華潤置地有限公司

China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1109)

ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

Highlights

- Sales for the year ended 31 December 2006 amounted to HK$3,937 million, increased by 45.4% as compared with HK$2,706 million for the corresponding period of 2005.
- Net profit attributable to shareholders for 2006 amounted to HK$859 million, compared with HK$385 million for the corresponding period of 2005, representing an increase of 123.3%.
- Gross profit margin for the year was 27.6% compared with 19.4% last year.
- Net profit margin attributable to shareholders for the year was 21.8% compared with 14.2% last year.
- Earnings per share amounted to HK27.6 cents, increased by 11.3% from HK24.8 cents as compared with the corresponding period of 2005.
- The Board of Directors declared a final divided of HK5.1 cents per share. Dividends for the year amounted to HK7.1 cents, representing an increase of 115.2% over last year.

The directors of China Resources Land Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006:

CONSOLIDATED INCOME STATEMENT

		FOR THE YEAR ENDED 31 DECEMBER	
		2006	2005
	NOTES	***HK$'000***	*HK$'000*
Turnover	*2*	**3,936,730**	2,706,886
Cost of sales		**(2,851,206)**	(2,181,671)
Gross profit		**1,085,524**	525,215
Gain on changes in fair value of investment properties		**528,551**	49,084
Other income	*3*	**202,419**	228,770
Selling and marketing expenses		**(110,814)**	(47,026)
General and administration expenses		**(238,324)**	(108,267)
Impairment loss recognised in respect of available-for-sale investments		**(158,658)**	(7,299)
Allowance for bad and doubtful debts		**–**	(103,819)
Share of results of associates		**11,874**	15,892
Finance costs	*4*	**(176,919)**	(67,290)
Profit before taxation		**1,143,653**	485,260
Taxation	*5*	**(291,778)**	(46,937)
Profit for the year		**851,875**	438,323
Attributable to:			
Equity holders of the Company		**858,675**	384,512
Minority interests		**(6,800)**	53,811
		851,875	438,323
Dividends	*6*		
Paid		**166,048**	45,280
Proposed		**169,464**	102,679
Earnings per share	*7*		
Basic		**HK27.6 cents**	HK24.8 cents
Diluted		**HK27.2 cents**	HK24.4 cents

CONSOLIDATED BALANCE SHEET

	AT 31 DECEMBER 2006 HK$'000	2005 HK$'000
Non-current assets		
Property, plant and equipment	**817,831**	541,035
Prepaid lease payments	**41,285**	42,208
Investment properties	**7,619,400**	6,967,634
Interests in associates	**489,394**	458,664
Amount due from an associate	**245,070**	230,708
Available-for-sale investments	**197,305**	359,266
Deferred taxation assets	**369,403**	248,863
	9,779,688	8,848,378
Current assets		
Inventory of properties	**9,171,918**	5,227,452
Other inventories	**12,138**	10,289
Trade receivable, other receivables and deposits paid	**4,388,697**	1,605,558
Amounts due from fellow subsidiaries	**3,735**	535
Tax prepaid	**25,511**	85,610
Cash and bank balances	**3,357,628**	1,996,881
	16,959,627	8,926,325
Current liabilities		
Trade and other payables	**1,904,412**	1,500,146
Deposits received from pre-sales of properties	**1,398,610**	1,178,065
Amounts due to fellow subsidiaries	**85,506**	10,649
Advance from a holding company	**–**	411,913
Amount due to a holding company	**1,228,300**	–
Bank borrowings – due within one year	**3,434,031**	1,842,210
Taxation payable	**131,455**	10,941
Derivative financial instruments	**–**	23,456
	8,182,314	4,977,380
Net current assets	**8,777,313**	3,948,945
	18,557,001	12,797,323
Capital and reserves		
Share capital	**332,281**	277,367
Reserves	**11,181,076**	7,828,919
Equity attributable to equity holders of the Company	**11,513,357**	8,106,286
Minority interests	**219,817**	223,557
	11,733,174	8,329,843
Non-current liabilities		
Bank borrowings – due after one year	**6,157,538**	3,959,538
Deferred taxation liabilities	**666,289**	507,942
	6,823,827	4,467,480
	18,557,001	12,797,323

