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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in China Resources Land Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of China Resources Land Limited.



華潤置地有限公司

China Resources Land Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

**DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ISSUE OF SHARES**

**PROPOSED ACQUISITION OF CERTAIN PROPERTY INTERESTS OF
CHINA RESOURCES (HOLDINGS) COMPANY LIMITED**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



SOMERLEY LIMITED

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 20 of this circular. A letter from Somerley Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 36 of this circular.

A notice convening an extraordinary general meeting of China Resources Land Limited to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 20th December, 2006 at 10:00 a.m. is set out on pages 57 to 58 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at Standard Registrars Limited, the branch share registrar of China Resources Land Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

4th December, 2006

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of certain property interests in the PRC by way of the purchase of the entire issued share capital of Cosmart by the Purchaser pursuant to the Sale and Purchase Agreement
“Announcement”	the announcement of the Company dated 20th November, 2006 in relation to the Acquisition
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for business (excluding Saturday)
“BVI”	British Virgin Islands
“Charmlink”	Charmlink Enterprises Limited, a company incorporated in the BVI with limited liability and is a wholly owned subsidiary of Cosmart
“Chengdu Development”	華潤置地(成都)發展有限公司(China Resources Land (Chengdu) Development Company Limited), a company incorporated in the PRC with limited liability and is a wholly owned subsidiary of Kennex
“Chengdu Development Site”	the development site located in Chengdu, the PRC with a total area of about 559,879.64 square metres and is owned by Chengdu Development
“Company”	China Resources Land Limited (華潤置地有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the provisions of the Sale and Purchase Agreement
“Conditions”	the conditions set out in the paragraph headed “Conditions Precedent” in the “Letter from the Board” of this circular

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration Money”	HK\$1,533,300,000 to be satisfied in the manner sets out in the paragraph headed “The Sale and Purchase Agreement” in the “Letter from the Board” of this circular, representing approximately 56.1% of the Purchase Price
“Consideration Shares”	the 186,104,218 new Shares to be allotted and issued to the Vendor (or as it may direct) on Completion having a total cash value of HK\$1,200,000,000, representing approximately 43.9% of the Purchase Price
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Cosmart”	Cosmart Resources Limited, a company incorporated in the BVI with limited liability on 5th September, 2005 and is a wholly owned subsidiary of the Vendor before Completion
“CR Land (Beijing)”	華潤置地（北京）股份有限公司(China Resources Land (Beijing) Company Limited), a company incorporated in the PRC with limited liability and is owned as to approximately 91.9% by the Company as at the date of this circular
“CR Xin Zhen”	北京華潤新鎮置業有限責任公司(Beijing China Resources Xin Zhen Property Co., Ltd.), a company incorporated in the PRC with limited liability and is owned by Charmlink and CR Land (Beijing) as to 49% and 51%, respectively
“CRH”	華潤（集團）有限公司(China Resources (Holdings) Company Limited), a company incorporated in Hong Kong with limited liability and is an investment holding company
“CRL Trading Day”	means the day on which the Shares are traded on the Stock Exchange
“Deed of Indemnity”	the deed of indemnity to be entered into between the Vendor, the Purchaser and CRH on Completion in relation to the tax liabilities of the Target Group prior to Completion and other liabilities as specified in the Deed of Indemnity

DEFINITIONS

“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 20th December, 2006 at 10:00 a.m., a notice of which is set out on pages 57 to 58 of this circular
“Enlarged Group”	the Listed Group and the Sales Group
“Encumbrances”	rights of pre-emption, options, liens, claims, equities, charges, mortgages, pledges, third-party rights or interests of any nature
“Gain Ahead”	Gain Ahead Group Limited, a company incorporated in the BVI with limited liability and is a wholly owned subsidiary of CRH
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed by the independent non-executive Directors to advise the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders (other than CRH, the Vendor and their respective associates) who are not required to abstain from voting at the EGM
“Kennex”	Kennex Enterprises Limited, a company incorporated in the BVI with limited liability and is a wholly owned subsidiary of Cosmart
“Latest Practicable Date”	30th November, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listed Group”	the Company and its subsidiaries before Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Management Accounts”	the unaudited consolidated balance sheet and the unaudited consolidated income statement for Cosmart at 15th November, 2006 prepared in accordance with the Hong Kong Generally Accepted Accounting Principles
“Parties”	the parties to the Sale and Purchase Agreement
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Properties”	the Qinghe Development Site and the Chengdu Development Site
“Purchaser”	Strong Foundation Developments Limited, a company incorporated in the BVI with limited liability and is a wholly owned subsidiary of the Company
“Purchase Price”	the purchase price of HK\$2,733.3 million payable by the Purchaser for the Sale Shares pursuant to the Sale and Purchase Agreement
“Qinghe Development Site”	the development site located in Beijing, the PRC with a total area of about 281,951.5 square metres and is owned by CR Xin Zhen
“RMB”	Renminbi, the lawful currency of the PRC from time to time
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 20th November, 2006 entered into between the Purchaser, the Vendor and CRH in respect of the sale and purchase of the Sale Shares
“Sales Group”	the entire equity interest of Cosmart, Charmlink, Kennex and Chengdu Development and 49% equity interest of CR Xin Zhen
“Sale Shares”	2 ordinary shares of US\$1 each, representing the entire issued share capital of Cosmart as at Completion, which are registered in the name of and beneficially owned by the Vendor
“SFC”	Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Sommerley”	Sommerley Limited, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Charmlink, Kennex and Chengdu Development
“US\$”	United States dollars, the lawful currency of the United States of America from time to time
“Vendor”	Finetex International Limited, a company incorporated in the BVI with limited liability and is a wholly owned subsidiary of CRH and holding a direct interest of approximately 21.1% of the issued share capital of the Company before Completion
“Valuer”	CB Richard Ellis, the independent property valuer

If there is any inconsistency between the Chinese name of the entities mentioned in this circular and their English translation, the Chinese version shall prevail.

For the purposes of this circular, unless otherwise specified, conversions of US dollars and RMB into Hong Kong dollars are based on the approximate exchange rates of USD1.00 to HK\$7.80 and HK\$1.00 to RMB1.01042, respectively, for the purposes of illustration only. No representation is made that any amount in Hong Kong dollars, US dollars or RMB could have been or could be converted at the above rates or at any other rates.



華潤置地有限公司

China Resources Land Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

Executive Directors:

Mr. Song Lin (Chairman)
Mr. Wang Yin (Managing Director)

Non-executive Directors:

Mr. Jiang Wei
Mr. Yan Biao
Mr. Liu Yan Jie
Mr. Xie Sheng Xi

Independent Non-executive Directors:

Mr. Wang Shi
Mr. Ho Hin Ngai, Bosco
Mr. Chan Mo Po, Paul
Mr. Andrew Y. Yan

Registered office:

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Post Office Box 309
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Head Office:

Room 4301
43rd Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

4th December, 2006

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ISSUE OF SHARES**

**PROPOSED ACQUISITION OF CERTAIN PROPERTY INTERESTS OF
CHINA RESOURCES (HOLDINGS) COMPANY LIMITED**

INTRODUCTION

The Board announced on 20th November, 2006 that the Purchaser (a wholly owned subsidiary of the Company), the Vendor and CRH have entered into the Sale and Purchase Agreement in relation to the proposed acquisition of the entire issued shares of Cosmart for the Purchase Price.

LETTER FROM THE BOARD

Cosmart is an investment holding company that wholly owns Charmlink and Kennex. Charmlink is an investment holding company and its principal asset is its 49% equity interest in CR Xin Zhen (the remaining 51% equity interest is owned by CR Land (Beijing), a 91.9% owned subsidiary of the Company). Kennex is an investment holding company and its principal asset is its entire equity interest in Chengdu Development.

The Purchase Price of HK\$2,733.3 million represents a discount of approximately 11.9% of the adjusted net asset value of the Sales Group as at 15th November, 2006 of which HK\$1,200.0 million will be satisfied by the issue and allotment of the Consideration Shares and the remaining HK\$1,533.3 million will be satisfied by the payment of the Consideration Money in the manner sets out in the paragraph headed "The Sale and Purchase Agreement".

As at the Latest Practicable Date, the Vendor is a wholly owned subsidiary of CRH, which in turn is the controlling shareholder of the Company through its direct and indirect interest in the Company, the Vendor and Gain Ahead. As such, the Vendor and CRH are both connected persons of the Company within the meaning of the Listing Rules and therefore, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company. Further, based on the percentage ratio calculations under the Listing Rules, the entering into of the Sale and Purchase Agreement also constitutes a discloseable transaction of the Company. In light of all of the above, the entering into of the Sale and Purchase Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements, by way of poll at the EGM, as set out in the relevant provisions of Chapter 14 and 14A of the Listing Rules.

For the twelve months preceding the date of the Sale and Purchase Agreement, no agreement has been entered into between the Company and CRH or any of its associates with which the Acquisition should be aggregated under the Listing Rules.

An application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consideration Shares.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisition. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. The purpose of this circular is to provide you with further information on: (a) the Acquisition; (b) the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (c) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (d) the property valuation report issued by the Valuer; and to seek your approval of the Acquisition at the EGM, a notice of which is set out in this circular.

CRH, the Vendor and their respective associates, being connected persons of the Company interested in the above transactions, will abstain from voting at the EGM. No other persons are required to abstain from voting at the EGM.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date: 20th November, 2006. For the twelve months preceding the date of the Sale and Purchase Agreement, no agreement has been entered into between the Company and CRH or any of its associates with which the Acquisition should be aggregated under the Listing Rules.

Parties:

- (1) Vendor: Finetex International Limited, a wholly owned subsidiary of CRH which in turn is interested directly and indirectly in approximately 65.11% of the total issued share capital of the Company as at the Latest Practicable Date
- (2) Purchaser: Strong Foundation Developments Limited, a wholly owned subsidiary of the Company
- (3) Guarantor: CRH. CRH will guarantee the due and punctual performance and observance by the Vendor of its obligations under the Sale and Purchase Agreement and the Deed of Indemnity

The Vendor and CRH are both connected persons of the Company within the meaning of the Listing Rules.

Sale Shares: 2 ordinary shares of US\$1 each, representing the entire issued share capital of Cosmart as at the Latest Practicable Date and on Completion, which are registered in the name of and beneficially owned by the Vendor. Cosmart will become a subsidiary of the Company after Completion and, accordingly, the financial results of Cosmart will be consolidated into the accounts of the Company.

