projects and China Resources Building in Beijing subject to a tax rate at 33%

- Profit tax cut expected to add an aggregate of RMB 20-30mn to CRL's bottom line over 2008-2009 assuming unified tax rate of 25% to apply from Jan. 2008

Macro-economic Measures and Their Impacts

Other industry-specific measures introduced since May 2006

- 70% of flats ≤ 90 sqm GFA
- 5% business tax applicable to the flats held for <5 years vs. original rule to those held for <2 years
- Capital gain tax at 20% \rightarrow 1-3% of sales proceeds
- Restrictions to foreign buyers
- Down payment for luxury property raised from 20% to 30%

Implications to CRL

Short term Impacts Minimal

- No visible impacts for take-up of our products
- Buyers of our products mostly end-users for self-use purposes
- Only to cause short term delay in some projects such as Oak Bay
- Certain projects exempted from “70% of 90sqm” rule
- Leeway and practical difficulties in implementation

Macro-economic Measures and Their Impacts

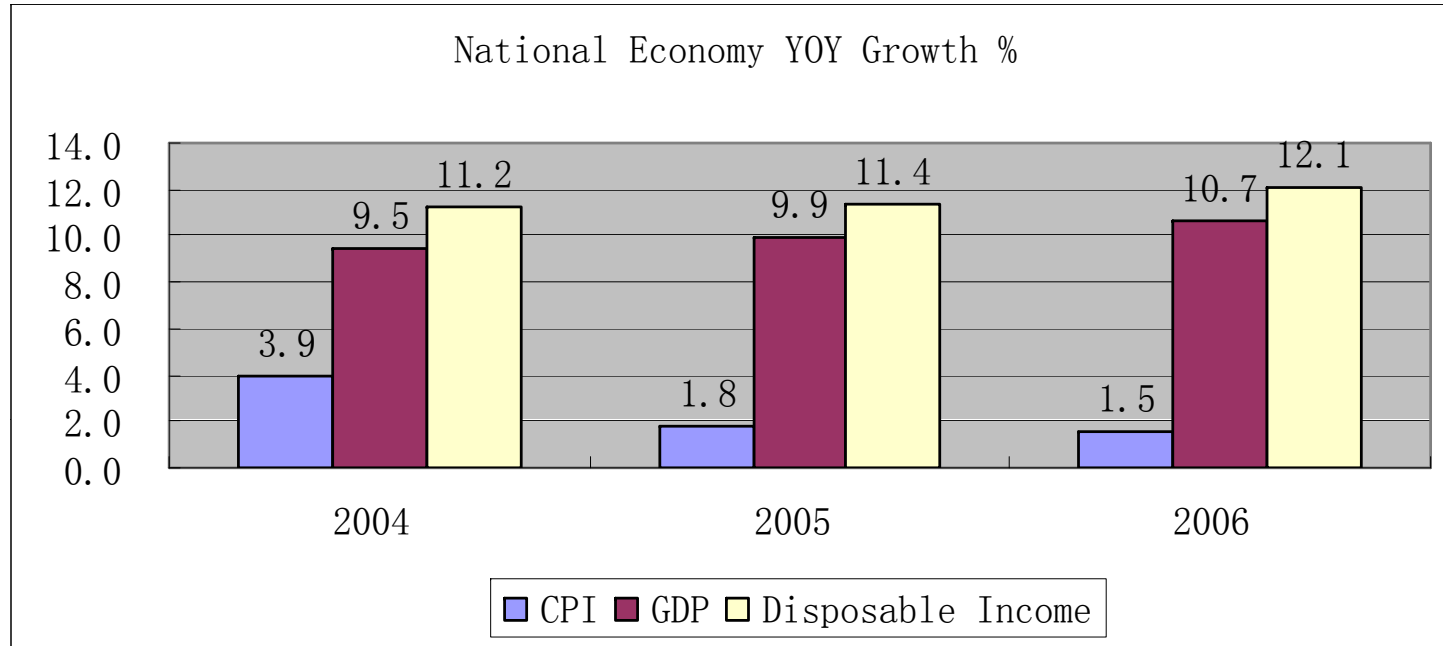
Aims of new industry-specific measures

- To dampen speculative demand
- To strengthen regulation in residential property market
- To slow down escalation in real estate prices
- To prevent excessive property investment