Notes:

1. APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS AND SIGNIFICANT ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	*Capital Disclosures*[1]
HKFRS 7	*Financial Instruments: Disclosures*[1]
HKFRS 8	*Operating Segments*[8]
HK(IFRIC)-Int 7	*Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies*[2]
HK(IFRIC)-Int 8	*Scope of HKFRS 2*[3]
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*[4]
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*[5]
HK(IFRIC)-Int 11	*HKFRS 2: Group and Treasury Share Transactions*[6]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[7]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 March 2006
[3] Effective for annual periods beginning on or after 1 May 2006
[4] Effective for annual periods beginning on or after 1 June 2006
[5] Effective for annual periods beginning on or after 1 November 2006
[6] Effective for annual periods beginning on or after 1 March 2007
[7] Effective for annual periods beginning on or after 1 January 2008
[8] Effective for annual periods beginning on or after 1 January 2009

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

Year ended 31 December 2006

	Sale of developed properties *HK$'000*	**Property investments and management** *HK$'000*	**Consolidated** *HK$'000*
Turnover			
External sales	**3,120,870**	**815,860**	**3,936,730**
Result			
Segment result	**579,772**	**885,096**	**1,464,868**
Unallocated interest income			**73,656**
Unallocated other income			**1,927**
Income from investments			**7,120**
Unallocated corporate expenses			**(80,215)**
Impairment loss recognised in respect of available-for-sale investments			**(158,658)**
Share of results of associates	**11,874**	**–**	**11,874**
Finance costs			**(176,919)**
Profit before taxation			**1,143,653**
Taxation			**(291,778)**
Profit for the year			**851,875**

Year ended 31 December 2005

	Sale of developed properties *HK$'000*	Property investments and management *HK$'000*	Consolidated *HK$'000*
Turnover			
External sales	2,547,266	159,620	2,706,886
Result			
Segment result	335,976	73,059	409,035
Unallocated interest income			28,143
Unallocated other income			13,742
Income from investments			103,921
Unallocated corporate expenses			(18,183)
Share of results of associates	15,892	–	15,892
Finance costs			(67,290)
Profit before taxation			485,260
Taxation			(46,937)
Profit for the year			438,323

(b) *No geographical segment analysis is shown as the Group's operating business is solely carried out in the Chinese Mainland. All the assets of the Group are situated in the Chinese Mainland.*

3. OTHER INCOME

	2006 ***HK$'000***	2005 *HK$'000*
Dividend income from listed securities	**–**	7,242
Exchange gain	**113,359**	70,064
Interest income	**73,656**	28,143
Gain on changes in fair value of investments held for trading	**–**	96,679
Gain on changes in fair value on derivative financial instruments	**7,120**	13,742
Others	**8,284**	12,900
	202,419	228,770

4. FINANCE COSTS

	2006 ***HK$'000***	2005 *HK$'000*
Interest on bank loans wholly repayable within five years	**(342,586)**	(186,413)
Less: Amount capitalised in properties under development	**165,667**	119,123
	(176,919)	(67,290)

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4% (2005: 4%) to expenditure on qualifying assets.

5. TAXATION

	2006 ***HK$'000***	2005 *HK$'000*
The charge comprises:		
Current tax:		
Chinese Mainland Enterprise Income Tax charged	**(213,458)**	(50,661)
(Under) overprovision in prior years:		
Chinese Mainland Enterprise Income Tax charged	**(51,751)**	24,202
	(265,209)	(26,459)
Deferred taxation	**(26,569)**	(20,478)
	(291,778)	(46,937)

Provision for Chinese Mainland Enterprise Income Tax for both years has been made based on the Group's estimated assessable profits calculated in accordance with the relevant enterprise income tax laws applicable to the subsidiaries in the Chinese Mainland.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not have any assessable profits for both years.

6. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Dividend paid:		
Interim dividend paid during the year – HK2.0 cents (2005: nil) per ordinary share	**62,712**	–
Final dividend in respect of 2005, approved and paid – HK3.3 cents per ordinary share	**102,679**	–
Final dividend in respect of 2004, approved and paid – HK3.0 cents per ordinary share	**–**	45,080
Additional final dividend for prior year due to exercise of share options	**657**	200
	166,048	45,280
Dividend proposed:		
Final dividend proposed for the year – HK5.1 cents (2005: HK3.3 cents) per ordinary share	**169,464**	102,679

The final dividend of HK5.1 cents per ordinary share has been proposed by the directors of the Company which is based on the latest number of shares of 3,322,815,409 in issue and is subject to approval by the shareholders in the forthcoming general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2006	2005
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	**858,675**	384,512

	2006	2005
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**3,109,038,980**	1,552,007,867
Effect of dilutive potential ordinary shares on share options	**49,720,439**	25,016,462
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**3,158,759,419**	1,577,024,329

CHAIRMAN'S STATEMENT

The year 2006 was the first financial year of the Group after transforming from a residential property developer into an integrated real estate company. It was also a fruitful and remarkable year of comprehensive development for the Group.

In the year, the Group experienced balanced and rapid growth in terms of the results of residential property development and leasing, and established a future profit-generating model comprising three major elements: property development, rental income and long-term capital appreciation. Through its penetration into some new cities, the Group substantially expanded its land bank in 2006. Furthermore, the Group acquired a parcel of land in Chengdu and the interests in a parcel of land in Beijing from CR Holding, our major shareholder, in December 2006. All of the above will lay a solid foundation for the continuous, healthy and rapid development of the Group in the future.

The Group's consolidated turnover and profit attributable to shareholders for the year were HK$3,937 million and HK$859 million respectively, representing an increase of 45.4% and 123.3% over 2005. Earnings per share was HK27.2 cents representing a year on year growth of 11.3%. The Board of Directors (the "Board") declared a final dividend of HK5.1 cents, together with the interim dividend of HK2 cents per share, making a total dividend of HK7.1 cents per share for the whole year, representing an increase of 115.2% when compared with HK3.3 cents per share in 2005.

The profit margin of the Group increased significantly in 2006. Gross profit margin and net profit margin surged from 19.4% and 14.2% in 2005 to 27.6% and 21.8% in 2006 respectively. With respect to the rental business, with the premier large scale rental properties, which were acquired from our major shareholding CR Holding, including Beijing China Resources Building, Shanghai China Resources Times Square, Shenzhen City Crossing Phase 1 and its currently developing Phase 2, have been consolidated into the Group's profit and loss account since 1 January 2006. Together with the strong growth of its existing rental properties, turnover from rental properties and property management soared to HK$816 million, representing a 411.1% year-on-year increase. Driven by the growth in completion area and selling price for the full year, turnover from residential property development increased to HK$3,121 million, representing a year on year growth of 22.5%.

Outlook of the Mainland Property Market

In the past two years, the PRC government implemented a number of new macro-control measures on the real estate market in terms of land supply, financing, tax and rules and regulations, aiming to further curtail property speculative and investment activities, stabilize property prices and regulate residential property transactions, so as to prevent excessive investment in the property market in certain cities and overshooting of property price. The real estate market in the PRC would benefit from those measures implemented by the PRC government which help maintain an healthy and orderly development.

No impact on the sales of our properties in real terms by such austerity measures has been shown since the properties developed by the Group generally targeted at end users while those measures are targeted to suppress the demand from non-users. On the other hand, the Group has a large number of commercial properties which are not affected by the macro-control measures, including the recently implemented land appreciation tax policy.

