



# CHINA RESOURCES LAND LIMITED

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2007 Interim Results Review

14th September, 2007

# Agenda

Highlights

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# Highlights

- Net profit in 1H 2007 rose 62.9% yoy to HK\$575mn on the back of 80.8% yoy increase in revenue (HK\$1,810mn vs. HK\$1,001mn) and improvement in underlying margins;
- Underlying gross margin for development improved significantly to 29.1% for 1H 07 against an adjusted 23.5% for 1H 06, while that of investment property maintained at about 60%;
- On an adjusted basis, basic EPS in 1H 2007 rose 67.2% yoy (HK17.9cents vs. HK10.7cents);
- Development operation saw a respective yoy growth of 113.7% in revenue and 164.4 % in gross profit, thanks to rise in completion area, rising selling prices and our sustained efforts to optimize revenue and costs;
- Investment properties, Shenzhen City Crossing in particular, sustained strong performance, with segmental revenue and gross profit growing at a respective 31.0% and 27.6% yoy.
- In 1H 2007, we acquired CRH's construction and decoration operation, in a major strategic move aiming at further exploring integration synergy and reinforcing our competitive strength.
- Over the period, we replenished land bank of 1.67mn sqm GFA during the year 2007, adding to a strong pipeline which extends well beyond 2009;
- As of end Jun 07, 51.7% of target new completion for 2007 (in GFA terms) has already been locked in, indicating high earnings certainty this year;
- Looking ahead, our future looks ever promising. 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;

## Income statement

6M Ended 30 June (HK\$ '000)	1H 2007	% of Sales	1H 2006	% of Sales	YOY Change
Contracted Value	2,067,723		1,478,920		39.8%
Contracted Area (sqm)	206,512		162,305		27.2%
Area booked (sqm)	157,686		67,973		132.0%
Turnover	1,810,224		1,001,350		80.8%
Gross Profit	693,430	38.3%	407,286	40.7%	70.3%
Other Operating Income	355,901	19.7%	277,780	27.7%	28.1%
SG&A Expenses	(163,393)	-9.0%	(148,569)	-14.8%	10.0%
Finance Costs	(66,550)	-3.7%	(76,725)	-7.7%	-13.3%
Taxation	(235,981)	-13.0%	(106,116)	-10.6%	122.4%
Net Profit	584,112	32.3%	357,314	35.7%	
Minority Interests	(9,407)	-0.5%	(4,525)	-0.5%	107.9%
Attributable Net Profit	574,705	31.7%	352,789	35.2%	62.9%
EPS - Basic (HK\$)	0.168		0.115		45.9%
EPS - Fully Diluted (HK\$)	0.165		0.113		46.0%
DPS (HK\$)	0.024		0.020		20.0%

- Underlying gross + net margins for 1H 06 were 39.1% & 33.6% respectively, if adjusted to same comparison basis for LAT factor.
- Underlying net margin for 1H 07 were 34% if adjusted to same comparison basis for deferred taxation.

***Net Profit grew 63% yoy, driven by expansion in underlying margin, rise in completion area + IP contribution***

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## Adjusted Attributable Net Profit and EPS

6M Ended 30 June (HK\$ '000)	1H 2007	1H 2006	YOY Change
Reported Attributable Net Profit	574,705	352,789	62.9%
Reported EPS (HK\$)			
- Basic	0.168	0.115	45.7%
- Fully Dilluted	0.165	0.113	46.1%
Adjustments for Non-recurrent or Non-comparable Items			
<i>Less:</i>			
Fair Value Gain on Currency Swap	-	(5,843)	
Inerest Income on Currency Swap	-	(1,277)	
Difference in net profit arising from change in LAT provision basis	-	(15,994)	
Difference in net profit arising from change in tax rate for deferred tax calculation	40,660	-	
Adjusted Underlying Attributable Net Profit	615,365	329,675	86.7%
Adjusted Underlying EPS (HK\$)			
- Basic	0.179	0.107	67.2%
- Fully Dilluted	0.177	0.106	67.2%

