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 2006 INTERIM RESULTS

Highlights

- Net profit attributable to shareholders amounted to HK$353 million, representing a growth of 79.4%, as compared with the corresponding period of 2005.
- Sales for the six months ended 30 June 2006 amounted to HK$1,001.35 million, decreased by 18.6% as compared with the corresponding period of 2005, primarily due to the fact that majority of property development projects are expected to be completed in the second half of the year, and lack of material project completion in the first half of 2006. However, from a full-year perspective, completion areas in 2006 are expected to record a significant increase over 2005 on a full-year basis.
- Gross profit margin for the period was 40.7%, increased from 21.8% in the corresponding period of 2005; while net profit margin for the period was 35.2%, increased from 16.0% in the corresponding period of 2005. Increasing profitability was attributable to sales premium due to our brand name and our strengthened cost control, and benefits arising from the acquisitions of rental properties from China Resources (Holdings) Company Limited at the end of last year.
- Earnings per share amounted to HK11.49 cents, decreased by 12.3% as compared with the corresponding period of 2005, primarily due to the dilution effect arising from the restructuring conducted by the Group in second half of last year, as well as the placing of new shares earlier this year.
- The Board of Directors declared an interim divided of HK$2.0 cents per share.

The directors of China Resources Land Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2006	**2005**
	NOTES	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*4*	1,001,350	1,230,865
Cost of sales		(594,064)	(962,050)
Gross profit		407,286	268,815
Other income	*5*	277,780	66,019
Selling and marketing expenses		(47,195)	(16,415)
General and administration expenses		(101,374)	(39,381)
Share of results of associates		3,658	7,625
Finance costs	*6*	(76,725)	(49,044)
Profit before taxation	*7*	463,430	237,619
Taxation	*8*	(106,116)	(24,655)
Profit for the period		357,314	212,964
Attributable to:			
Equity holders of the Company		352,789	196,670
Minority interest		4,525	16,294
		357,314	212,964
Dividend paid	*9*	103,336	45,080
Earnings per share	*10*		
– Basic		HK11.49 cents	HK13.05 cents
– Diluted		HK11.31 cents	HK13.01 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	30.6.2006 HK$'000 (Unaudited)	31.12.2005 HK$'000 (Audited)
Non-current assets		
Property, plant and equipment	600,169	541,035
Investment properties	7,228,246	6,967,634
Interests in associates	703,366	689,372
Available for sale investments	356,903	359,266
Prepaid lease payments	40,823	41,285
Deferred taxation assets	251,193	248,863
	9,180,700	8,847,455
Current assets		
Inventory of properties	7,497,542	6,068,327
Prepaid lease payments	923	923
Other inventories	11,018	10,289
Trade and other receivables	801,045	764,683
Amounts due from fellow subsidiaries	3,768	535
Taxation recoverable	148,745	85,610
Cash and bank balances	2,890,186	1,996,881
	11,353,227	8,927,248
Current liabilities		
Trade payables, other payables and deposits received	3,512,581	2,678,211
Amounts due to fellow subsidiaries	6,435	10,649
Amount due to immediate holding company	873	411,913
Bank loans – due within one year	1,168,013	1,842,210
Taxation payable	1,516	10,941
Derivative financial instruments	–	23,456
	4,689,418	4,977,380
Net current assets	6,663,809	3,949,868
Total assets less current liabilities	15,844,509	12,797,323
Capital and reserves		
Share capital	313,350	277,367
Reserves	9,286,867	7,828,919
Equity attributable to equity holders of the Company	9,600,217	8,106,286
Minority interest	707,944	223,557
	10,308,161	8,329,843
Non-current liabilities		
Bank loans – due after one year	4,280,053	3,959,538
Loan from a minority shareholder	690,194	–
Deferred taxation liabilities	566,101	507,942
	5,536,348	4,467,480
	15,844,509	12,797,323

Notes:

1. **INDEPENDENT REVIEW**

   The interim results for half year ended 30 June 2006 are unaudited and have been reviewed by Deloitte Touche Tohmatsu.