Purchase Price: HK\$2,733.3 million (equivalent to RMB2,761.8 million). Approximately 43.9% of the Purchase Price will be satisfied by the issue and allotment of the Consideration Shares and the remaining will be satisfied by the payment of the Consideration Money in the manner sets out below.

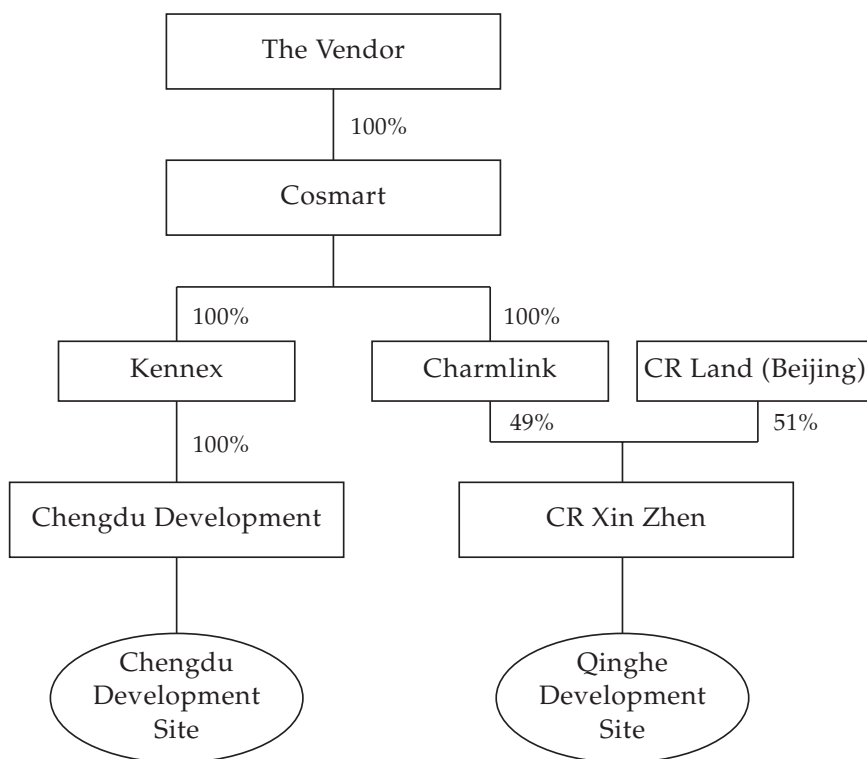
Consideration Shares: 186,104,218 new Shares at HK\$6.448 per Share to be allotted and issued credited as fully paid up to the Vendor (or as it may direct) on Completion, representing approximately 5.9% and 5.6% of the existing issued share capital and the enlarged issued share capital of the Company upon Completion, respectively. The total cash value of the Consideration Shares is HK\$1,200,000,000, representing approximately 43.9% of the Purchase Price. The allotment and issue of the Consideration Shares will not result in a change of control of the Company. There is no lock-up provision in the Sale and

LETTER FROM THE BOARD

Purchase Agreement regarding the Consideration Shares. Specific approval of the Independent Shareholders will be sought for the allotment and issue of the Consideration Shares.

Consideration Money: HK\$1,533,300,000, representing approximately 56.1% of the Purchase Price. HK\$306,660,000, representing 20% of the Consideration Money, will be satisfied within three Business Days after the date of Completion with HK\$1,226,640,000, representing the remaining 80% of the Consideration Money, to be satisfied on or before 31st January, 2007 and will carry simple interest at the rate of 0.5% above 1-month HIBOR from the date of Completion up to the date of actual payment. The Consideration Money will be settled by cash from the internal resources of the Listed Group.

The following chart illustrates the shareholding structure of Cosmart and the relationship between the Vendor, Cosmart and the Properties as at the Latest Practicable Date:



LETTER FROM THE BOARD

CONSIDERATION

The Purchase Price and the terms of the Sale and Purchase Agreement have been arrived at after arm's length negotiations between the Parties with reference to the adjusted net asset value of the Sales Group as at 15th November, 2006. The Purchase Price represents a discount of approximately 11.9% of the adjusted net asset value of the Sales Group as at 15th November, 2006. Detailed explanation of how the adjusted net asset value of the Sales Group as at 15th November, 2006 is derived is provided in the paragraph headed "Basis of Consideration" below. The discount of consideration of the Sales Group to its adjusted net asset value is determined on the basis of arm's length negotiations between the Parties. The Directors consider that since the terms of the Sale and Purchase Agreement are negotiated with CRH on an arm's length basis and, therefore, such discount is fair and reasonable.

Approximately 43.9% of the Purchase Price will be satisfied by the issue and allotment of the Consideration Shares and the remaining will be satisfied by the payment of the Consideration Money in the manner sets out in the paragraph headed "The Sale and Purchase Agreement".

On Completion, the Consideration Shares, having a total cash value of HK\$1,200,000,000 (being approximately 43.9% of the Purchase Price), will be allotted and issued to the Vendor (or as it may direct). The Consideration Shares to be allotted and issued to the Vendor (or as it may direct) will be issued at the issue price of HK\$6.448 per Share, being the average closing price of the Shares for the ten CRL Trading Days immediately preceding the date of the Sale and Purchase Agreement. The Directors consider that such issue price of HK\$6.448 per Consideration Share is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Such issue price represents:

- (a) a discount of approximately 5.0% from HK\$6.79 per Share, being the closing price of the Shares on the last CRL Trading Day prior to the publication of the Announcement, as quoted on the Stock Exchange;
- (b) a discount of approximately 18.5% from HK\$7.91 per Share, being the closing price of the Shares on the Latest Practicable Date, as quoted on the Stock Exchange;
- (c) a discount of approximately 1.9% and a discount of approximately 17.4% from HK\$6.57 per Share and HK\$7.80 per Share, being the average closing price of the Shares for the last 5 CRL Trading Days prior to the publication of the Announcement and the Latest Practicable Date, respectively, as quoted on the Stock Exchange;
- (d) a premium of approximately 10.3% and a discount of approximately 1.8% from HK\$5.84 per Share and HK\$6.57 per Share, being the average closing price of the Shares for the last 30 CRL Trading Days prior to the publication of the Announcement and the Latest Practicable Date, respectively, as quoted on the Stock Exchange; and

LETTER FROM THE BOARD

- (e) a premium of approximately 110.4% from HK\$3.06, being the unaudited consolidated net asset value per Share as at 30th June, 2006.

For illustration purposes, the market value of the aggregate Consideration Shares represents approximately HK\$1,263.6 million based on HK\$6.79 per Share, being the closing price of the Shares on the last CRL Trading Day prior to the publication of the Announcement as quoted on the Stock Exchange.

Irrespective of the market price of the Shares on the date of Completion, no adjustment, upward or downward, will be made to the number of Consideration Shares to be allotted and issued to the Vendor (or as it may direct). Subject to the final determination on the fair value of the Consideration Shares and the then accounting standards and principles applicable to the Company, the difference in value of Consideration Shares as calculated by the Share prices on the date of Completion and the fair value of the net assets acquired may be regarded as a deemed distribution by the Company to the Vendor (or as it may direct) from an accounting perspective in the case where the Share price on the date of Completion is above the level on the date of the Sale and Purchase Agreement, or an addition to reserves in the case where the Share price on the date of Completion is lower than the level on the date of the Sale and Purchase Agreement.

The Consideration Shares, when issue, will be credited as fully paid up, free from all Encumbrances and rank pari passu in all respects with the Shares in issue at the time of allotment and issue of the Consideration Shares. Specific approval of the Independent Shareholders will be sought for the allotment and issue of the Consideration Shares.

The aggregate historical investment cost to the Vendor of its 100% interest in the shares of Cosmart is approximately HK\$2,565.2 million (equivalent to RMB2,591.9 million) as of 15th November, 2006. The equity capital in Chengdu Development and CR Xin Zhen were contributed in January and March, 2006, respectively. For the period from 1st January, 2006 to 15th November, 2006, the unaudited consolidated loss before and after tax of Cosmart amounted to approximately HK\$1.2 million. No net profits were generated during the aforesaid period.

CONDITIONS PRECEDENT

Completion is subject to the following conditions:

- (a) approval by the Independent Shareholders at the EGM by poll of (i) the acquisition by the Purchaser of the Sale Shares; (ii) the allotment and issue of the Consideration Shares to the Vendor (or as it may direct); (iii) the payment of the Consideration Money to the Vendor (or as it may direct); and (iv) all other transactions contemplated under the Sale and Purchase Agreement or arising as a result of Completion; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares to be issued to the Vendor (or as it may direct), either unconditionally or subject only to conditions to which the Vendor and the Company have no reasonable objection.

LETTER FROM THE BOARD

The Conditions set out above shall not be waived in any event.

If any of the Conditions has not been fulfilled by 31st January, 2007 (or such other date as the Parties may agree in writing), the Sale and Purchase Agreement shall thereupon become null and void ab initio.

On Completion, the Purchaser, the Vendor and CRH will enter into the Deed of Indemnity. Subject to certain limitations as stated in the Deed of Indemnity, the Vendor undertakes to the Purchaser to indemnify and keep indemnified the Purchaser from and against any tax liabilities in relation to the business activities of the Target Group prior to Completion and other liabilities as specified in the Deed of Indemnity. CRH undertakes to guarantee the due performance of the Vendor's obligation under the Deed of Indemnity.