***Underlying net profit growth was even stronger at 87% yoy***

## Booking of property development income

**6M Ended 30 June (HK\$ '000)**

**Turnover**

**GFA**

HK\$'000

sqm

Fortune Island	150,929	27,428
Beijing Phoenix City 2	95,051	5,866
Beijing Phoenix City 3	510,785	28,585
Beijing Other Residential	19,654	1,169
Shanghai The Bund Side	27,331	1,115
Chengdu Jade City	363,557	68,390
Wuhan Phoenix City	16,283	2,405
Hefei French Annecy	104,818	22,728
1H 2007 Total:	1,288,408	157,686
1H 2006 Total	602,882	67,973
<i>YOY Change, %</i>	<i>113.7%</i>	<i>132.0%</i>

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

## Average Selling Price of Key Projects

RMB/sqm	1H 2007	FY 2006	YOY Change
Phoenix City 2	16,009	15,121	5.9%
Phoenix City 3	18,380	14,407	27.6%
Oak Bay Commercial	25,663	24,387	5.2%
Shanghai The Bund Side 1	22,766	20,106	13.2%
Chengdu Jade City 2 Town House	5,844	4,963	17.8%
Chengdu Jade City 2 Apartment	7,158	4,667	53.4%
Chengdu Jade City 3 Town House	8,096	7,122	13.7%
Chengdu Jade City 3 Apartment	5,808	5,383	7.9%
Wuhan Phoenix City	6,758	5,228	29.3%
Hefei French Annecy 1	4,412	4,602	-4.1%
Hefei French Annecy 2	4,958	5,182	-4.3%

*... strong gains in selling prices*



## Income from IP + Property Management

6M Ended 30 June (HK\$ '000)					
	1H 2007	1H 2006	YOY Change	1H 2007	1H 2006
	Turnover HK\$ '000			Occupancy Rate %	
Beijing China Resources Building	64,905	58,337	11.3%	99.4%	97.8%
Shanghai China Resources Times Square	75,353	65,285	15.4%	93.4%	95.6%
Shenzhen City Crossing Phase 1	285,614	194,957	46.5%	99.7%	98.6%
Other Investment Properties	45,816	38,628	18.6%	87.5%	95.0%
Residential Property Management Fee	50,127	41,261	21.5%	N.A.	N.A.
Total Rental Income:	521,815	398,468	31.0%		

***IP sustained its strong performance, Shenzhen City Crossing in particular***

## Margins

6M Ended 30 June (HK\$ '000)

	1H 2007	1H 2006	YOY Change
Turnover			
Development	1,288,408	602,882	113.7%
Investment & Others	521,817	398,468	31.0%
Gross Profit *			
Development	375,154	141,877	164.4%
Investment & Others	318,276	249,416	27.6%
Gross Profit Margin			
Development	29.1%	23.5%	
Investment & Others	61.0%	62.6%	

\* 1H 06 gross profit adjusted for LAT factor to ensure apple-to-apple comparison.

***2007 saw sustainable and cross-the-board margin improvements***

## Other income

6M Ended 30 June (HK\$ '000)	1H 2007	% of Total	1H 2006	% of Total
Re-valuation of Investment Properties *	239,436	67.3%	193,250	69.6%
Fair Value Gain on Currency Swap	-	0.0%	5,843	2.1%
Interest Income on Currency Swap	-	0.0%	1,277	0.5%
Interest Income	35,571	10.0%	35,061	12.6%
Exchange Gain	76,139	21.4%	41,672	15.0%
Others	4,755	1.3%	677	0.2%
<b>Total:</b>	<b>355,901</b>	<b>100%</b>	<b>277,780</b>	<b>100%</b>

\*After-tax impact of revaluation gains, net of deferred taxation, is HK\$ 196mn for 1H 2007 vs. HK\$ 144mn in 1H 2006

*Investment properties appreciate steadily reflecting increases in rental and occupancy rates*

## Finance costs

6M Ended 30 June (HK\$ '000)	1H 2007	1H 2006	YOY Change
Total Borrowing Costs	300,251	138,852	116.2%
<i>Less: Capitalisation</i>	(233,701)	(62,127)	276.2%
Finance Costs on P/L	66,550	76,725	-13.3%
Average Interest Rate (p.a.) at End-June	5.76%	4.94%	