In the long run, the austerity measures will have positive impacts on the domestic real estate industry and on the Group's overall performance. Firstly, with sustained booming of the domestic economy, increasing disposable income and spending power amongst the community, as well as accelerating urbanization, the population of the middle class will continue to grow, generating increasing demand on residential property market with sufficient purchasing power.

Secondly, effect of land appreciation tax on profit and cash flow will be offset partially by the advantages brought by the unification of enterprise income taxes implemented by the PRC government.

Further, industry players will be increasingly aware of risk exposure and more capable of mitigating risk under the macro-economic environment, thereby facilitating an orderly real estate industry, which will ultimately create a sustainable and healthy industry landscape.

Moreover, the implementation of the austerity measures will bring along an accelerated industry consolidation and an optimized allocation of land resources. Industry players with strong capital base, renowned brand name and competent development capabilities, including the Group, are set to capture this valuable opportunity for further expansions.

Strategy and Prospect

Our development strategy was further refined in the past year. Devoted to provide quality properties and services in the PRC, the Group will improve the productivity of the value chain of real estates, and promote the corporate image and project brand of China Resources Land by means of differentiation through unique architectural designs and composite services. We aim at becoming a competitive and leading integrated property company, in terms of company scale and return on net assets, in the PRC real estate industry within the coming years, in order to cater for the increasing demand of residential properties from middle-to-high income consumers, as well as leasing demand of operation premises from brand retailers and offices from high-end corporations.

In accordance with its overall development strategy, the Group will continue to allocate more resources to first-tier cities, relatively developed cities and medium size projects. The Group will also maintain proper composition of residential and rental properties, accelerate the pace of land bank expansion and foster a strategy-complemented national geographical coverage. With respect to residential properties, our focus will be on low-rise in the suburban area, such as La Firenze, high rise apartments with luxury decoration in the urban area, such as Phoenix City and The Bund Side, and high-end products. Meanwhile, the Group is exploring "residential + large shopping mall" projects, which target to leverage on large scale residential properties to drive the development of commercial properties. We intend to achieve synergies by combining our ability in developing residential projects and shopping malls. Regarding investment properties, we will focus on the development of cosmopolitan complex projects with shopping malls as the core, and will subsequently replicate these products throughout the country. Our strategy is to expand mainly by ways of independent operation and organic growth, together with the establishment of joint ventures and acquisition and mergers.

In view of the outstanding results of 2006, the board of directors is confident of the future. The Group's various businesses are bearing fruit. Profit of the Group will grow rapidly in the next couple of years driven by the increases in rental, completion residential area and profit margin. According to the current estimation, the completion area of the Group will reach approximately 620,000 square meters in 2007 and boost to approximately 1,800,000 square meters in 2008.

Last, on behalf of the Board, I would like to express my sincere appreciation to the shareholders, for their support to the Group's development, and all the staff, for their contribution to the Group's satisfactory results in the past year.

Song Lin
Chairman

30 March 2007, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Review on Residential Property Business in 2006

In 2006, residential property business achieved impressive results under the market condition whereby continuous new austerity measures have been introduced. During the period, sales volume of residential properties rose significantly and increase in the average selling prices of all projects over that of 2005 were recorded. The average selling price of Phase 2 of the Phoenix City in Beijing and Phase 2 of La Firenze in Chengdu recorded a growth of over 20%; Phase 3 of the Phoenix City in Beijing, multi-storey residence of Fortune Island in Beijing and Phase 1 of the Phoenix City in Wuhan grew by over 10%; Bund Side I in Shanghai realized a year on year growth of nearly 10% in 2006.

The relatively satisfactory sales volume and selling prices have not only substantially increased profit from the development business, but also set a strong foundation for the Group's profitability in 2007. As at the end of December, 2006 contracted value of our property sales in 2006 increased by approximately 25% year-on-year to RMB3,955 million, while the saleable area grew by 4% year-on-year to approximately 438,823 square metres. Among the contracted value and floor area in 2006, approximately RMB1,740 million and approximately 229,459 square metres will be settled and completed in 2007.