COMPLETION

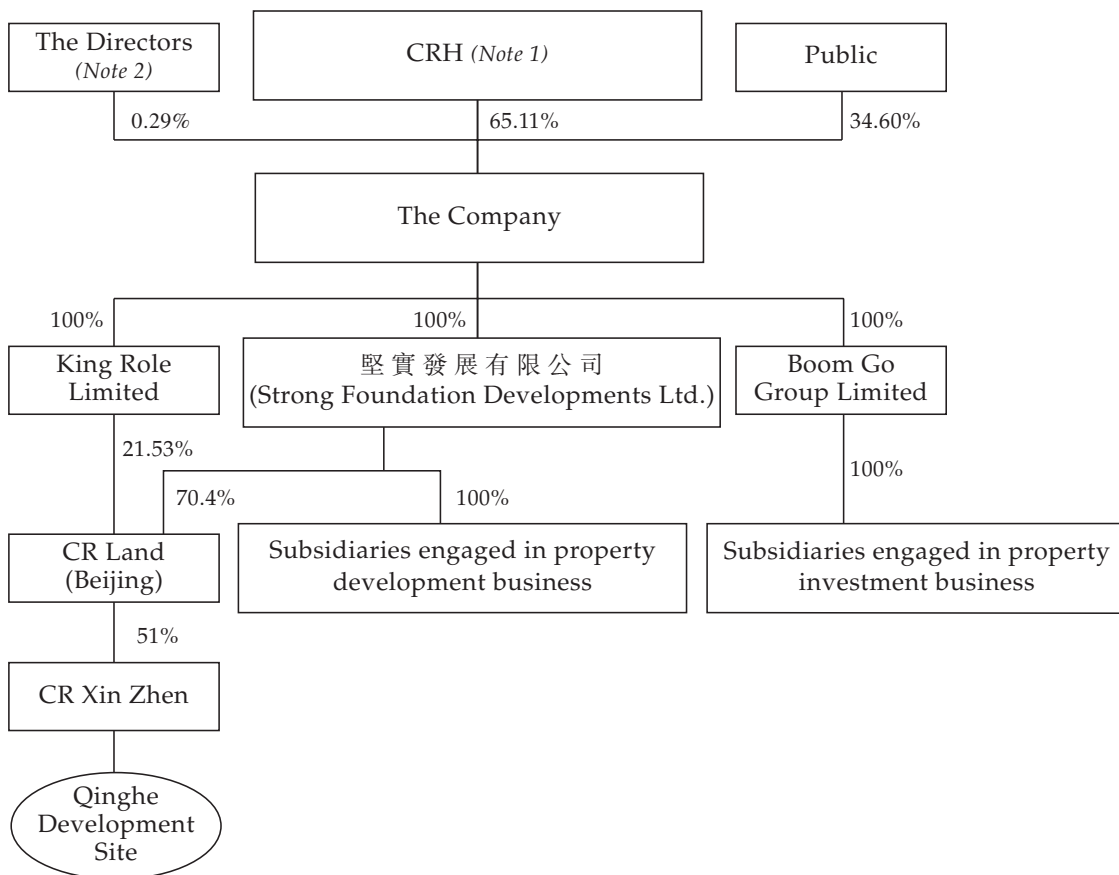
Completion will take place on or before the fifth Business Day after all the Conditions have been fulfilled in accordance with the Sale and Purchase Agreement or such other date as the Parties may agree. It is currently contemplated that the Completion will take place on or around 29th December, 2006.

Cosmart will become a subsidiary of the Company after Completion and, accordingly, the financial results of Cosmart will be consolidated into the accounts of the Company.

LETTER FROM THE BOARD

SIMPLIFIED SHAREHOLDING STRUCTURE OF THE COMPANY

The following diagram sets out the simplified shareholding structure of the Company as at the Latest Practicable Date:

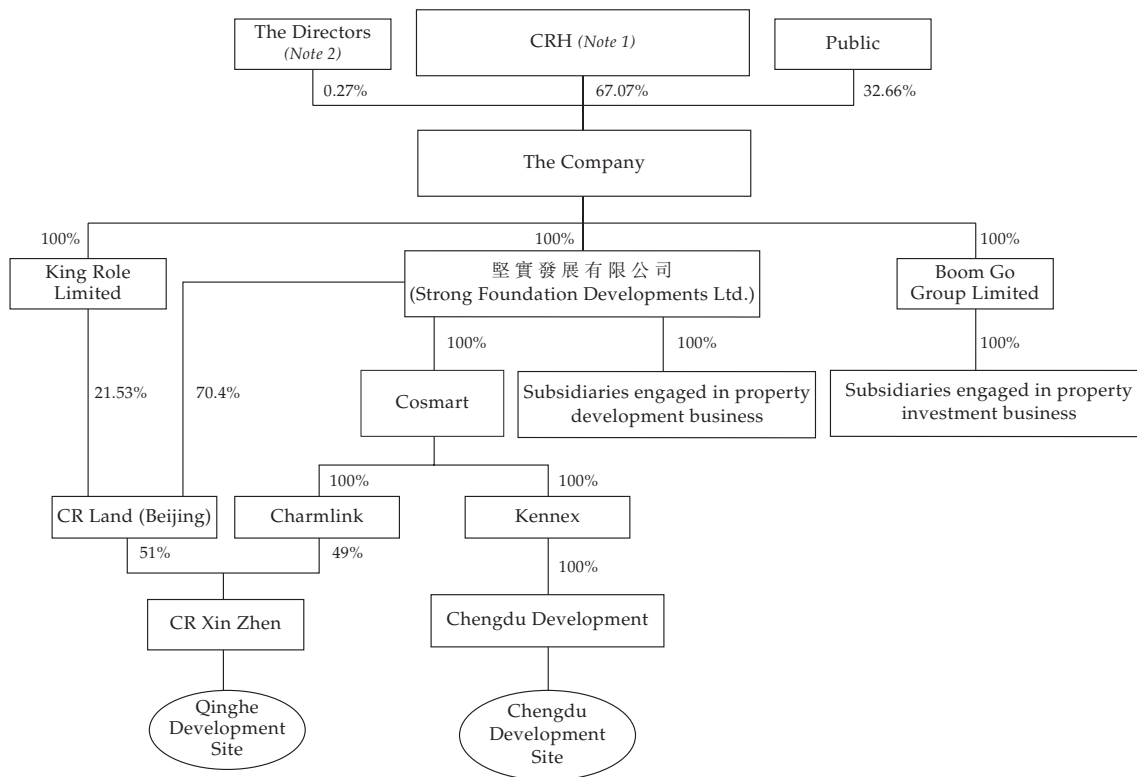


Notes:

- (1) The interest of CRH in the Company represents its interest held through the Vendor and Gain Ahead and its direct interest in the Company. The Vendor and Gain Ahead are both wholly owned subsidiaries of CRH.
- (2) The Directors comprise Wang Yin, Jiang Wei, Yan Biao, Liu Yan Jie and Xie Sheng Xi.
- (3) The Company has issued 892,500 additional Shares as a result of the exercise of share options granted under the existing share option scheme of the Company after publication of the Announcement.

LETTER FROM THE BOARD

The following diagram sets out the proposed simplified shareholding structure of the Company immediately after Completion:



Notes:

- (1) The interest of CRH in the Company represents its interest held through the Vendor and Gain Ahead and its direct interest in the Company. The Vendor and Gain Ahead are both wholly owned subsidiaries of CRH.
- (2) The Directors comprise Wang Yin, Jiang Wei, Yan Biao, Liu Yan Jie and Xie Sheng Xi.

LETTER FROM THE BOARD

The following table sets out the simplified shareholding of the Company before and after the Acquisition:

Shareholders	No. of Shares before the Acquisition <i>(Note 4)</i>	Shareholding percentage before the Acquisition	No. of Shares after the Acquisition	Shareholding percentage after the Acquisition
CRH	2,042,406,263 <i>(Note 1)</i>	65.11%	2,228,510,481 <i>(Note 2)</i>	67.07%
The Directors	8,962,000 <i>(Note 3)</i>	0.29%	8,962,000	0.27% <i>(Note 4)</i>
Public	<u>1,085,297,928</u>	<u>34.60%</u>	<u>1,085,297,928</u>	<u>32.66%</u>
Total	<u><u>3,136,666,191</u></u>	<u><u>100%</u></u>	<u><u>3,322,770,409</u></u>	<u><u>100%</u></u>

Notes:

- (1) The interest of CRH in the Company before the Acquisition represents its interest held through the Vendor and Gain Ahead and its direct interest in the Company. The Vendor and Gain Ahead are both wholly owned subsidiaries of CRH.
- (2) The interest of CRH in the Company after the Acquisition represents its interest held through the Vendor and Gain Ahead and its direct interest in the Company. The Vendor and Gain Ahead are both wholly owned subsidiaries of CRH. The interest of the Vendor in the Company will increase from 21.1% to 25.2% after allotment and issue of Consideration Shares to it. Specific approval of the Independent Shareholders will be sought for the allotment and issue of the Consideration Shares.
- (3) The Directors comprise Wang Yin, Jiang Wei, Yan Biao, Liu Yan Jie and Xie Sheng Xi. Such Directors who are also Shareholders will be entitled to vote at the EGM on the basis that neither any of them nor any of their respective associates is a party to the Sale and Purchase Agreement or an associate of the parties to the Sale and Purchase Agreement.
- (4) Assuming there is no acquisition and/or disposal from the date of this circular up to the date of Completion.
- (5) The Company has issued 892,500 additional Shares as a result of the exercise of share options granted under the existing share option scheme of the Company after publication of the Announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition is on normal commercial terms which are fair and reasonable and will bring various commercial benefits to the Listed Group and the Shareholders as a whole. First, the Acquisition represents an excellent opportunity for the Listed Group to increase its land bank in Beijing and Chengdu, and strengthen its presence in both cities where the Company has strong presence and the Directors are very familiar with. The acquisition of the 49% interest of CR Xin Zhen will increase the effective interest of the Company in Qinghe Development Site from 46.88% to 95.88%, representing an increase in land bank of approximately 370,000 square meters in attributable GFA;

LETTER FROM THE BOARD

while the acquisition of the 100% of Chengdu Development will increase land bank of more than 2,641,000 square meters of GFA. Second, the Acquisition will add more completion area from 2007 and thus enhance the Company's earnings growth profile. Third, the Acquisition will enlarge the Listed Group's equity base and thus help to expand its future funding capacity and enhance its long term growth prospect.

The Directors believe that the Acquisition is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors also consider that the issue price of HK\$6.448 per Consideration Share is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon Completion of the Acquisition, Cosmart will be wholly owned by the Company and, accordingly, the final results of the acquired entity will be consolidated into those of the Company. Following the Completion of the Acquisition, the net assets of the Listed Group will be increased by HK\$1,200 million as a result of Consideration Shares issued to CRH. The Acquisition will bring in additions to completion area to the Listed Group starting from 2007. However, exact earnings impact will depend on major factors, including, among others, achievable average selling prices.

INFORMATION OF THE PURCHASER, COSMART, THE VENDOR AND CRH

The Purchaser is an investment holding company and the activities of its principal subsidiaries are property development in the PRC.

Cosmart is an investment holding company and it wholly owns Charmlink and Kennex. Charmlink is an investment holding company and it owns 49% equity interest of CR Xin Zhen. Kennex is an investment holding company and it wholly owns Chengdu Development.

The Vendor is an investment holding company and it wholly owns Cosmart before Completion. The Vendor is a wholly subsidiary of CRH, which in turn is the controlling shareholder of the Company. The principal activity of CRH is investment holding.