2. **BASIS OF PREPARATION**

   The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. **PRINCIPAL ACCOUNTING POLICIES**

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

   The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2005.

   In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the 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 has had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
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]

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.

4. SEGMENT INFORMATION

(a) The Group's primary format for reporting segment information is business segments. An analysis of the Group's turnover and results for the period by business segments is as follows:

Six months ended 30 June 2006

	Sale of developed properties *HK$'000*	Property investments and management *HK$'000*	Consolidated *HK$'000*
Turnover			
External sales	602,882	398,468	1,001,350
Results			
Segment results	120,233	342,837	463,070
Unallocated other income			19,913
Fair value gain on currency swap			5,843
Unallocated corporate expenses			(29,054)
Share of results of associates			3,658
Profit before taxation			463,430
Taxation			(106,116)
Profit for the period			357,314

Six months ended 30 June 2005

	Sale of developed properties *HK$'000*	Property investments and management *HK$'000*	Consolidated *HK$'000*
Turnover			
External sales	1,165,893	64,972	1,230,865
Results			
Segment results	189,472	(8,470)	181,002
Unallocated other income			1,781
Income from investments			42,072
Fair value gain on currency swap			14,048
Unallocated corporate expenses			(8,909)
Share of results of associates			7,625
Profit before taxation			237,619
Taxation			(24,655)
Profit for the period			212,964

(b) No geographical segment analysis is shown as the Group's operating business is solely carried out in the Chinese Mainland.

5. OTHER INCOME

The amount in the current period includes a fair value gain on investments held for trading of nil (six months ended 30 June 2005: HK$34,830,000), a gain on changes in fair value of derivative financial instruments amounting to HK$5,843,000 (six months ended 30 June 2005: HK$14,048,000) and gain on changes in fair value of investment properties amounting to HK$193,250,000 (six months ended 30 June 2005: HK$722,000).

6. FINANCE COSTS

	Six months ended 30 June 2006 *HK$'000*	2005 *HK$'000*
Interest on borrowings wholly repayable within five years	(138,803)	(78,629)
Less: Amounts capitalised in properties under development	62,127	29,760
	(76,676)	(48,869)
Other bank charges	(49)	(175)
Total finance costs	(76,725)	(49,044)

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after crediting (charging):

	Six months ended 30 June	
	2006	**2005**
	HK$'000	*HK$'000*
Interest income	35,061	7,428
Dividend income from securities listed in the Chinese Mainland	–	7,242
Depreciation	(12,043)	(9,839)
Loss on disposal of property, plant and equipment	(95)	(147)
Share of tax of associates (included in share of results of associates)	–	(3,974)

8. TAXATION

	Six months ended 30 June	
	2006	**2005**
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
China Mainland enterprise income tax charge	(50,288)	(48,353)
Overprovision in prior years:		
China Mainland enterprise income tax charge	–	24,202
	(50,288)	(24,151)
Deferred taxation	(55,828)	(504)
	(106,116)	(24,655)

Provision for Chinese Mainland enterprise income tax for current period was made based on the Group's estimated assessable profits calculated in accordance with the relevant income tax laws applicable to the subsidiaries in the Chinese Mainland.

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

9. DIVIDEND PAID

On 15 June 2006, final dividend payable of HK3.3 cents per share for the year ended 31 December 2005 amounting to HK$103,336,000 was approved at the shareholders' meeting and was charged to the retained profits during the current period. Final dividend of HK3.0 cents per share for the year ended 31 December 2004 amounting to HK$45,080,000 was approved at the shareholders' meeting held on 27 June 2005.