Detailed sales breakdown for 2006 in various cities are set out as follows:

City	**Contract Value**		**Saleable Area**	
	RMB'000	*%*	*Square Metres*	*%*
Beijing	2,546,245	64.38	248,847	56.71
Shanghai	475,145	12.01	22,768	5.19
Chengdu	563,963	14.26	94,210	21.47
Wuhan	268,921	6.80	51,443	11.72
Hefei	100,669	2.55	21,555	4.91
Total	3,954,943	100.00	438,823	100.00

In 2006, Beijing district remained the most important income source of the Group. Contracted value amounted to RMB2,546 million, and contracted area was 248,847 square metres, accounted for approximately 64.38% and 56.71% of the Group's annual contracted value and contracted area respectively. The major sales contributors in Beijing in 2006 were the Phoenix City, Oak Bay, Fortune Island and Grand Constellation.

The last two blocks of offices out of the eight blocks of Grand Constellation were sold in early 2007 with a contracted value of RMB157 million. Both sales volume and price of Phase 3 of Phoenix City exceeded our expectation, bringing a total contracted value of RMB761 million for the year. The sale of Phase 2 of Phoenix City resumed after obtaining the title certificates in July. Save for the postponed sales of large units for the expected higher sales premium, residential units of Phase 2 of the Phoenix City were basically sold out, representing 93% of all units available for sale and achieved a contracted value of RMB180 million for the year. With the right positioning which targeted end-users, Fortune Island (Phase 5 of the La Firenze Project), a low density residential project in the suburban area, was well-received, achieving an annual sales of RMB259 million. It is basically sold out save for some shops on the ground floor and certain garages. During the period, the Group has entered into a lump-sum sale transaction with Accor Hotel of France for a total area of 31,639 square metres in Phoenix Plaza at RMB380 million. Sale of A1 district of Phase 1 of Oak Bay commenced at the end of October and overwhelming responses from users had been received. More than 800 units were sold out within three days with an average selling price of RMB8,400/m^2 which was beyond our preliminary expectation.

In Shanghai, the first 3 blocks of the Bund Side Phase 1 of the Group have been primarily sold out, with an average selling price exceeding RMB19,500 per square metre in the first half of 2006. The Group offered one of the three blocks in Lot B of Phase 1 with a total of 87 units for sale at the end of September and two-third of the units were sold within two days. The entire construction site of the Bund Side was cleared by the end of the year.

In Chengdu, Phase 2 of La Firenze Project had secured an aggregate contracted value of approximately RMB258 million during the year, and 99% of the units had been contracted for sale. Phase 3 of the project, with a gross floor areas of 186,000 square metres, was put on sale in the fourth quarter. Low-rise and upper-level units were put on sale on 26 November and 23 December respectively. By the end of the year, a total of 350 units with contracted areas of 48,000 square metres have been sold, achieving contracted value of RMB303 million.

It took the Group only 14 months from the land purchasing to the kick off of the pre-sale of the phase 1 of the Wuhan Phoenix City Project, which illustrated the Group's ability to replicate high density urban projects in a speedy manner. By the end of December, 608 out of a total of 634 units of Phase 1 with a total area of 79,775 square metres has been sold, representing a sales ratio of 96%. In particular, two blocks with a total of 223 units were put on sale on 20 May this year, among which 111 units were sold within 10 days, materializing contracted value of approximately RMB69.3 million. The second block with better river-view units was first offered for sale on 14 October, and 92 units of the 95 units in total were sold at the end of the year, representing 97% of the sales ratio and materializing sales of RMB63.93 million, and its selling price also went up to RMB5,393/square metre.