BASIS OF CONSIDERATION

The Purchase Price of HK\$2,733.3 million (equivalent to RMB2,761.8 million) represents a discount of approximately 11.9% of the adjusted net asset value of the Sales Group. Such discount is determined on the basis of arm's length negotiations between the Parties. The Directors consider that such discount is fair and reasonable. As at 15th November, 2006, the adjusted net asset value of the Sales Group is estimated at HK\$3,103.0 million (equivalent to RMB3,135.3 million), which is derived from the sum of the following: (a) net book value of Sales Group per Management Accounts as at 15th November, 2006 of HK\$2,565.2 million (equivalent to RMB2,591.9 million; and (b) increase in value of the Properties based on property valuation report, net of deferred tax, of HK\$537.8 million (equivalent to RMB543.4 million). As inventory of properties are measured at lower of

LETTER FROM THE BOARD

cost or net realizable value, in general, any fair value differences associated with inventory of properties will not be recognized upon completion of an acquisition in the consolidated financials of the acquirer. The Company will account for the Acquisition after Completion in accordance with the then prevailing accounting standards and such accounting treatment will be subject to the review by the audit committee and the auditors of the Company in the coming year-end audit.

The appraised value of the Properties as at 15th November, 2006 is based on information contained in the property valuation report set out in Appendix I to this circular. The property valuation report is prepared by the Valuer, an independent third party not connected with the Company or any of its connected persons.

THE PROPERTIES

The Properties comprise two development sites held for development in the PRC.

The Qinghe Development Site comprises a site located at Anningzhuang East Road, Haidian District, Beijing, the PRC having a site area of about 281,951.5 square metres. The property is for a proposed development (known as Oak Bay) comprising apartment, retail shops, kindergarten, primary school, sports centre and basement car parks. The total gross floor area of the proposed development is about 757,000 square metres including the basement. The proposed development will be carried out in phases with Phase A1 currently under construction and the remaining phases currently in planning stage. The tentative completion date of the proposed development is in 2010. CR Xin Zhen has paid RMB2,127.5 million of land premiums in respect of the Qinghe Development Site and has obtained land use rights certificate for a portion of the site with a total area of approximately 34,492.3 square metres with the land use rights certificate(s) for the remaining portion of the site to be obtained in or around June 2007. Outstanding land premium of about RMB450 million is payable by CR Xin Zhen to the government before June 2007. As such, following Completion, the Enlarged Group, instead of CRH, will bear the outstanding land premium. Since CR Land (Beijing) (a 91.9% subsidiary of the Company) already controlled 51% interest in Qinghe Development Site, the Directors consider that it is not necessary to request the Vendor to give any undertaking, representation or warranty in respect of the Qinghe Development Site.

The Chengdu Development Site comprises a site located at the junction of East 2nd Ring Road and Shuangqing Road, Chenghua District, Chengdu, Sichuan Province, the PRC having a site area of about 559,879.64 square metres. The property is for a proposed development (known as Twenty Four City) comprising residential, commercial, school, kindergarten, mart, ancillary and basement car parks. The total gross floor area of the proposed development is about 2,641,000 square metres, including the basement. The proposed development is currently in planning stage and will be developed by phases. The tentative completion date for the entire proposed development is in 2018. Chengdu Development has paid land premium of RMB1,338.5 million in respect of portion of the site according to the payment scheme stated in the supplementary agreement to the State-owned Land Use Transfer Contract No. Pai(Gua) Zhuan(2005) Zi Di 013-1 dated 4th January, 2006. Outstanding land premium of about RMB830 million is payable by Chengdu Development to the government by December 2007. As such, following Completion, the

LETTER FROM THE BOARD

Enlarged Group, instead of CRH, will bear the outstanding land premium. The Listed Group has conducted due diligence on the status of the Chengdu Development Site. Based on the results of the due diligence, it is expected that Chengdu Development will obtain land use rights certificate(s) of the Chengdu Development Site subject to payment of the outstanding land premiums and completion of the relevant legal formalities. As such, no specific undertaking has been given by the Vendor for the procurement of land use rights certificate(s) of the Chengdu Development Site.

DISCLOSEABLE AND CONNECTED TRANSACTION

The Vendor is a wholly owned subsidiary of CRH, which in turn is the controlling shareholder of the Company through its direct and indirect interest in the Company, the Vendor and Gain Ahead as at the Latest Practicable Date. As such, the Vendor and CRH are both connected persons of the Company within the meaning of the Listing Rules and therefore, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company. Further, based on the percentage ratio calculations under the Listing Rules, the entering into of the Sale and Purchase Agreement also constitutes a discloseable transaction of the Company.

In light of all of the above, the entering into of the Sale and Purchase Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements, by way of poll at the EGM, as set out in the relevant provisions of Chapter 14 and 14A of the Listing Rules.

GENERAL

The terms of the Sale and Purchase Agreement are made on an arm's length basis and the Directors believe that the terms of the Sale and Purchase Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

An application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Consideration Shares. The Directors also consider that the issue price of HK\$6.448 per Consideration Share is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXTRAORDINARY GENERAL MEETING

You will find on pages 57 to 58 of this circular a notice of the EGM to be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 20th December, 2006 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the Acquisition. CRH, the Vendor and their respective associates, being connected persons of the Company interested in the above transactions, will abstain from voting in respect of the resolutions for approval of the Acquisition. No other persons are required to abstain from voting at the EGM. Pursuant to Rule 14A.52 of the Listing Rules, the Company will procure that the Chairman will demand the resolutions relating to the Acquisition and all other transactions contemplated thereby to be taken by poll at the EGM. You may refer to Appendix II to this circular for the procedure by which you may demand a poll pursuant to the articles of association of the Company.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete this form of proxy in accordance with the instructions printed thereon and deposit the same at Standard Registrars Limited, the branch share registrar of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjourned meeting. The completion and return of the form of proxy will not preclude you from attending and voting in person should you so wish.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and Somerley as set out in this circular. As set out in the letter from the Independent Board Committee, members of the Independent Board Committee consider that the terms of the Acquisition are fair and reasonable so far as the interests of the Independent Shareholders are concerned and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Independent Shareholders.

Yours faithfully,
For and on behalf of the Board
CHINA RESOURCES LAND LIMITED
SONG Lin
Chairman

LETTER FROM SOMERLEY LIMITED

The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders regarding the terms of the Sale and Purchase Agreement for the purpose of incorporation in this circular:



SOMERLEY LIMITED

Suite 2201, 22nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

4th December, 2006

*To: The Independent Board Committee and the Independent Shareholders
China Resources Land Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
INVOLVING ISSUE OF SHARES
RELATING TO THE PROPOSED ACQUISITION OF
CERTAIN PROPERTY INTERESTS OF
CHINA RESOURCES (HOLDINGS) COMPANY LIMITED**

I. INTRODUCTION

We refer to our appointment to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on (i) the terms of the Sale and Purchase Agreement which involves the Acquisition by the Company of the Sale Shares, being the interest in Cosmart, from the Vendor, a wholly-owned subsidiary of CRH. Details of the Sale and Purchase Agreement are contained in the circular of the Company to the Shareholders dated 4th December, 2006 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless otherwise defined.

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The Vendor is a wholly-owned subsidiary of CRH which is the controlling Shareholder holding approximately 65.11% of the existing issued ordinary share capital of the Company. The Acquisition therefore also constitutes a connected transaction for the Company under the Listing Rules.

The Acquisition is conditional on the approval being obtained at the EGM from the Independent Shareholders with the relevant resolution to be taken by poll at the EGM. CRH and its associates shall abstain from voting at the EGM. Upon Completion, the interests of CRH and its concert parties will increase from approximately 65.11% to 67.07% of the enlarged issued ordinary share capital of the Company. The Independent Board

LETTER FROM SOMERLEY LIMITED

Committee, comprising the independent non-executive Directors, namely, Messrs. Wang Shi, Ho Hin Ngai, Bosco, Chan Mo Po, Paul and Andrew Y. Yan, has been constituted to make a recommendation to the Independent Shareholders as regards the terms of the Acquisition.

Somerley is not associated with the Company or its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the Acquisition. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have reviewed, among other materials, the management accounts covering the companies holding the Properties and the valuation reports of such Properties. We have discussed with the Board the past performance and future prospects of the Listed Group and with the Valuer the basis, assumptions and the methodology used in preparing the valuation reports. We have relied on the information and facts supplied, and opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects at the time they were made and as at the date of the Circular and will continue to be true at the date of the EGM.

We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted an independent investigation into the affairs of the Listed Group or each of the members of the Cosmart Group.

II. BACKGROUND TO AND REASONS FOR THE ACQUISITION

In arriving at our opinion on the terms of the Acquisition, we have taken into consideration the following principal factors and reasons:

(a) Business of the Listed Group and CRH

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are property investment, development and management in the PRC. The Listed Group has been principally focused in residential property developments in the key cities of Beijing, Shanghai, Chengdu, Wuhan and Hefei in the PRC. The Company was listed on the Stock Exchange in November 1996. Initially established in 1987 to undertake property development activities in the Xicheng District of Beijing, the activities of the Listed Group gradually expanded over the years to cover other cities.

LETTER FROM SOMERLEY LIMITED

CRH is a member of the China Resources National Corporation group of companies (“CRNC”), which is one of the major state owned enterprises under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CRNC holds a diversified portfolio of businesses, namely the manufacture and distribution of consumer products, property and related industries and infrastructure and utilities.

(b) Current business position and strategy of the Listed Group

The Listed Group positioned itself as a provider of quality properties and services in the real estate industry in the PRC to cater for the increasing demand for residential properties from middle-to-high income consumers. The Listed Group’s development projects can be mainly characterized into two categories, namely, low density suburban projects and high density urban projects. Such strategy has yielded success for the Listed Group as demonstrated in the number of units sold as well as its profitability in recent years. The Listed Group aims to pursue this business strategy nationally and penetrate into more cities by replicating this model throughout the country.

As at 30th June, 2006, the portfolio of development properties held as inventory of properties had a book value of HK\$7.5 billion, representing approximately 36.5% of the Listed Group’s total assets. Such inventories were accounted for at cost and had not been revalued to their market values. Sale of development properties generated revenues of HK\$2.5 billion, which accounted for approximately 94.1% of the Listed Group’s revenue for the year ended 31st December, 2005.