The directors have determined that an interim dividend of HK$2.0 cents per share (six months ended 30 June 2005: Nil) should be paid to the shareholders of the Company whose names appear in the Register of Members on 9 October 2006.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2006	**2005**
	HK$'000	*HK$'000*
Profit for the period attributable to equity holders of the Company and earnings for the purposes of basic and diluted earnings per share	352,789	196,670
	Number of shares	
	2006	**2005**
Weighted average number of shares for the purposes of basic earnings per share	3,071,058,069	1,507,251,141
Effect of dilutive potential ordinary shares – share options	47,386,417	4,739,144
Weighted average number of shares for the purpose of diluted earnings per share	3,118,444,486	1,511,990,285

CHAIRMAN'S STATEMENT

For the six months ended 30 June 2006, the Group's profit attributable to shareholders recorded a 79.4% increase year-on-year to HK$353 million, whereas consolidated turnover reported an 18.6% decrease year-on-year to HK$1,001 million. During the period, a substantial growth was recorded in the Group's profitability. Gross profit and net profit margin surged to 40.7% and 35.2% respectively during the first half of the year from 21.8% and 16.0% of the last corresponding period respectively. Increasing profitability was attributable to sales premium due to our brand name and our strengthened cost control, and benefits arising from the acquisitions of rental properties from China Resources (Holdings) Company Limited ("CRH") at the end of last year.

From 2005 onwards, Hong Kong Accounting Standard relating to income recognition was changed from the stage of completion method to the complete construction method. Given that majority of property development projects are expected to be completed only in the second half of the year, and in the absence of material project completion in the first half of 2006, the Group recorded a drop in turnover as compared with the corresponding period in 2005. However, from a full-year perspective, completion areas in 2006 are expected to record a significant increase over 2005 on a full-year basis. As of 30 June 2006, 82% of the areas targeted for new completion within the second half of 2006 has already been contracted for.

During the first half of the year, premier large scale rental properties including Beijing China Resources Building, Shanghai China Resources Time Square and Shenzhen City Crossing Phase I and Phase II acquired from CRH, our major shareholder, were formally consolidated into the Group's profit and loss account since 1 January 2006. Turnover from property investment and management soared by 513.3% over the last corresponding period to HK$398 million.

Completion areas of property development are anticipated to grow on a full-year basis while revenue and profits from rental properties have experienced substantial increase. In the first half of 2006, the earning base of the Group has diversified into property developments, rental income and long-term capital appreciations. The Board of Directors is fully confident of delivering encouraging results for the Group for the full year 2006.

As a reward to the support of our shareholders, effective from the current year, the Board of Directors recommended two dividend payments instead of only one final dividend payment for each year, and declared an interim dividend of HK$2.0 cents per share.

Outlook of Mainland Property Market

During the first half of 2006, the central government adopted a number of new austerity measures on the real estate market in relation to land supplies, financings, tax collections and industry regulation, aiming to further curtail property speculative and investment activities, stabilize property prices and regulate residential property transactions. They also aim to prevent property market from excessive investment in certain cities and property prices from overshooting.

The Group believes that such austerity measures would not have a significant impact on our operations in the near future. The Group's projects scheduled for completion in 2006 are generally middle-to-high end properties, a significant portion of which has already been contracted for. In long run, although demand for properties arising from speculative and investment activities may slow down when those new austerity measures take effect, the Group considers those austerity measures should have positive impacts on the domestic real estate industry and 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. They will support and bring along purchasing power to an expanding residential property market.

Secondly, industry players will increasingly be aware of risk exposure and become more capable in mitigating risk under the current macro-economic environment, thereby facilitating a better-regulated real estate industry, which will ultimately create a more sustainable and healthier industry landscape.

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

Strategy

The Group will continue to implement its well-formulated development strategy. The Group aims at becoming a competitive and leading integrated provider of quality properties and services in the real estate market in the Mainland China in order to cater for the increasing demand for residential properties from middle-to-high income consumers, the demand for rental operation premises from brand retailers and the demand for offices from high-end corporations. The Group's financial goals are to reach a leading position in respect of company scale and return on equity.