Long term positive to CRL

- Market largely driven by non-elastic, self-use demands, which are set to remain strong on rising dispensable income, growing consumption power and accelerating urbanization
- More orderly market beneficial to long term sustainable growth of the industry and to serious long term players like CRL
- Prolonged implementation to further optimize allocation of land resources and to bring about low cost acquisition opportunities to companies like CRL

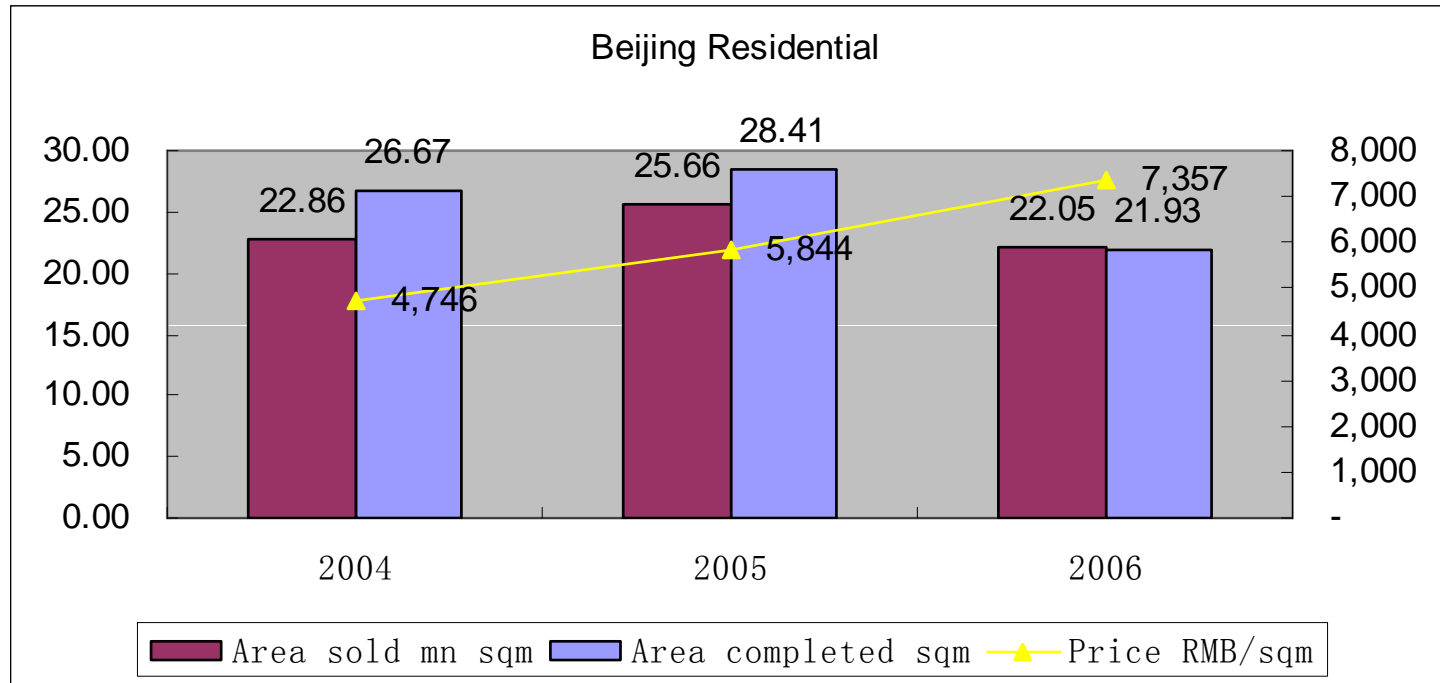
Industry's Macro Environment



The national economy is growing continuously with inflation under control, resulting in a rising disposable income for consumption.