For the year ended 31st December, 2005, property investment generated rental income of HK\$68.1 million, which accounted for approximately 2.5% of the Listed Group’s total revenue. The investment property portfolio of the Listed Group was valued at HK\$7.2 billion as at 30th June, 2006 which represented approximately 35.2% of the Listed Group’s total assets on such date. Such portfolio mainly comprised the portfolio of investment properties acquired by the Listed Group from CRH in November 2005, including (1) China Resources Building, an office building complex in Beijing; (2) China Resources Times Square, a composite complex with shopping centre and office buildings in Shanghai; and (3) The MIXc, China Resources Building and the adjacent development site in Shenzhen. Such portfolio commenced contribution to the revenue of the Listed Group for the six months ended 30th June, 2006, with rental income reaching approximately HK\$398.5 million for the Listed Group, and accounted for 39.8% of total revenue for such period.

The Listed Group’s strategy is to engage in both residential property development and investment property holding. The Listed Group seeks to continue to selectively pursue a nationwide business expansion and wider city penetration in order to foster a national geographical coverage.

(c) Current property market conditions in the PRC

The property market in the PRC in recent years has recorded significant increases in activities and prices in the residential property market. With the strong economy and the resultant increase in income for consumers in the PRC, private home ownership has become increasingly common and the demand for residential housing has increased substantially.

In the wake of significant rises in property prices in major cities (in particular, the residential sector), and the rising capital expenditure for development activities, the Central Government of the PRC started in 2004 to introduce a series of macroeconomic austerity measures in major property markets in the PRC with a view to cooling the price pressures and the pace of the development activities. As a result, certain segments and regions of the property market in the PRC have seen its price escalation stopped or even declined and activities slowed down to a certain extent.

As discussed with the management of the Listed Group and the Valuer, residential properties in Beijing have recorded significant price rises in the last two years. Since the implementation of the austerity measures by the Central Government of the PRC, the rise in the prices of residential properties has slowed but no drop in prices have been observed. The number of land sites put forward for auction by the government has substantially reduced and land prices have maintained a more stable upward trend. As for the Listed Group, the direct effects of the austerity measures were that the application procedure for the relevant planning permit of the Qinghe Development Site project has been delayed and resulting in a few months' delay in the pre-sale schedule of Phase A1 to early November 2006. When Phase A1 of the Qinghe Development Site project was launched in early November, all of the units were sold out.

Chengdu is the capital city of the Sichuan Province and a major city in the South West of the PRC. In Chengdu, where the prices of residential properties were significantly lower, a similar rise in the price had been experienced in the last two years. Medium segment housing has risen from a price of around RMB2,000 per square metre ("sq.m.") to between RMB4,000 to RMB6,000 per sq.m. during such period, especially in districts that are closer to the city centre. Pursuant to the city planning scheme, a number of suburban areas are being developed into new urban areas. One of which is the Eastern District of Chengdu, where the Chengdu Development Site is located, which is becoming a new city centre with the planning and construction of a number of key buildings for the government. Despite the austerity measures imposed by the Central Government of the PRC, land auction activities in Chengdu remain active and land prices continued to rise whereas residential property prices are becoming more stable.

(d) Reasons for and benefits of the Acquisition

As stated in the letter from the Board in the Circular, the Directors believe that the Acquisition represents an excellent opportunity for the Listed Group to increase its land bank in Beijing and Chengdu, and to strengthen its presence in both cities where the Company has strong presence and the Directors are very familiar with. The acquisition of the 49% interest of CR Xin Zhen will increase the effective interest of the Company in the Qinghe Development Site (also known as the Oak Bay Project) from 46.88% to 95.88%, representing an increase in land bank of approximately 370,000 sq.m. in attributable gross floor area (“GFA”); while the Acquisition of the 100% of the Chengdu Development Site will increase land bank of more than 2,641,000 sq.m. of GFA in Chengdu. The Acquisition will add to the completion area starting from 2007 and thus enhance the Company’s earnings growth. In addition, the Acquisition will enlarge the Listed Group’s equity base and thus help expand its future funding capacity and enhance its long term growth prospect.

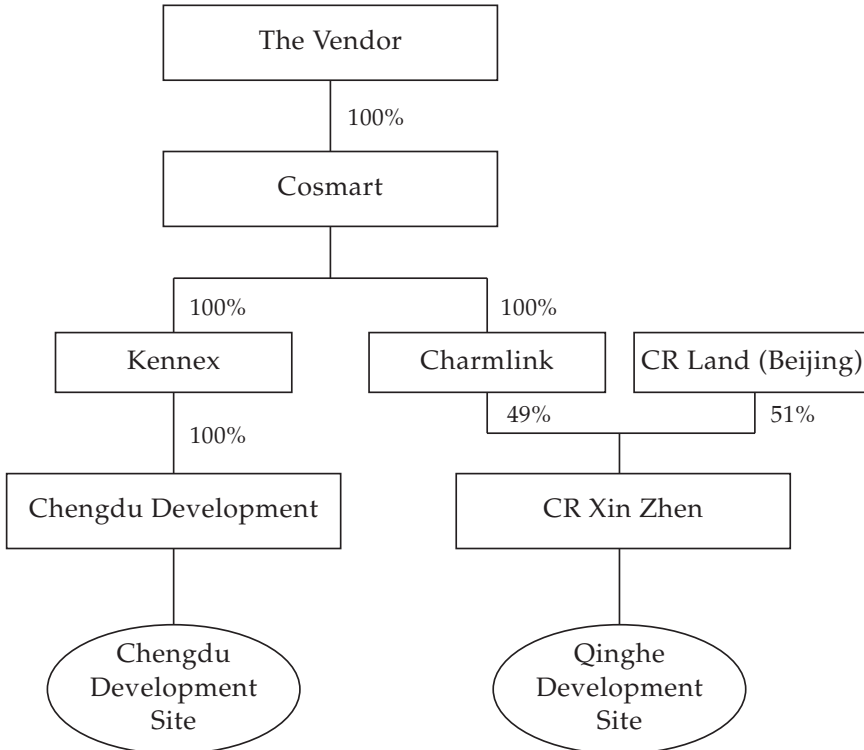
As of 15th November, 2006, the Listed Group had an aggregate land bank for development with a GFA of 5.5 million sq.m. on an attributable basis. A major portion of the land bank of the Listed Group is located in Beijing, including an existing 51% interest in the Qinghe Development Site. Another major land bank of the Listed Group is represented by a large piece of land located in Gaoxin District in Chengdu with a planned GFA of 640,000 sq.m., which had been secured through a land auction in July 2006. Upon completion of the Acquisition, the amount of land bank will be increased by approximately 50% to 8.5 million sq.m., which we consider to be important for the Listed Group’s ongoing development activities.

LETTER FROM SOMERLEY LIMITED

III. INFORMATION ON COSMART AND THE PROPERTIES

(a) Business and structure of Cosmart

Cosmart is an investment holding company and it owns (1) the entire issued capital of Kennex; and (2) the entire issued capital of Charmlink. The principal asset of Cosmart is its 100% interest in the Chengdu Development Site. The principal asset of Charmlink is its 49% interest in CR Xin Zhen, which in turn owns the entire Qinghe Development Site. Set out below is a simplified structure of Cosmart:



LETTER FROM SOMERLEY LIMITED

(b) The Properties

Property	Type	Total site area (sq.m.)	Expected GFA (sq.m.)	Valuation RMB million	Percentage interest
Qinghe Development Site Anningzhuang East Road, Haidian District, Beijing, PRC	Residential and commercial	281,951.5	756,517.5	1,094.2	49%
Chengdu Development Site Junction of East 2nd Ring Road and Shuangqing Road, Chenghua District, Chengdu, Sichuan Province, PRC	Residential and commercial	559,879.64	2,641,286.1	1,996.0	100%

The Qinghe Development Site

The Qinghe Development Site comprises a site located at Anningzhuang East Road, Haidian District, Beijing, PRC having a site area of about 281,951.5 sq.m. The Qinghe Development Site is located on the northern outskirts of the 5th Ring Road of Beijing.

The property is for a proposed development (known as Oak Bay) comprising apartments, retail shops, kindergarten, primary school, sports centre and basement car parks. The total GFA of the proposed development is about 756,517.5 sq.m. including the basement. The proposed development will be carried out in phases with Phase A1 currently under construction and the remaining phases currently in planning stage. The tentative full completion date of the proposed development is in 2010. CR Xin Zhen has paid RMB2,127.5 million of land premiums in respect of the Qinghe Development Site and has obtained land use rights certificate for a portion of the site with a total area of approximately 34,492.3 square metres with the land use rights certificate(s) for the remaining portion of the site to be obtained in around June 2007. An outstanding premium of about RMB450 million is payable to the government before June of 2007. Phase A1, involving total GFA of 83,759 sq.m. and 860 units, was launched for presale in early November and was fully sold out by now.

A 49% interest in the Qinghe Development Site was valued at RMB1,094,170,000 by the Valuer at 15th November, 2006.

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The Chengdu Development Site

The Chengdu Development Site comprises a site located at the junction of East 2nd Ring Road and Shuangqing Road, Chenghua District, Chengdu, Sichuan Province, PRC having a site area of about 559,879.64 sq.m. The Chengdu Development Site is located on the East of the city centre of Chengdu.

The property is for a proposed development (known as Twenty Four City) comprising residential, commercial, school, kindergarten, mart, ancillary and basement car parks. The total GFA of the proposed development is about 2,641,000 sq.m., including the basement. The proposed development will be carried out in phases and currently in planning stage. The tentative completion date of the entire proposed development is in 2018. Chengdu Development has paid land premium of RMB1,338.5 million in respect of portion of the site according to the payment scheme stated in the supplementary agreement to the State-owned Land Use transfer Contract No. Pai (Gua) Zhuan (2005) Zi Di 013-1 dated 4th January, 2006. An outstanding premium of about RMB830 million is payable to the government. The project is expected to be launched for presale by around mid 2007.

A 100% interest in the Chengdu Development Site was valued at RMB1,996,000,000.0 by the Valuer at 15th November, 2006.

IV. EVALUATION OF THE CONSIDERATION

The Purchase Price is approximately HK\$2,733.3 million, which has been arrived at after arm's length negotiations among the Parties and with reference to the adjusted net asset value of the Sales Group as at 15th November, 2006. As the principal assets of the Sales Group are the Properties, of which the Chengdu Development Site is a vacant development site with no income generated yet, and the Qinghe Development Site has only the initial phase launch for presale recently, we consider that the basis of determining the Purchase Price with reference to net assets to be appropriate. The aforesaid adjusted net asset value is based on the net asset value of the Sales Group which has been adjusted to reflect updated values of the Properties as valued by the Valuer as at 15th November, 2006.