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

## Financial position

6M Ended 30 June (HK\$ '000)	1H 2007	1H 2006	YOY Change
Total Borrowings	11,305,850	5,448,066	107.5%
<i>% in HK\$/USD</i>	59%	39%	
<i>% in RMB</i>	41%	61%	
Cash On Hand	4,963,873	2,890,186	71.7%
<i>% in HK\$/USD</i>	72%	59%	
<i>% in RMB</i>	28%	41%	
Net Borrowings	6,341,977	2,557,880	147.9%
<i>% in HK\$/USD</i>	49%	16%	
<i>% in RMB</i>	51%	84%	
Equity	16,192,345	9,600,217	68.7%
Net Debt to Equity Ratio	39.2%	26.6%	N.A.
Book Value (HK\$)	4.72	3.06	54.1%

• In May 07, placed 400mn new shares at @HK\$9.82 (net), raised about HK\$3.93bn.

***Strong B/S will further support & fuel future growth***

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## Land bank: increased by 1.7mn sqm in 2007

- In Mar. 07, acquired 351,334sqm land bank in Hefei at a total land cost of RMB359.61mn or RMB1,024/sqm.
- In Apr. 07, acquired 41,231sqm land bank in Wuhan at a total cost of RMB161.26mn or RMB3,911/sqm.
- In Jun. 07, acquired 510,000sqm land bank in Chengdu at a total cost of RMB834.65mn or RMB1,637/sqm.
- In Aug. 07, acquired 310,813sqm land bank in Xiamen at a total cost of RMB1,956mn or RMB6,293/sqm.
- In Aug. 07, acquired 450,000sqm land bank in Changsha at a total cost of RMB840mn or RMB1,867/sqm.
- In Sep. 07, acquired 11,554sqm land bank in Ningbo at a total cost of RMB49.7mn or RMB4,302/sqm.

City	Under Development (sqm)	Completed for Sale (sqm)	Total GFA (sqm)	of which, total new GFA added in 2007	Attributable GFA (sqm)
Beijing	1,429,682	90,158	1,519,840	-	1,431,824
Shanghai	463,004	836	463,840	-	463,840
Shenzhen	109,068	-	109,068	-	109,068
Chengdu	4,859,778	5,735	4,865,513	510,000	4,865,513
Wuhan	111,577	1,925	113,502	41,231	113,502
Hefei	488,831	32,339	521,170	351,334	521,170
Ningbo	317,155	-	317,155	11,554	317,155
Changsha	1,714,556	-	1,714,556	450,000	1,714,556
Suzhou	66,896	-	66,896	-	66,896
Xiamen	310,813	-	310,813	310,813	310,813
Sub-total:	9,871,360	130,993	10,002,353	1,674,932	9,914,337
IP Land Bank			665,848		566,261
Grand Total:			10,668,201	1,674,932	10,480,598

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	555,328	Commercial	60%	333,197	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	823,900,000
Dalian	Nov. 2006	1,309,500	Residential	100%	1,309,500	1,700,000,000
Chongqing	Dec. 2006	1,806,668	Residential	100%	1,806,668	1,900,000,000
Shenyang	Jan. 2007	717,750	Residential	100%	717,750	558,250,000
Shenyang	Feb. 2007	360,000	Com./Res.	100%	360,000	1,040,000,000
Wuhan	Apr. 2007	458,050	Residential	100%	458,050	1,621,000,000
Wuhan	Apr. 2007	339,691	Residential	100%	339,691	1,353,000,000
<b>Total:</b>		7,432,787			6,434,546	11,162,150,000

*Pipelines for potential injections are strong and have been 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	12,962	Retail
U-Space	Beijing	91.90%	10,685	9,920	Retail
Jing Tong	Beijing	91.90%	17,952	16,498	Retail
Phoenix City Commercial	Beijing	91.90%	15,354	14,110	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%	41,208	37,870	Office/Retail
<b>Total</b>			<b>665,848</b>	<b>566,261</b>	
					Retail
			497,481	399,929	
					Office
			168,367	166,332	

The above excludes 90,933sqm in City Crossing 2 Shenzhen, 150,000sqm in Oak Bay and 160,358sqm in Phoenix Plaza and 6,752sqm self-use properties in Beijing

***Substantial IP assets solidify future earnings***

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## Sales Contracted for Key Projects in 1H 2007