A vibrant economy with growing consumption

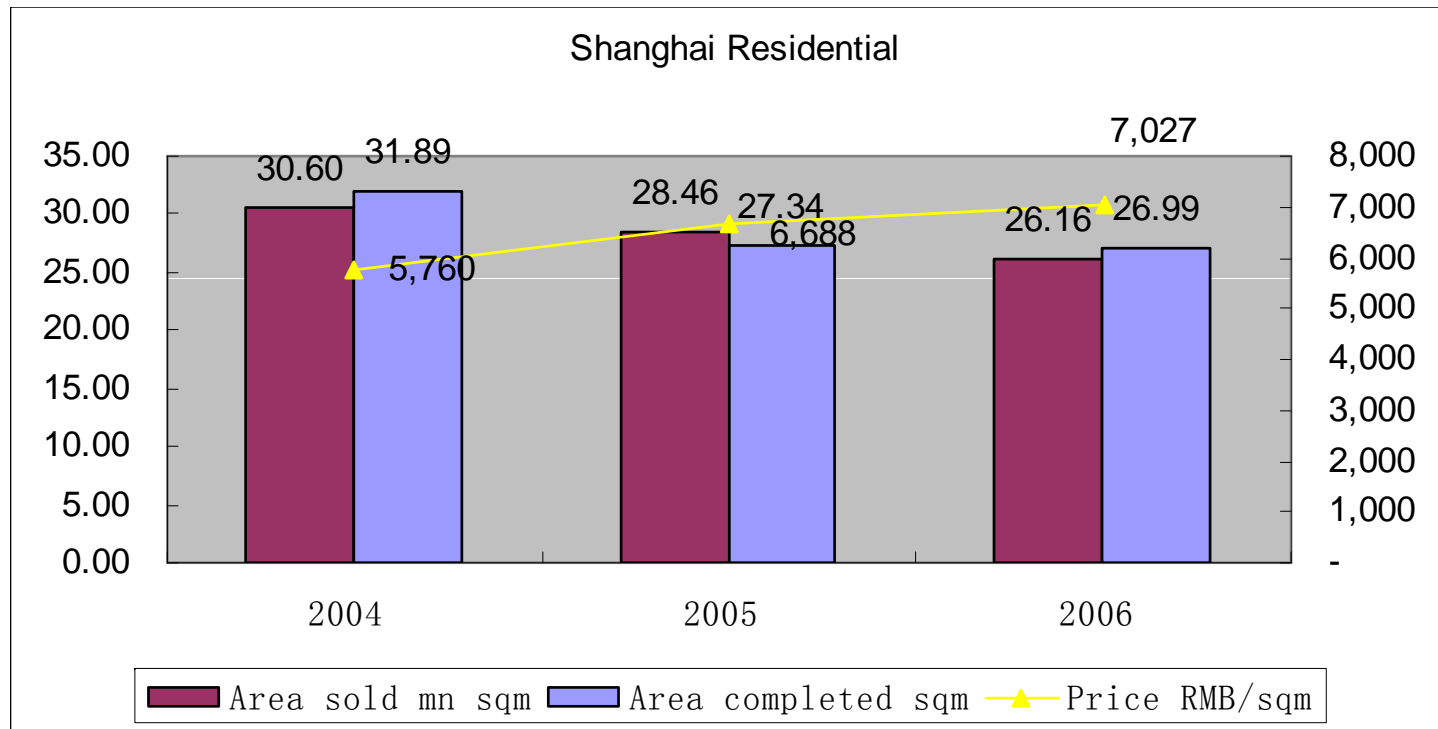
Industry's Macro Environment



In Beijing, new construction declined significantly in 2006, leading to a potential tightness in future supply.

Demand and supply largely balanced, but tilted toward a potential tightening

Industry's Macro Environment



INDUSTRY'S MACRO ENVIRONMENT

Demand-supply situation in Shanghai resembles that of Beijing

Agenda

Highlights

Financial Review

Land Bank

Completion Schedule

Business Strategy

Industry's Macro Environment

Conclusions

Conclusions

- Robust profit growth achieved in 2006, driven by margin expansion and IP contribution;
- Over 37% of GFA areas targeted for new completion in 2007 was already locked-in as of the end-2006, indicating high earning certainty;
- GFA areas scheduled for completion in 2007 and 2008 are set to expand fast, precluding a promising outlook while with a lower execution risk;
- Truly prime investment properties safeguard the Group from new macro-economic measures, while our healthy balance sheet and ready access to low cost debt funding position us favorably in long term growth;
- Our unique business model is vital to our future success and difficult to be copied;
- The parent's relentless support should continue to offer us with a solid pipeline for future value-enhancing injections.

END