(a) Valuation of the Properties

The interests in the Properties have been valued by the Valuer on 15th November, 2006 at an aggregate market value of RMB3,090.2 million. The text of the valuation letters and certificates in relation to the Properties as at 15th November, 2006 are set out in Appendix I to the Circular.

In assessing the Purchase Price, we have reviewed and discussed with the Valuer the methodology of, and basis and assumptions adopted for, the valuation of the Properties as contained in the independent valuation report. For the purpose of

LETTER FROM SOMERLEY LIMITED

the valuation, the Valuer has principally adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market, comparison based on market price levels of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighted by the Valuer against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value. The Valuer have also taken into consideration the development costs already spent and to be spent, to reflect the quality of the completed development. The methodology is, in our opinion, a reasonable approach in establishing the open market value of the Properties.

(b) Comparison with net assets

Pursuant to the Acquisition, the Company will acquire the entire equity of the Sales Group at the consideration of HK\$2,733,300,000 (approximately RMB2,761.8 million). The Purchase Price reflects a discount of approximately 11.9% to the Sales Group's adjusted net asset value as at 15th November, 2006 of approximately HK\$3,103.0 million (equivalent to approximately RMB3,135.3 million), which is composed of the following elements:

	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>RMB million</i>	<i>RMB million</i>
Unaudited net asset value of the Sales Group (based on the Management Accounts as of 15th November, 2006)		2,565.2		2,591.9
Less: Book value of the Properties	(2,520.5)		(2,546.8)	
Add: Professional valuation of the Properties by the Valuer	3,058.3		3,090.2	
 Increase in value of the Properties		537.8		543.4
 Adjusted net asset value of the Sales Group		3,103.0		3,135.3
Purchase Price		2,733.3		2,761.8
 Discount to adjusted net asset value of the Sales Group (as of 15th November, 2006)		369.7		373.5
		(or approximately 11.9%)		

The Purchase Price of HK\$2,733,300,000 (approximately RMB2,761.8 million) represents a discount of 11.9% to such adjusted net asset value. We are of the view that the adjusted net asset value, which has taken into account the adjustments shown in the table above, is an appropriate basis on which the Purchase Price should be evaluated. We consider that the Purchase Price at a discount to the Sales Group's adjusted fair market value is favourable to the Company.

LETTER FROM SOMERLEY LIMITED

(c) Method of funding

The Purchase Price is to be funded by:

- (i) cash in the amount of HK\$1,533,300,000, representing approximately 56.1% of the Purchase Price; and
- (ii) issuance of 186,104,218 new Shares at HK\$6.448 per Share upon Completion. The issue price represents the average of the closing prices of the Shares for the 10 CRL Trading Days immediately preceding the date of the Sale and Purchase Agreement.

(d) Form of consideration for the Acquisition

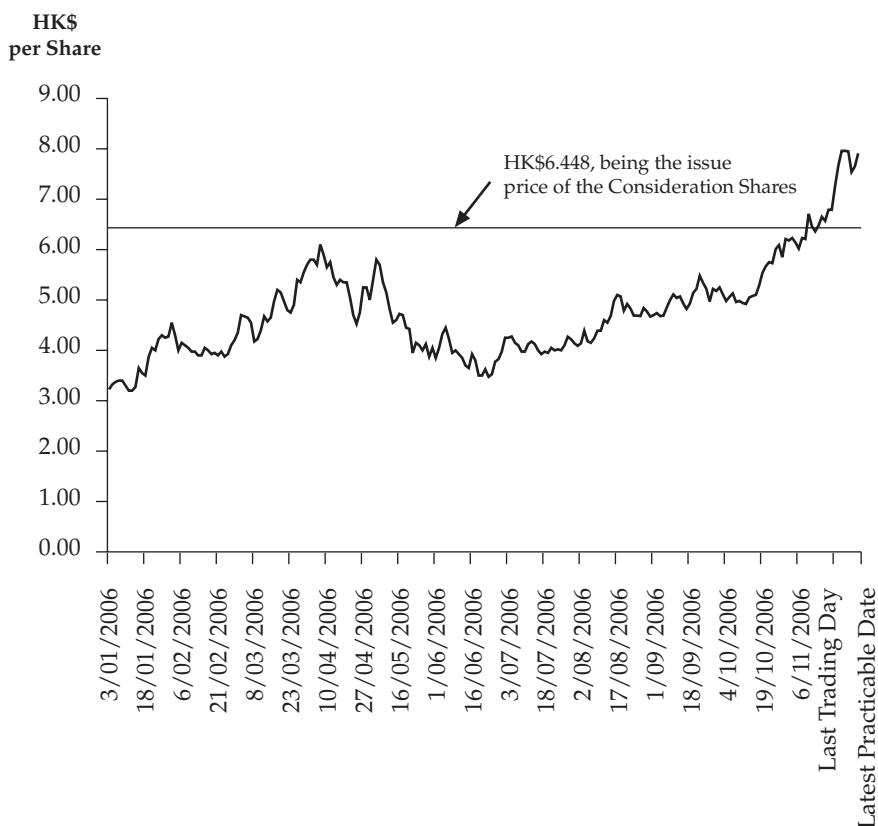
- (i) *Comparison of the issue price for the Consideration Shares with market prices*

The issue price of HK\$6.448 per Consideration Share represents:

- (1) a discount of approximately 5.0% to the closing price of the Shares of HK\$6.79 on 17th November, 2006, being the last CRL Trading Day immediately prior to the publication of the Announcement (the "Last Trading Day");
- (2) a discount of approximately 1.9% to the average of the closing prices of the Shares for the 5 CRL Trading Days ended on the Last Trading Day of HK\$6.57;
- (3) a premium of approximately 10.3% to the average of the closing prices of the Shares for the last 30 CRL Trading Days ended on the Last Trading Day of HK\$5.84; and
- (4) a discount of approximately 18.5% to the closing price of the Shares of HK\$7.91 as at the Latest Practicable Date.

LETTER FROM SOMERLEY LIMITED

The chart below shows the daily closing prices and trading volume of the Shares traded on the Stock Exchange from 3rd January, 2006 up to and including the Latest Practicable Date:



During the period from 3rd January, 2006 up to the Latest Practicable Date, the Shares were traded with closing prices in the range of HK\$3.20 per Share on 11 and 12 of January 2006 to HK\$7.96 per Share on 23 and 24 of November 2006, with an average of approximately HK\$4.77 per Share for the period. From the chart shown above, the issue price of the Consideration Shares, which was determined by reference to the recent average prices, represents a price towards the upper end of the range at which the Shares have traded.

(ii) *Comparison of the issue price for the Consideration Shares with published net asset value*

The issue price of HK\$6.448 per Consideration Share represents:

- (1) a premium of 120.8% to the latest published audited consolidated net assets of the Company of approximately HK\$2.92 per Share as at 31st December, 2005; and
- (2) a premium of approximately 110.4% from HK\$3.06, being the unaudited consolidated net asset value per Share as at 30th June, 2006.

LETTER FROM SOMERLEY LIMITED

The issue price of HK\$6.448 per New Share represents a premium of approximately 110.4% to the unaudited consolidated net asset value of HK\$3.06 per Share based on the unaudited balance sheet as at 30th June, 2006 published by the Listed Group. Based on unaudited net assets per Share of HK\$3.06, an issue price of HK\$6.448 is likely to enhance the net asset value per Share and accordingly is in the interest of the Shareholders.

Under the Listed Group's accounting policies, investment properties are held as fixed assets and are accounted for at market value, whereas development properties, which are treated as inventory and held as current assets, are accounted for at cost. Accordingly, any appreciation in the value of the development properties inventory compared to their cost has not been quantified. This factor is potentially important for the Listed Group as property inventories of HK\$7.5 billion account for approximately 36.5% of the Listed Group's total assets as at 30th June, 2006.

Based on recent equity research reports on the Company issued by four international securities firms (after the release of the Listed Group's 2006 interim results), market estimates of the attributable net asset value of the Shares significantly exceed the book value of HK\$3.06 as at 30th June, 2006, with the average of the range being approximately HK\$6.70. While such valuations principally represent such firms' estimate of the Listed Group's asset values based on market prices of the Listed Group's residential units sold, such estimates may include an element for the success of future development projects which is difficult to assess accurately. An issue price of HK\$6.448 per Consideration Share would represent a small discount of approximately 3.8% to the estimated underlying net assets. On the basis that the price at which the Purchase Price has been determined represents a 11.9% discount to the adjusted net asset value of the Sales Group, we consider it likely that the discount at which the Company is making the Acquisition should broadly offset any discount of the issue price of the Consideration Shares to the net asset value as estimated by the market and is favorable to the Company. Whilst our analysis principally relies on financial statements published by the Company, we consider the above research estimates provide a useful reference to the asset backing of the Shares.

(e) Dilution of Independent Shareholders' holdings

Approximately 43.9% of the Purchase Price will be satisfied by the allotment and issue of the Consideration Shares. This enables the Listed Group to make an acquisition of a very large land bank and at the same time limit the amount of initial cash outlay. However, the issue of the Consideration Shares will involve a dilution to the Independent Shareholders.

LETTER FROM SOMERLEY LIMITED

The following table illustrates the Company's shareholding changes as a result of the Acquisition:

Shareholders	Immediately before the Acquisition		Immediately after the Acquisition	
	Shares	%	Shares	%
CRH	2,042,406,263	65.11	2,228,510,481	67.07
Directors	8,962,000	0.29	8,962,000	0.27
Independent Shareholders	1,085,297,928	34.60	1,085,297,928	32.66
Total	<u>3,136,666,191</u>	<u>100.00</u>	<u>3,322,770,409</u>	<u>100.00</u>

Note: The Vendor is wholly-owned by CRH.

The interest of the existing Independent Shareholders will be diluted from approximately 34.60% to approximately 32.66% upon issue of the Consideration Shares. We consider the level of dilution to the existing Independent Shareholders to be relatively modest.

V. FINANCIAL EFFECTS OF THE ACQUISITION ON THE LISTED GROUP

(a) Net assets

After Completion, the net assets of the Listed Group can be expected to increase to the extent of the portion of the Purchase Price financed by the issue of the Consideration Shares. On a per share basis, the net asset value will increase from approximately HK\$3.06 as at 30th June, 2006 to approximately HK\$3.25 as a result of issue of the Consideration Shares. The improvement in the net assets of the Listed Group represents a benefit to the Company and the Shareholders as a whole.