The French Annecy Project represents a replication in Hefei of the Group's matured product in suburban featured with low density. Zone A of Phase 1 of the project comprising 220 units with 34,300 square metres, was launched at the beginning of December 2005. Within a month up to the end of December 2005, more than 70% of the saleable areas were sold. By the end of 2006, all units were sold out. Zone B of Phase 1 of the project with a total gross floor areas of 55,000 square metres, was gradually put on sale commencing from October. As at the end of December, it has materialized contracted value and contracted areas of RMB54.17 million and 11,534 square metres respectively. Villas of the second phase of the project were offered for sale from December, materializing contracted value of approximately RMB13.09 million within that month.

The following table shows the sales details of the Group by projects in 2006:

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

Information of the projects completed in 2006

Details of the completed projects and turnover of the Group in 2006 are listed below:

At the end of December 2006	Area completed *(Sqm)*	Settled turnover *(HK$'000)*
La Firenze Phase 1	7,218	37,798
La Firenze Phase 2	1,328	8,754
Top Box	1,493	17,424
Grand Constellation	10,398	158,555
Fortune Island	76,264	498,943
Phoenix City Phase 2	12,720	176,516
Phoenix City Phase 3	51,900	705,883
Others	2,004	7,301
Subtotal in regard to Beijing projects	163,325	1,611,174
The Bund Side	28,117	515,396
Chengdu Jade City	99,039	474,513
Wuhan Phoenix City	75,453	369,592
Hefei French Annecy	34,325	150,195
Total	400,259	3,120,870

Review on Rental Business in 2006

As at 31 December 2006, total book value of the Group's investment properties amounted to HK$7,620 million. Investment properties accounted for 28.5% of the total asset of the Group. Turnover of the rental business amounted to approximately HK$816 million, representing a significant increase of 411.1% over last year; while the percentage to the Group's total turnover also increased to 20.7% in 2006 from 5.9% last year. Along with the surge of turnover of the rental business, the EBITDA profit margin also soared from 42.9% in 2005 to 63.3% in 2006.

In 2006, the substantial improvement in the performance of the leasing business was mainly attributable to two reasons: on one hand, consolidation of and the full year contribution starting from January 2006, from the premium investment properties purchased from CR Holdings in Beijing, Shanghai and Shenzhen were realised; on the other hand, operating performance of key investment properties were on the upward trend. In particular, revenues from Shenzhen City Crossing reached HK$370 million, representing an increase of approximately 49.7% as compared to the corresponding period of last year. The following table sets out the turnover and occupancy rates of the key investment properties:

Investment property company	Turnover (HK$'000)			Average Occupancy Rate (%)		
	2006	**2005**	**% yoy**	**2006**	**2005**	**% yoy**
Beijing China Resources Building*	121,435	111,232	9.17	96.12	93.00	3.12
Shanghai CR Times Square*	138,949	92,737	49.83	94.43	93.01	0.42
Shenzhen City Crossing*	370,314	247,346	49.71	99.12	97.38	1.74
CR Land Beijing	78,303	57,784	35.51	95.39	78.70	16.69
Beijing Property Management	103,197	84,043	22.79	N/A	N/A	N/A

* *The three rental properties have not been included in the Group's consolidated financial statement in 2005.*

The details of the Group's key rental properties in the PRC are set out as follows:

Property Name	**Location**	**Shareholdings attributable to the Group**	**Total GFA** *(sq m)*	**Attributable GFA** *(sq m)*	**Usage**
Shenzhen City Crossing Phase 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	Carpark
Hua Rui Building	Shenzhen	100%	13,789	13,789	Hotel
Shanghai 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 Shopping Area	Beijing	91.90%	14,105	12,962	Retail
U-Space Mall	Beijing	91.90%	10,685	9,920	Retail
Jing Tong Shops	Beijing	91.90%	17,952	16,498	Retail
Huawei Centre	Beijing	45.95%	54,214	24,911	Residential/Retail
Huanan Building	Beijing	15.20%	70,058	10,649	Retail/Office
Others	Beijing	91.90%	48,697	44,753	Office/Retail
Total GFA			657,983	558,934	
Comprising: Retail			489,616	392,617	
Office			168,367	166,317	