6M Ended 30 June (HK\$ '000)	Product Type	Estimated Completion	Total GFA (sqm)	Accumulated GFA Sold (sqm)	GFA Sold in 1H 2007 (sqm)	Ave. Price (RMB/sqm)
<b>Beijing</b>						
Phoenix City 2	High Rise Res.	Completed	186,450	120,064	5,866	16,009
Phoenix City 3	High Rise Res.	Dec 2007	171,105	78,334	22,596	18,914
Oak Bay	High Rise Res.	Dec 2009	867,500	100,125	15,907	14,454
<b>Shanghai</b>						
The Bund Side 1	High Rise Res.	Completed	107,765	49,037	12,433	22,766
<b>Chengdu</b>						
Jade City 2	Low Rise Res.	Completed	170,487	167,192	3,597	11,315
Jade City 3	Low Rise Res.	Dec 2007	181,797	153,130	104,200	6,651
<b>Wuhan</b>						
Phoenix City 1	High Rise Res.	Dec 2007	159,046	96,506	21,053	6,757
<b>Hefei</b>						
French Ancecy 1	Low Rise Res.	Jun 2008	228,011	66,475	18,091	4,620

# 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	756,518	756,518	95,686	142,080	518,752
	Phoenix Plaza	231,997	231,997	-	146,439	85,558
	Majestic Garden	91,230	91,230	-	-	91,230
	Land acquired in Nov 2006	293,955	293,955	-	-	293,955
Shanghai	The Bund Side	228,429	200,312	25,737	34,865	139,710
	Land acquired in Nov 2006	230,795	230,795	-	-	230,795
Chengdu	Jade City	1,150,543	920,586	150,736	436,306	333,544
	Phoenix City	838,814	838,814	-	323,000	515,814
	Twenty Four City	2,634,514	2,634,514	-	300,000	2,334,514
	Land acquired in Aug 2007	640,000	640,000	-	-	640,000
Wuhan	Phoenix City	149,850	74,397	66,329	-	-
Wuhan	Land acquired in Apr 2007	43,905	43,905	-	-	43,905
Hefei	French Annecy	226,629	205,497	144,953	60,544	-
	Land acquired in Mar 2007	285,975	285,975	-	-	260,000
Shenzhen	City Crossing 2	299,296	299,296	-	299,296	-
Ningbo	Land acquired in Sep 2006	317,155	317,155	-	45,870	271,285
Changsha	Land acquired in Oct 2006	1,378,036	1,378,036	-	-	1,378,036
Changsha	Land acquired in Aug 2007	562,962	562,962	-	-	562,962
Suzhou	Land acquired in Oct 2006	61,415	61,415	-	14,200	47,215
Xiamen	Land acquired in Aug 2007	352,173	352,173	-	-	352,173
<b>Total completion in the year:</b>				<b>620,100</b>	<b>1,809,871</b>	<b>8,099,448</b>

Notes: The above excludes land bank of CRH (parent co.)

## Completion Schedule for 2007

City	Project	Projected completion time	GFA (sqm) to be completed in the year	GFA already sold as of 30/06/07	% locked-in
Beijing	Phoenix City 3	1H/2H	101,194	17,942	17.7%
	Fortune Island	1H	35,465	27,784	78.3%
	Oak Bay	2H	95,686	84,851	88.7%
Shanghai	The Bund Side	2H	25,737	21,629	84.0%
Chengdu	Jade City	1H/2H	150,736	121,806	80.8%
Wuhan	Phoenix City	2H	66,329	17,638	26.6%
Hefei	French Annecy	1H/2H	144,953	29,096	20.1%
<b>Total:</b>			<b>620,100</b>	<b>320,746</b>	<b>51.7%</b>

*52% of area targeted for completion in 2007 already locked in as of end Jun 2007*