	As at 30th June, 2006	Increased by the Consideration Shares	Total
Net assets (HK\$'000)	9,600,217	1,200,000	10,800,217
Number of Shares ('000)	3,135,774 ^(Note)	186,104	3,321,878
Net assets per Share	<u>HK\$3.06</u>	<u>HK\$6.448</u>	<u>HK\$3.25</u>

Note: Number of Shares in issue as at the Latest Practicable Date.

LETTER FROM SOMERLEY LIMITED

(b) Gearing

The Listed Group had net debts (being bank borrowings less cash and bank balances) as at 30th June, 2006 of approximately HK\$2.56 billion (the "June Balance"). Based on the June Balance, upon Completion, the payment of the Consideration Money will reduce the cash balance by approximately HK\$1.53 billion, thereby increasing net debts by the same amount to approximately HK\$4.09 billion. On the other hand, the issue of the Consideration Shares will increase equity of the Listed Group by HK\$1.2 billion. Accordingly, the gearing ratio of the combined Sales Group and the Listed Group would rise to approximately 37.9% from 26.6% based on the June Balance. Based on our review of a number of companies listed on the Stock Exchange with similar magnitude of operations (the "Comparable Companies"), such level of leverage is within the range of leverage for the Comparable Companies based on their latest published financial statements.

(c) Earnings

Following Completion, earnings of the Sales Group will be consolidated into the Listed Group. The principal assets of the Sales Group are represented by two pieces of land site, of which the first phase of the Qinghe Development Site is currently in stage of pre-sale while the Chengdu Development Site is still in stage of planning and design. Any turnover and income arising from the two projects will only be recognized in the financials of the Listed Group on "completion basis" according to the prevailing accounting standards, which is currently expected to be in 2007 and 2008 respectively. As a result, the Acquisition is not expected to contribute any earnings to the Listed Group immediately. Based on the management's information and expectations, all 860 units of the Qinghe Development Site were fully sold out involving a total GFA of 83,759 sq.m. in its presale for Phase A1 launched recently in early November at an average selling price exceeding RMB8,000 per sq.m. The Chengdu Development Site is currently in its planning and design stage and it is expected that pre-sale will be launched by mid-2007. Due to the above factors, evaluating earnings enhancement based on the historical financial results of the Sales Group will not be meaningful. The actual contribution to earnings from the Sales Group will depend on prices achieved for the units sold at their respective pre-sale.

(d) Cashflow

The cash portion of the Purchase Price will be financed by internal resources of the Listed Group. Based on the unaudited consolidated balance sheet as at 30th June, 2006, the Listed Group had cash and bank balances of approximately HK\$2.89 billion and net current assets of approximately HK\$6.66 billion. On the basis of the Listed Group's position as at 30th June, 2006, upon the completion of the Acquisition, the payment of the Consideration Money of approximately HK\$1.53 billion will reduce the cash and bank balances to approximately HK\$1.36 billion. As disclosed in the Announcement, the Listed Group will be responsible for the payment of the land premium in the amount of about RMB450 million to the government

LETTER FROM SOMERLEY LIMITED

before June 2007 for the Oak Bay Project whereas land premium in the amount of about RMB830 million will be payable to the government by December 2007 for the Twenty Four City Project. The unpaid land premium of the acquired entity is expected to be funded by internally generated cashflow and remaining available balance of HK\$2.5 billion in a syndicated loan which the Listed Group secured in early September 2006.

As discussed with the management of the Listed Group, although the Listed Group has recently acquired a number of property development sites, the management monitors and manages the cashflow of the Listed Group in a prudent manner taking into account the outlay for the development activities and timing of proceeds from pre-sale of units and having regard to the financing capability of the Listed Group. Taking into account the progress of sale of properties, the scheduled pre-sale of its development projects and the ability of the Listed Group to raise capital, the Listed Group's cashflow position will not be significantly adversely affected by the Acquisition.

VI. DISCUSSION AND CONCLUSION

The Listed Group has adopted a two tier strategy comprising (1) residential property development; and (2) holding of a premium investment property portfolio. The Listed Group has, in recent years, achieved success in selling units in its residential development projects. The Acquisition will enable the Listed Group to increase its land bank for future development in the familiar environment of Beijing and Chengdu.

The Acquisition includes (i) a 49% interest of CR Xin Zhen, which will increase the effective interest of the Company in the Qinghe Development Site from 46.88% to 95.88%, representing an increase in land bank of approximately 370,000 sq.m. in attributable GFA; and (ii) a 100% interest in Chengdu Development with a land bank of more than 2,641,000 sq.m. of GFA in Chengdu. The Acquisition will enhance the land bank of the Listed Group by approximately 50%, which we consider to be important for the Listed Group's ongoing development activities.

The Purchase Price has been calculated based on the net asset value of the Sales Group, adjusted for the independent valuation on the Properties, with a discount of approximately 11.9% applied to such net asset value. In our view, the basis of determining the Purchase Price is appropriate and applying such a discount on the professional valuation of properties injected by its parent is in the interests of the Company and the Shareholders.

The form of consideration is split by cash (56.1%) and the issue of the Consideration Shares (43.9%) to CRH. The issue price of the Consideration Shares of HK\$6.448 is close to the 10-day average price and is towards the top end of the trading range for 2006. It also reflects a significant premium of 110.4% to the unaudited consolidated net asset value of the Company at 30th June, 2006 of HK\$3.06. In calculating this net asset value, non-current assets are revalued to market, but land held as inventory in current assets is not. This may result in some under-statement of net assets per Share of the Company, the amount of

LETTER FROM SOMERLEY LIMITED

which is difficult to quantify or rely on as it depends partly on expectations of the future profitability of development projects. However, we believe the discount obtained by the Company on the Acquisition more than compensates for this factor.

The remaining portion of the Purchase Price (about 56.1%) will be satisfied by cash. The split of the Purchase Price by the cash and the issue of the Consideration Shares enables the Listed Group to strike a balance whereby dilution to the interest of Independent Shareholders can be reduced, while limiting the draw on the financial resources of the Listed Group, bearing in mind that the Listed Group will have to finance the future development of the two projects entirely. After the Acquisition, the aggregate interest of the Independent Shareholders will fall from approximately 34.60% to approximately 32.66%. However, we consider this is a relatively small dilution.

VII. RECOMMENDATION

Having taken into account the above factors and reasons, we consider that the terms of the Sale and Purchase Agreement are fair and reasonable in so far as the Independent Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole. We also consider the Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Listed Group.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
Jamie Cheung
Managing Director

CBRE

CB RICHARD ELLIS

世邦魏理仕

CB Richard Ellis Limited

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Estate Agent's Licence No: C-004065

4th December, 2006

The Directors
China Resources Land Limited
Room 4301, China Resources Building,
26 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

RE: PORTFOLIO OF PROPERTIES IN THE PEOPLE'S REPUBLIC OF CHINA

We refer to the instruction from China Resources Land Limited (hereinafter refer to the "Company") for us to carry out a valuation of the property interests held by Cosmart Resources Limited and its subsidiaries (hereinafter refer to the "Sales Group") which is beneficially owned by China Resources (Holdings) Company Limited in the People's Republic of China ("the PRC"), details of which are set out in the attached valuation certificates. We confirm that we have made relevant investigations and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the individual property interests as at 15th November, 2006 (the "date of valuation").

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities (the "Exchange Listing Rules") issued by the Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors ("HKIS").

Our valuation is made on the basis of Market Value which is defined by the HKIS to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

In forming our opinion of the value of the property interests in Group I, which are held by the Sales Group under development in the PRC, we have valued the property interests on the basis that the property will be developed and completed in accordance with the Sales Group's latest development schemes provided to us. We have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into consideration the development costs already spent and to be spent which are provided by the Sales Group, to reflect the quality of the completed development.

In valuing the property interests in Group II which are held by the Sales Group for future development, we have valued the property interests by the Direct Comparison Approach where comparison based on market price levels of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value.

Since the property in Group I has started the construction work in its Phase A1, we have added the construction cost and professional fee already incurred to the clear site value derived by direct comparison method to arrive at the capital value of the property in its existing state. For the property in Group II, we have valued it on clear site basis by using direct comparison method as no construction work has started yet.

Our valuation has been prepared in the capacity as "overseas consultants" and has been made on the assumption that the owner sells the properties on the open market without the benefit of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the properties.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting sale. Unless otherwise stated, it is assumed that the properties were free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have relied to a considerable extent on the information given by the Company and have accepted the advice given to us on such matters as tenure, planning approvals, statutory notices, easements, development scheme, site and floor area, floor plans, occupancy, tenancies and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by you, which are material to the valuation. We were also advised that no material factors have been omitted from the information supplied.

We have been provided with copies of the title documents relating to the properties, however due to the nature of the land registration system in the PRC, we cannot cause searches to be made on the title of the properties nor have we scrutinised all the original documents to verify ownership and encumbrances or to ascertain the subsequent amendments, if any, which may not appear on the copies handed to us.

In forming our value to the properties in the PRC, we have relied on the legal opinion provided by the Group's PRC legal advisor, Global Law Office (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

In our valuation, we have assumed that the Sales Group will make the outstanding payment to the relevant government authority and party, and the government and the former land owners will deliver the sites to the Sales Group according to the land grant contract.

We have carried out physical inspection of the Properties No. 1 and 2 on 11th October, 2006 and 9th October, 2006 respectively, and to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey nor any tests were made on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

We have not carried out site measurements to verify the correctness of the site area of the property and have assumed that the site area shown on the documents and official site plan handed to us is correct. During our inspection, we have not carried out investigations on the site to determine the suitability of the ground conditions and the services for any future development. Our valuation is on the basis that these aspects are satisfactory.

The property interests have been valued in Renminbi ("RMB").

We enclose herewith a summary of valuation and our valuation certificates.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited
Harry C. W. Chan
MHKIS MRICS MCIREA RPS(GP)
Senior Director
Valuation & Advisory Services

Note: Mr. Harry Chan is a Registered Professional Surveyor (General Practice), a member of the Hong Kong Institute of Surveyors, a member of Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents. He has over 14 years valuation experience in the PRC.