* *193,866 square metres of the Shenzhen City Crossing Phase 2 under development, 150,000 square meters of commercial of Oak Bay in Beijing and 6,752 square metres of the property for own use were not included.*

Land Bank

The Group increased its holding of land bank by 2,822,649 square metres in 2006. Details of the Group's newly acquired land bank in 2006 are as follows:

Project Name	**Location**	**Total GFA**	**Total Land Premium** *(RMB million)*	**Product Nature**	**Expected completion Time of First Phase**
Chengdu Phoenix City Project	Chengdu	702,558	1,163	Ordinary Residential	2008
Ningbo Dongqianhu Project	Ningbo	122,581	713	Luxury Residential	2008
Chengsha Xingsha Project	Changsha	1,377,605	410	Ordinary Residential	2009
Wuzhou Pingjiang Project	Suzhou	61,415	785	Luxury Residential	2008
Beijing Guanganmen Project	Beijing	280,000	1,035	Ordinary Residential	2009
Shanghai New Jiangwan Project	Shanghai	278,490	1,541	Luxury Apartment	2008
Total		2,822,649	5,647		

Together with our existing land bank, the aggregate residential land bank of the Group amounts to 8,199,000 square metres in terms of floor area. Details are listed below:

Region	**Property under Development** *(Sqm)*	**Completed Property** *(Sqm)*	**Total GFA** *(Sqm)*
Beijing*	1,672,042	214,096	1,886,138
Shanghai	478,802	0	478,802
Shenzhen	222,394	0	222,394
Chengdu	3,876,762	7,917	3,884,674
Wuhan	83,593	0	83,593
Hefei	193,107	0	193,107
Ningbo	122,581	0	122,581
Changsha	1,377,605	0	1,377,605
Suzhou	61,415	0	61,415
Total	7,977,201	222,013	8,199,214

* *The Group's effective interest in Oak Bay Project in Beijing is 95.9%, while interest in other Beijing projects is 91.9%.*

Substantial increase in land bank of the Group has further built up its foundation for continuous growth. The coverage of the Group's business has been extended from 6 cities to 9 cities (newly added cities are Suzhou, Ningbo and Changsha). We have also expanded our high-end property development products to include villas.

Land Appreciation Tax

"Notice on Settlement of Land Appreciation Tax ("LAT") for Real Estates Enterprises" ("關於房地產開發企業土地增值稅清算管理有關問題的通知") issued by the State Administration of Taxation on 28 December 2006 was designed to tighten the existing policy on the settlement and collection of the LAT. It is not a newly enacted tax law. The Group prepays and accrues LAT fully in compliance with the relevant tax laws and the Hong Kong Accounting Standards. Besides, a significant portion of our investment properties are not affected by the LAT policy and therefore the LAT will have no material impact on our revenue and cash flow.

Fund-raising through Share Placing, Borrowings and debt ratio

In January 2006, the Group raised a net proceed of approximately HK$1.1 billion by placing 300 million new shares at a price of HK$3.725 per share to independent investors. As of 31 December 2006, the Group had consolidated borrowings of HK$9,590 million, as well as cash and bank balances of HK$3,360 million. The Group's net debt to equity ratio stood at 54.1%.

As of 31 December 2006, 53.2% and 46.7% of the Group's borrowings were denominated in Renminbi and HK dollars respectively. Among the total borrowings, approximately 35.8% of the bank borrowings are repayable within one year while others are long term borrowings. As of 31 December 2006, all of the Group's borrowings denominated in foreign currencies are interest-bearing at floating interest rates. Although the interest rates of borrowings in HK dollars and US dollars rose during the period, the Group managed to maintain its borrowing cost at relatively low levels. The Group's current borrowing costs for the HK dollars loans were less than 4.7% per annum and that for Renminbi loans stood at 10% below the benchmark interest rate, which is the lowest level permitted by relevant regulations. The average interest rate for bank loans was approximately 5.7% per annum during the year.