## 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
			<b><u>1,809,871</u></b>

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

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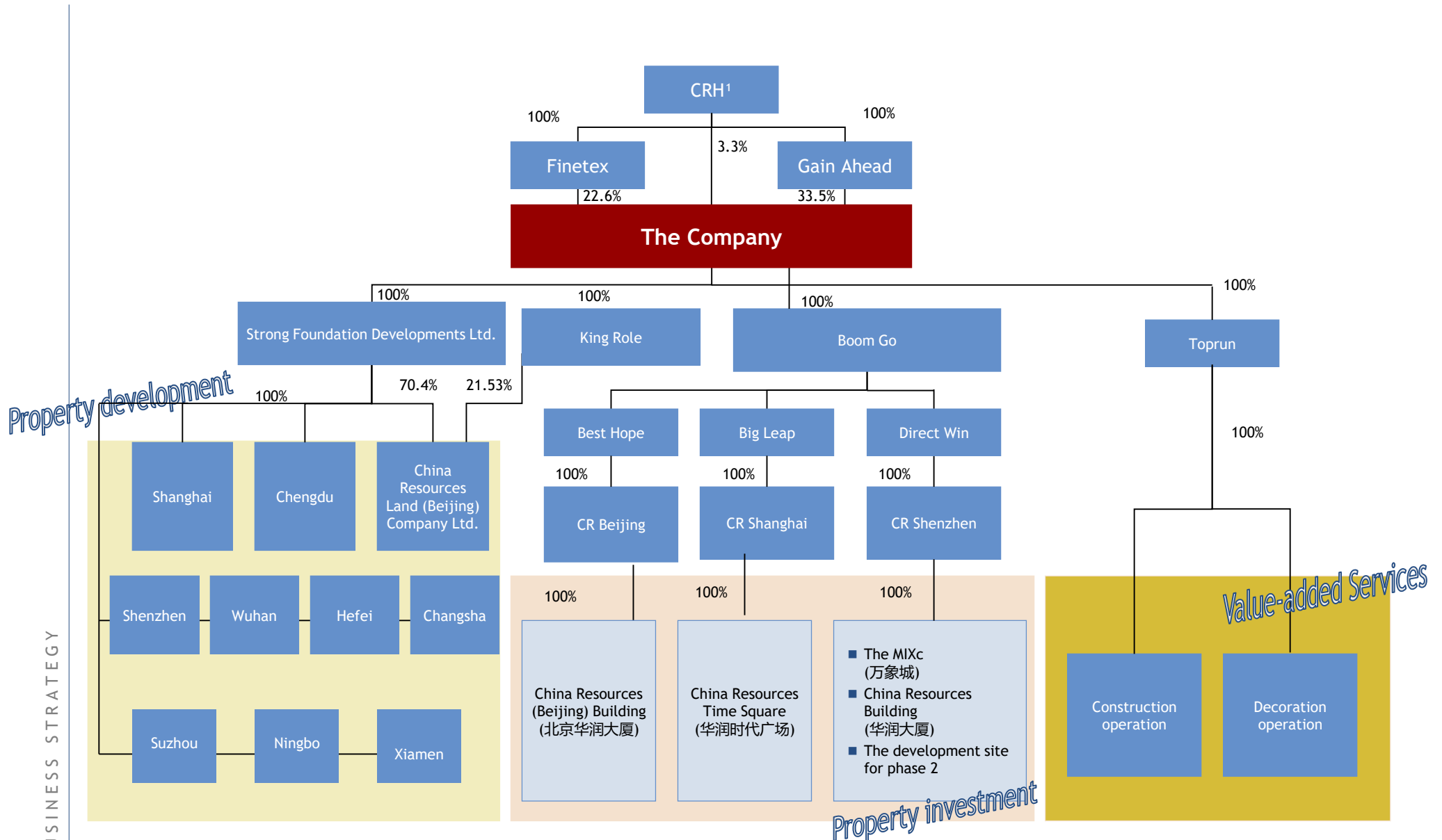
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# Major corporate developments in 2007: acquisition of the construction & decoration business from CRH