To achieve the above goals, the Group will continue to selectively pursue a nationwide business expansion and wider city penetration in order to foster a national geographical coverage. Furthermore, the Group will engage in both residential development and investment property holding. At the same time, to ensure an effective geographical expansion, the Group will continue to focus on developing middle-to-low density projects in the suburban area (similar to the La Firenze Project) and high-density projects in the urban area (similar to the Phoenix City Project and The Bund Side Project) in terms of residential properties. On investment property side, the Group will focus on developing cosmopolitan complex projects with shopping malls as the core, and will then rapidly replicate these products throughout the country.

The Group's key competitive strategy is differentiation through unique architectural designs, property management services and proven marketing techniques. All these factors represent key attributes for our continued success in innovation and enhanced competitive edge.

The Directors believes that the Group's competitive edges lie in its differentiated business model, a definite and effective development strategy, and an incentive mechanism that supports our strategy implementation. Our success attributes also include the strong support of our major shareholder, CRH, and our in-depth knowledge of the domestic market. We have a professional management team and an operation platform that supports a nationwide business. Through proper execution of its strategic plan and the perseverance in implementing the development strategy, the Group will be able to grow rapidly and accomplish its targets in the near future.

Song Lin
Chairman

15 September 2006, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Property Development Businesses in the first half of 2006

During the first half of the year, leveraging on the Group's well-established reputation, distinct project advantages and effective marketing tactics, the Group achieved impressive sales results under an unfavorable market conditions and the continued introduction of new austerity measures. Encouraging sales volumes and prices in Phoenix City Phase 3, Fortune Island, Grand Constellation and The Bund Side I have been secured, thereby paving the way for a promising 2006 with respect to the full year profitability of the Group. For the six months ended 30 June 2006, contracted value of our properties sales increased by 8.9% year-on-year to RMB1,525 million; while the contracted area grew by 23.2% year-on-year to 162,305 square metres.

Detailed sales breakdown for the first half of the year in various cities are set out as follows:

Cities	**Contracted Value**		**Contracted Area**	
	RMB'000	*%*	*Sqm*	*%*
Beijing	997,880	65.4%	89,895	55.4%
Shanghai	233,350	15.3%	11,947	7.4%
Chengdu	154,560	10.1%	31,956	19.7%
Wuhan	119,480	7.8%	24,090	14.8%
Hefei	19,390	1.4%	4,417	2.7%
Total	1,524,660	100%	162,305	100%

In Beijing, during the first half of the year, the major sales contributors were Phoenix City Phase 3, Fortune Island and Grand Constellation, which accounted for 89% of the sales volume. The last two blocks of offices of Grand Constellation (comprising 8 blocks of offices in total) were sold early this year with a contracted value of RMB157 million. Internal subscription of Phoenix City Phase 3 began at the end of the last year. With strong orders accumulation and a proven marketing strategy, both sales volumes and prices had exceeded our expectation, bringing contracted value of RMB570 million during the first half of the year. Phase 2 of Phoenix City Project had become available for sales again after obtaining the completion of title certificates in July. Fortune Island (Phase 5 of the La Firenze Project), a low density residential project in the suburban area, received overwhelming sales responses during the first half of the year primarily due to the right positioning which targeted residential end-users market. The project recorded a total contracted value of approximately RMB157 million, with average selling prices higher than those previously achieved by the earlier phases of the La Firenze Project. During the period, the Group has entered into a letter of intent with an international hotel group in respect of a lump-sum sale transaction involving Phoenix Plaza at a total area of 27,000 square metres. Contract details are being finalized at this stage. In light of the implementation of the austerity measures, the application procedure for the relevant planning permit of Oak Bay Project has been obtained in early September after suffering from certain delay, leading to sales schedule being postponed from the third quarter to the fourth quarter.

In Shanghai, the first 3 blocks of The Bund Side Phase 1 of the Group have been well-received by users because of its unique design and outstanding quality since it was first offered for sales at the end of September last year. In spite of the negative influence of the austerity measures on the local property market, sales performance has been very encouraging. Except for a limited number of remaining units, the project was basically sold out during the first half of the year, achieving an average selling price of more than RMB19,500 per square metre. As of the end of June, the entire construction site for The Bund Side Phase 1 was cleared. 93.5% of the site for phase 2 has also been cleared and relocation is expected to complete within this year.