In order to cope with our future development needs, the Group obtained a 5-year syndicated loan of HK$2.5 billion and a 5-year club loans of HK$2 billion in September 2006 and January 2007 respectively at the same favorable interest rate of HIBOR plus 0.34%, to timely capitalize on the abundant pool of HK dollars in the capital market and the prevailing low-cost opportunity.

Employee and Remuneration Policy

As of 31 December 2006, the Group employed approximately 2,188 full time staff in Mainland China and Hong Kong (including its property management and agency subsidiaries). The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. In addition, performance bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical coverage as well as share option scheme.

Corporate Governance
The Company has complied with the code provisions set out at Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Code on Corporate Governance Practices (the "Code") with the exception of the following deviations.

Code provision A.4.1: non-executive directors should be appointed for a specific term, subject to retirement by rotation and re-election at annual general meetings.

Except Mr. Chan Mo Po, Paul and Mr. Andrew Y. Yan, other directors of the Company (including executive or non-executive directors) are not appointed for a fixed term. The Articles of Association of the Company stipulate that every directors (including executive or non-executive directors) retire and be re-elected at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies to the same level to that required under the Code.

Code provision E.1.2: Chairman should attend the annual general meeting.

Due to business trip, Chairman of the Company did not attend the annual general meeting held on 23rd May 2006.

Code provision A.4.2: all directors appointed to fill a causal vacancy shall be subject to election by shareholders at the first general meeting after their appointment.

Mr. Wong Kong Chi resigned as an independent non-executive director on 13 July 2006. On the same day, Mr. Chan Mo Po, Paul and Mr. Andrew Y.Yan were appointed as independent non-executive directors of the Company. At the annual general meeting to be held on 4 June 2007, a resolution will be put forth to approve the re-election of Mr. Chan Mo Po, Paul and Mr. Andrew Y.Yan as directors of the Company. However, according to the code provision, all directors appointed to fill a causal vacancy shall be subject to election by shareholders at the first general meeting after their appointment, i.e. the general meeting of the Company held on 20 December 2006.

Model Code
The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as code of conduct regarding securities transactions by the directors. Having made specific enquiry with all directors, all directors has complied with the required standard set out in the Model Code during the period under review.

Purchase, Sale or Redemption of Listed Securities
Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2006.

Review by Audit Committee
The 2006 Final Results has been reviewed by Audit committee which comprises four independent non-executive directors.

Final Dividend
The Board has resolved to declare a final dividend of HK5.1 cents per share for the year ended 31 December 2006 (2005: HK3.3 cents) payable on or about 3 July 2007 to shareholders whose names appear on the Register of Members of the Company on 4 June 2007.

Closure of Register
The Register of Members will be closed from 29 May 2007 (Tuesday) to 4 June 2007 (Monday), both days inclusive. In order to be eligible for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Standard Registrars Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 28 May 2007.

Publication of Information on the Website of the Stock Exchange
The Company's Annual Report, containing all the relevant information required by Appendix 16 of the Listing Rules will be despatched to shareholder and published on the website of the Stock Exchange in due course.

By Order of the Board
Wang Yin
Managing Director

30 March 2007, Hong Kong

As at the date of this announcement, the executive directors of the Company are Mr. Song Lin (Chairman) and Mr. Wang Yin (Managing Director); the non-executive directors are Mr. Jiang Wei, Mr. Yan Biao, Mr. Liu Yan Jie and Mr. Xie Sheng Xi; and the independent non-executive directors are Mr. Wang Shi, Mr. Ho Hin Ngai, Bosco, Mr. Chan Mo Po, Paul and Mr. Andrew Y.Yan.

"Please also refer to the published version of this announcement in The Standard."