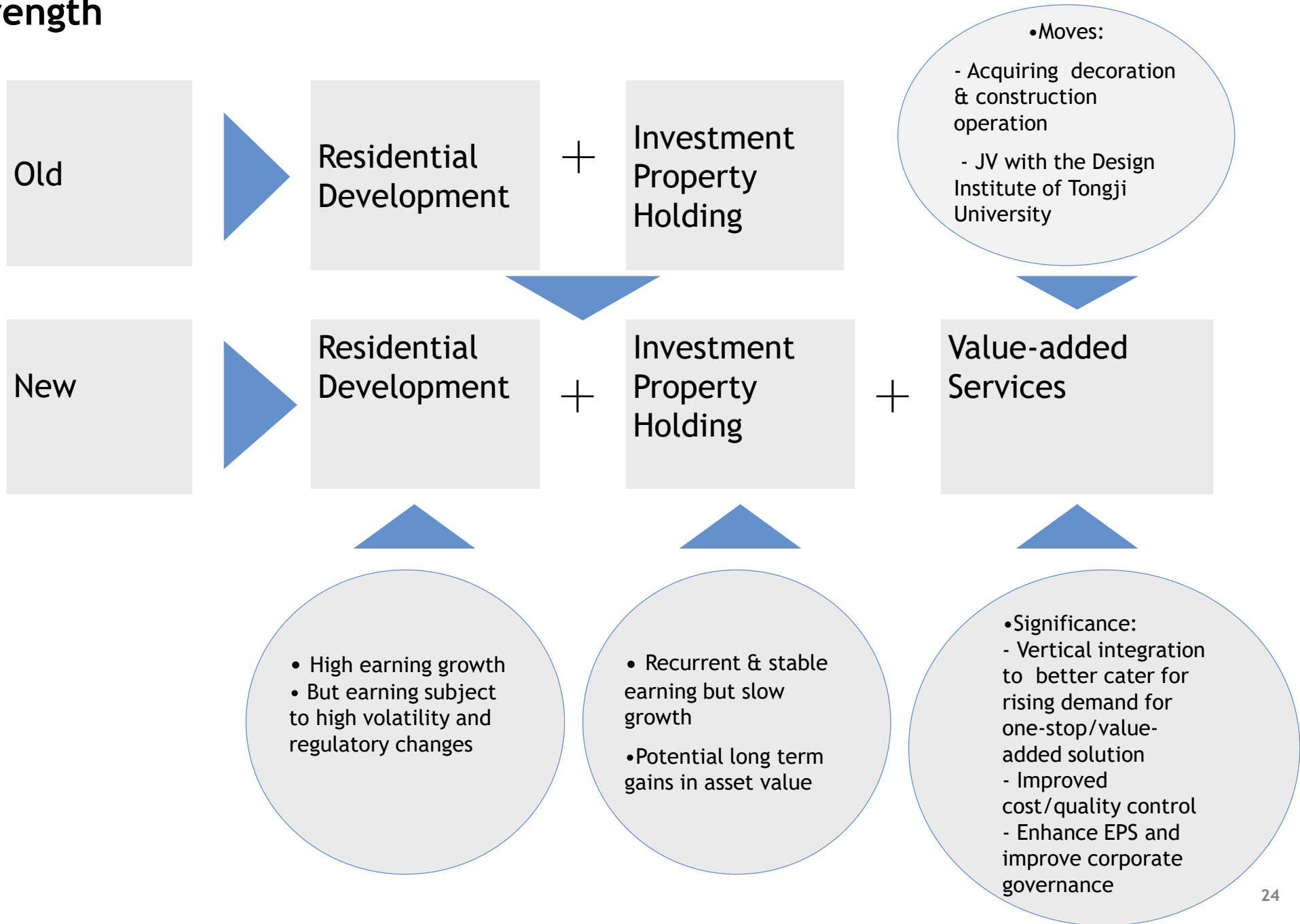


BUSINESS STRATEGY

<sup>1</sup> CRH holds 59.5% in CRL as of 2007-6-29



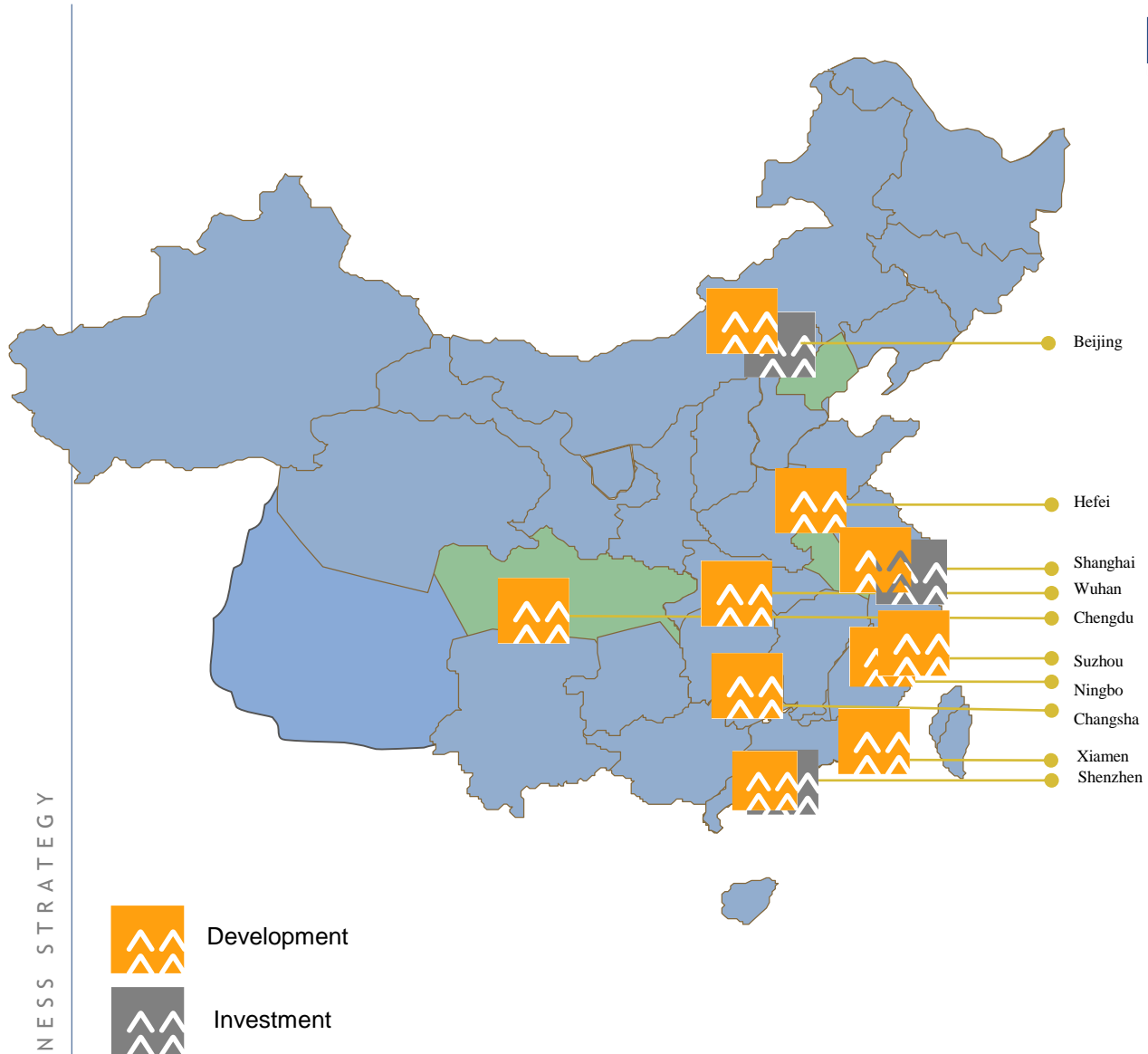
# Business model refined to strengthen CRL's "differentiation" competitive strength



## Land replenishment strategy -adjusted to evolving competitive environment

- Will expand to more 1st, 2nd and 3rd tier cities in a planned, strategy-guided and differentiated manner, with resources focused on medium size land bank and developed cities;
- Strengthen land acquisition efforts via non-traditional means, such as M&A, city redevelopment and etc. while continue to acquire land bank through auction and tender;
- Explore land opportunities with the Parent and leverage CRH's potential land banks across the nation in local government sponsored industrial-residential conversion programs;
- Maintain an appropriate mix between residential and investment properties, add one to two cosmopolitan complex projects every year.

# Geographical Strategy: rolling out national footprint



BUSINESS STRATEGY

## Where is our next market?

We currently operate in 10 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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## Conclusions

- Robust profit growth achieved in 1H 2007, driven by margin expansion and investment properties contribution;
- Over 51.7% of GFA areas targeted for new completion in 2007 was already locked-in as of the end Jun 2007, 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, refined and reinforced with acquisition of CRH's construction and decoration operation, 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**