In Chengdu, by capitalizing on the established brand name of the previous phase 1 and by employing successful sales strategies, Phase 2 of Jade City Project has recorded strong sales performance since the launch in August and December last year. As of 30 June 2006, saleable areas of 151,000 square metres offered for sales were basically sold out. In the remaining 78 units (including 11 villas) with an area of approximately 17,000 square metres, 30 units were sold within one month since they were put up for sale at the end of June this year. In particular, as for the corresponding portion of the project expected to be completed in 2006 (102,721 square metres in total area), approximately 93% of contracted value has been secured for. Phase 3 of the project with a total GFA of about 186,000 square metres, comparable to Phase 2 in size of GFA areas, is expected to be launched in the fourth quarter of the current year.

Through rapid transplanting the Group's matured product design in high density urban projects, it took the Group only 14 months from the purchase of the land to kick-off pre-selling of the phase 1 of the Wuhan Phoenix City Project. The Group sold 634 units (excluding a block of river-view units intentionally reserved for deferred sales in order to realize sales premiums) with a total area of 79,775 square metres of phase 1, representing 71% of saleable area as of the end of June this year. Two blocks of the project, comprising of 223 units, were offered for sale on 20 May this year, 111 units of which were sold only within 10 days from launch, materializing contracted value of RMB69.3 million in the month of May alone.

The French Annecy Project currently represents a replication of the Group's matured product design in low density suburban projects in Hefei. Zone A of phase 1 of the project comprising 220 units with 34,300 square metres, was launched in December last year. Within a month, more than 70% of the saleable areas were sold. By the end of June this year, more than 92% of saleable areas of Zone A, which is scheduled for completion before the end of this year, have already been sold , with only a few units remaining. Zone B of phase 1 of the project with an area of 55,000 square metres is scheduled to be launched in early fourth quarter.

The table below shows the details by projects of the Group's contracted sales during the first half of the year:

	Location	Expected Completion Date	Usage	Total GFA *(Sqm)*	Accumulated GFA Sold up to 30 June 2006 *(Sqm)*	GFA sold in the first half of 2006 *(Sqm)*	Average price in the first half of 2006 *(RMB/Sqm)*
La Firenze Phase 1	Beijing	Completed	Middle-Low Density Residential	63,222	56,802	4,127	5,537
La Firenze Phase 2	Beijing	Completed	Middle-Low Density Residential	195,901	174,675	1,084	6,549
Fortune Island	Beijing	June & December 2006	Middle-Low Density Residential	123,793	85,388	26,114	6,052
Phoenix City Phase 2	Beijing	Completed	High Density Residential	186,450	106,189	3,579	14,510
Phoenix City Phase 3	Beijing	December 2006	High Density Residential	171,105	44,627	41,702	13,660
Phoenix Plaza	Beijing	June 2008	Office/Hotel	231,997	40,000	–	N/A
Grand Constellation	Beijing	Completed	Office	72,168	43,515	9,558	16,500
Top Box	Beijing	Completed	Office/Residential	76,650	55,521	588	12,761
Other Residential	Beijing	Completed		N/A	N/A	1,230	N/A
Car Park	Beijing	Completed		N/A	17,118	1,912	N/A
The Bund Side 1	Shanghai	December 2006	High Density Residential	31,337	27,307	11,947	19,533
Chengdu Jade City Phase 2	Chengdu	December 2006	Middle-Low Density Residential	168,427	149,806	31,890	4,840
Car Park	Chengdu	Completed		18,270	9,803	67	3,348
Wuhan Phoenix City Phase 1	Wuhan	December 2006	High Density Residential	79,755	48,132	24,090	4,960
Hefei French Annecy Phase 1	Hefei	December 2006	Middle-Low Density Residential	89,300	31,247	4,417	4,389

Information of the projects completed during the first half of 2006

Details of the breakdown in turnover and the booking of individual projects during the first half of 2006 are listed below:

Six-month ended 30 June 2006	**GFA booked in first half of the year** *(Sqm)*	**Turnover in first half of the year** *(HK$'000)*
La Firenze Phase 1	4,127	22,169
La Firenze Phase 2	1,084	6,888
Top Box	588	7,281
Grand Constellation	9,558	151,816
Fortune Island	45,827	332,413
Phoenix City Phase 2	3,579	50,375
Car Park	1,912	9,442
Others	1,231	20,176
Beijing Subtotal	67,906	600,560
Chengdu	67	2,322
Total	67,973	602,882

Review on Investment Property in the first half of 2006

As of 30 June 2006, total book value of the Group's investment properties amounted to HK$7.23 billion (including valuation surplus), representing 35.8% of the total asset of the Group, as compared to 4.3% as of 30 June 2005. The corresponding attributable gross floor area as of 30 June 2006 increased to 539,530 square metres from 36,184 square metres as of 30 June 2005. According to an appraisal conducted by an independent third party, the investment properties contributed a re-valuation gain of HK$193 million during the first half of the year.

During the first half of the year, operating performance of all key investment properties showed rising trends. In particular, during the first half of the year, revenues from City Crossing soared by almost 77.2% year-on-year. The following table sets out the turnover breakdown and occupancy rates of the key investment properties:

Investment property/ Management company	**Turnover (HK$'000)** First half of 2006	First half of 2005	% yoy	**Occupancy Rate as of 30 June (%)** 2006	2005	% yoy
Beijing China Resources Building*	58,337	54,207	7.6%	97.8%	99.2%	–1.4%
CR Times Square*	65,285	54,615	19.5%	95.6%	87.6%	9.1%
Shenzhen City Crossing*	194,957	110,027	77.2%	98.6%	79.5%	24.0%
CR Land Beijing	38,628	23,877	61.8%	95.0%	77.3%	22.9%
Beijing Property Management	41,261	41,095	0.4%	–	–	–
Total	398,468	283,821	40.4%			

* *The three properties listed above have not been included in the Group's consolidated financial statement during the first half of 2005.*

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

Property Name	Location	Interest attributable to the Group	Total GFA	Attributable GFA *(Sqm)*	Usage
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
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	91.9%	36,184	33,253	Retail
Grand Constellation Shopping Area	Beijing	91.9%	20,032	18,409	Retail
U-Space Mall	Beijing	91.9%	10,803	9,928	Retail
Jing Tong Shops	Beijing	91.9%	17,952	16,498	Retail
Huawei Centre	Beijing	46.0%	54,214	24,911	Residential/Retail
Huanan Building	Beijing	15.2%	70,058	10,649	Office/Retail
Others	Beijing	91.9%	21,538	19,793	Office/Retail
Total GFA			636,869	539,530	
Comprising: Retail			406,745	310,833	
Office			152,853	152,059	

Prospects in the second half of 2006

As of 30 June 2006, 82% of the areas targeted for new completion within the second half of 2006 has already been contracted for. Details are as follows:

	GFA to be completed in the second half of the year *(Sqm)*	GFA already contracted for *(Sqm)*
Fortune Island	31,371	30,670
Phoenix City Phase 3	65,784	44,626
Sub-total for Beijing area	97,155	75,296
The Bund Side 1	29,147	27,307
Chengdu Jade City Phase 2	102,721	95,246
Hefei French Annecy Phase 1	34,300	31,247
Wuhan Phoenix City Phase 1	74,723	48,132
Total	338,046	277,228

In respect of investment properties, the Group expects that the growing momentum in the first half of the year will carry on in the second half of the year.

Land Bank

On 28 July 2006, the Group secured a large piece of land numbered GX22 (215) located at Huayin Village, Gaoxin District, Chengdu through a land auction at a price of RMB893 million in aggregate. The planned gross floor area of the land is 640,000 square metres and is for residential purpose only. The land is not subject to the restriction of the rule "projects with unit size below 90 square meters have to account for at least 70% of total area of the residential development". The project is situated at a prime location and is characterized by its large-scale and precious features. Located at Chengnan New District (城南新區), the project is adjacent to Gaoxin District, which is recently identified by the Chengdu Municipal Government as a sub-city center in order to upgrade the area into an administrative, business and commercial center of Chengdu. Upon completion, the project will become an integrated community embodying living, ecology, leisure and business auxiliary functions. The whole project is expected to be put up for pre-sales in the second half of the next year and be fully completed by 2010.

With the addition to the land bank, the latest total residential land bank of the Group amounts to 3.92 million square metres in terms of GFA. Details are set out as follows:

Location	Property under Development *(Sqm)*	Completed Property *(Sqm)*	Total GFA *(Sqm)*
Beijing*	1,433,628	164,065	1,597,692
Shanghai	222,721	–	222,721
Shenzhen	193,932	–	193,932
Chengdu	1,512,093	10,696	1,522,789
Wuhan	157,300	–	157,300
Hefei	226,629	–	226,629
Total	3,746,302	174,761	3,921,063

* *The Group has 91.9% interest in the land bank held by CR Land Beijing. In addition, for Oak Bay Project, another land bank in Beijing with GFA of 887,000 Sqm, the Group has a 51% equity interests with the remaining 49% being held by CRH*

Fund-raising through Share Placing, Borrowings and Financial Leverage

In January of this year, 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 30 June 2006, the Group had consolidated borrowings of HK$5,448 million, as well as cash and bank balances of HK$2,890 million. The Group's net debt to equity ratio stood at 26.6%.

As of 30 June 2006, the Group's deposit currency comprised of Renminbi, HK dollars and US dollars, accounting for 41.0%, 20.3% and 38.7% of total deposit respectively. Borrowings are mainly denominated in Renminbi and HK dollars that accounted for 61.4% and 38.6% of the total borrowings respectively. Among the total borrowings, about 21.4% of the bank borrowings are repayable within one year while others are long term borrowings. As of 30 June 2006, most of the Group's Renminbi borrowings are interest-bearing at annual interest rates of 5.18%, while all borrowings denominated in foreign currencies are interest-bearing at floating interest rates. Although the interest rates of borrowings in HK 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 5.15% 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 weighted average interest rate for bank loans was around 4.94% per annum during the first half of the year.

In August of this year, to cope with our future business expansion, the Group obtained a 5-year bank borrowing of HK$2.5 billion in aggregate at a 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. The loan agreement was entered into on 7 September.

Employee and Compensation Policy

As of 30 June 2006, the Group employed more than 1,700 full time employees (including those under property management and agency companies) in Mainland China and Hong Kong. The Group has adopted performance-based rewarding system to motivate its employees. Employees are remunerated based on their performance, experience and prevailing industry practices. As a medium to long term incentive to employees, share options will also be granted based on merits.

OTHER INFORMATION

Corporate Governance

The Company has complied with the code provisions set out at Appendix 14 to the Listing Rules (Code on Corporate Governance Practices (the "Code") with the exception of the following deviations. The considered reasons are as follows:

Code provision A.4.1: non-executive directors should be appointed for a specific term, subject to retirement and re-election by rotation 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 23 May 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, the Company confirmed that 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 six months ended 30 June 2006.

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

Interim Dividend
The Board has resolved to declare an interim dividend of HK$2.0 cents per share for the six months ended 30 June 2006 (2005: nil) payable on or about 23 October 2006 to shareholders whose names appear on the Register of Members of the Company on 9 October 2006.

Closure of Register
The Register of Members will be closed from 9 October 2006 (Monday) to 16 October 2006 (Monday), both days inclusive. In order to be eligible for the interim 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 6 October 2006.

Publication of Information on the Website of the Stock Exchange
The Company's 2006 Interim Report, as well as this announcement of interim results, containing the relevant information required by Listing Rules will be published on the website of the Stock Exchange in due course.

Wang Yin
Managing Director

15 September 2006, 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."