SUMMARY OF VALUES

Property	Capital value in existing state as at 15th November, 2006 (RMB)	Interest attributable to the Sales Group (%)	Capital value in existing state attributable to the Sales Group as at 15th November, 2006 (RMB)
Group I – Property interests held by the Sales Group under development			
1. A Development Site for Oak Bay at Anningzhuang East Road, Haidian District, Beijing, the PRC.	2,233,000,000	49%	1,094,170,000
Group II – Property interests held by the Sales Group for future development			
2. A Development Site at the junction of East 2nd Ring Road and Shuangqing Road, Chenghua District, Chengdu, Sichuan Province, the PRC.	1,996,000,000	100%	1,996,000,000
GRAND TOTAL:	4,229,000,000		<u><u>3,090,170,000</u></u>

VALUATION CERTIFICATE

Group I – Property interests held by the Sales Group under development

Property	Description and tenure	Details of occupancy	Capital value in the existing state as at 15th November, 2006												
1. A Development Site for Oak Bay at Anningzhuang East Road, Haidian District, Beijing, the PRC.	<p>The property comprises a development site (“the Site”) having a site area of about 281,951.5 square metres.</p> <p>The property is for a proposed development (known as Oak Bay) comprising apartment, retail shops, kindergarten, primary school, sports centre and basement car parks.</p> <p>The gross floor area of the proposed development is about 756,517.5 square metres including carpark basements with total gross floor area of approximately 81,240 sq.m. Below is floor area breakdown by uses.</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approx. Gross Floor Area (m²)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>558,243.0</td> </tr> <tr> <td>Commercial</td> <td>94,614.6</td> </tr> <tr> <td>Composite</td> <td>22,420.0</td> </tr> <tr> <td>Carpark basements</td> <td>81,240.0</td> </tr> <tr> <td>Total:</td> <td><u>756,517.5</u></td> </tr> </tbody> </table> <p>The proposed development will be developed in phases with Phase A1 under construction and remaining phases currently in planning stage. The tentative completion date of the proposed development is in September 2010.</p> <p>A portion of the Site is held under a State-owned Land Use Rights Certificate for a term expiring on 22nd September, 2075 for residential use and 22nd September, 2055 for composite use and car park uses.</p>	Use	Approx. Gross Floor Area (m ²)	Apartment	558,243.0	Commercial	94,614.6	Composite	22,420.0	Carpark basements	81,240.0	Total:	<u>756,517.5</u>	<p>Upon our inspection on 11th October, 2006, construction work of Phase A1 is in progress whilst the remaining portion of the property is occupied by the former land user as industrial uses and will be handedover to the Sales Group upon demolition of the factories in 2007.</p>	<p>RMB2,233,000,000</p> <p>49% interest attributable to the Sales Group: RMB1,094,170,000</p>
Use	Approx. Gross Floor Area (m ²)														
Apartment	558,243.0														
Commercial	94,614.6														
Composite	22,420.0														
Carpark basements	81,240.0														
Total:	<u>756,517.5</u>														

Notes:

1. In accordance to the State-owned Land Use Right Grant Contract No. Jing Di Chu He Zi (2005) 0448 (京地出[合]字(2005)第0448號) dated 23rd September, 2005 entered into between Beijing Municipal Bureau of State Land and Resources and Beijing China Resources Xin Zhen Property Co., Ltd (北京華潤新鎮置業有限責任公司), the use and development of the site, in which the property is located therein, are subject to, inter alia, the following major terms and conditions:

Lot No.	:	H-6, H-8, H-10, H-12, H-16, H-17, H-20 and H-22
Land Area	:	285,048.6 sq.m.
Land Use	:	Residential, Commercial and Composite
Land Use Term	:	70 years for residential use commencing from 23rd September, 2005 to 22nd September, 2075;
		40 years for commercial use commencing from 23rd September, 2005 to 22nd September, 2045;
		50 years for composite use commencing from 23rd September, 2005 to 22nd September, 2055;
Land Grant Fee	:	RMB1,164,972,000
Relocation Cost	:	RMB1,400,028,000

2. In accordance to the supplementary agreement to the State-owned Land Use Grant Contract No. Jing Di Chu He Zi (2005) 0448 (京地出[合]字(2005)第0448號) dated 28th July, 2006 entered into between Beijing Municipal Bureau of State Land and Resources and Beijing China Resources Xin Zhen Property Co., Ltd (北京華潤新鎮置業有限責任公司), the major terms and conditions are set out as follows:

Lot No. : H-6, H-8, H-10, H-12, H-16, H-17, H-20 and H-22

Amendment in
Site Area and

Gross Floor Area : Site Area: 281,951.5 sq.m.

Gross Floor Area: 756,517.5 sq.m.

Above Ground: 675,277.5 sq.m.

Below Ground: 81,240 sq.m.

Additional Land

Grant Fee : RMB12,566,492

3. In accordance with the State-owned Land Use Certificate No. Jing Hai Guo Yong (2006 Chu Rang) 3862 (京海國用(2006出讓)第3862號) dated 25th September, 2006, the owner of the property having a site area of approximately 34,492.3 sq.m. for residential/composite and basement carpark uses is Beijing China Resources Xin Zhen Property Co., Ltd (北京華潤新鎮置業有限責任公司). The land use right of the property is for a term expiring on 22nd September, 2075 for residential use, and 22nd September, 2055 for composite and basement carpark use.

4. The status of the title and grant of major approvals and licences, in accordance with the information provided to us, is as follows:
- | | |
|--|-------------------------------------|
| State-owned Land Use Right Grant Contracts | Yes |
| State-owned Land Use Certificates | Part |
| Realty Title Certificates | Not yet to the stage of application |
| Construction Land Use Planning Permits | Yes |
| Construction Works Planning Permits | Part |
| Construction Works Commencement Permits | Part |
| Business Licence | Yes |
5. According to the information provided, an outstanding relocation cost at a sum of approximately RMB450 million (excluding deed tax) is payable by the Sales Group. Our valuation has taken into account this outstanding amount.
6. Deed tax of amount RMB77.327 million has been paid by the Sales Group to the government. This amount is not included in our valuation.
7. As advised by the Sales Group, the incurred construction cost together with professional fee as at the date of valuation is approximately RMB38.8 million. In our valuation, we have taken into account this amount in the capital value of the property.
8. The estimated construction cost budget for the whole development is about RMB1.6 billion.
9. The estimated capital value of the property after completion is about RMB6.43 billion.
10. The current use of the property is in compliance with the town planning use.
11. The opinion of the legal adviser on the PRC laws states that:
- (i) The State-owned Land Use Right Grant Contract and the supplementary agreement to the State-owned Land Use Grant Contract are legal, valid and legally binding on both parties.
 - (ii) Beijing China Resources Xin Zhen Property Co., Ltd has paid the land premium in respect of the portion of the Site in full and pursuant to the State-owned Land Use Rights Certificate No. Jing Hai Guo Yong (2006 Chu Rang) 3862, the Sales Group has the right to occupy, use, transfer, lease and mortgage that portion.
 - (iii) Beijing China Resources Xin Zhen Property Co., Ltd has obtained the Construction Works Planning Permit and the Construction Works Commencement Permit for the construction of floor area of about 119,079 sq.m. There is no legal impediment to obtain the Realty Title Certificate after this portion is completed.
 - (iv) Under normal government administration procedure, Land Use Certificate will be issued upon land premium fully settled; Construction Works Planning Permits will be issued upon approval of the development scheme; Construction Works Commencement Permits will be obtained upon building drawings in place. Nevertheless, there is no prescribed timeframe under relevant PRC laws and regulations upon which the government or relevant authorities shall issue the relevant certificates or approvals to the Sales Group upon their fulfillment of the above obligations.
12. There is no qualification of the PRC legal opinion.

VALUATION CERTIFICATE

Group II – Property interests held by the Sales Group for future development

Property	Description and tenure	Details of occupancy	Capital value in the existing state as at 15th November, 2006																		
2. A Development Site at the junction of East 2nd Ring Road and Shuangqing Road, Chenghua District, Chengdu, Sichuan Province, the PRC.	<p>The property comprises a development site (“the Site”) having a site area of about 559,879.64 square metres.</p> <p>The property is for a proposed development (known as Twenty Four City) comprising residential, commercial, school, kindergarten, mart, ancillary and basement car parks.</p> <p>The gross floor area of the proposed development is about 2,641,286 square metres including carpark basements and bomb shelter of gross floor area of about 538,425 square metres. Below is floor area breakdown by uses.</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approx. Gross Floor Area (m²)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>1,862,307.8</td> </tr> <tr> <td>Commercial</td> <td>184,389.0</td> </tr> <tr> <td>School</td> <td>15,540.6</td> </tr> <tr> <td>Kindergarten</td> <td>6,388.6</td> </tr> <tr> <td>Mart</td> <td>15,976.0</td> </tr> <tr> <td>Ancillary facilities</td> <td>18,259.1</td> </tr> <tr> <td>Carpark basements</td> <td>538,425.0</td> </tr> <tr> <td>Total:</td> <td><u>2,641,286.1</u></td> </tr> </tbody> </table> <p>The proposed development is currently in planning stage and will be developed into phases. The tentative completion date for the proposed development is in 2018.</p> <p>The property is held for a land use term for a term of 70 years for residential, 50 years for education and 40 years for commercial uses.</p>	Use	Approx. Gross Floor Area (m ²)	Residential	1,862,307.8	Commercial	184,389.0	School	15,540.6	Kindergarten	6,388.6	Mart	15,976.0	Ancillary facilities	18,259.1	Carpark basements	538,425.0	Total:	<u>2,641,286.1</u>	<p>Upon our inspection on 9th October, 2006 Phase I of the subject land was fenced with boundary brick walls whilst the remaining portion of the property is currently occupied by the former land user as industrial uses and will be handovered to the Sales Group upon demolition of all factory buildings during the period of 2007 and 2008.</p>	<p>RMB1,996,000,000</p> <p>100% interest attributable to the Sales Group: RMB1,996,000,000</p>
Use	Approx. Gross Floor Area (m ²)																				
Residential	1,862,307.8																				
Commercial	184,389.0																				
School	15,540.6																				
Kindergarten	6,388.6																				
Mart	15,976.0																				
Ancillary facilities	18,259.1																				
Carpark basements	538,425.0																				
Total:	<u>2,641,286.1</u>																				

Notes:

1. In accordance to the State-owned Land Use Right Transfer Contract No. Pai(Gua) Zhuan(2005) Zi Di 013 dated 6th December, 2005 entered into between Chengdu Motor (Group) Company Limited (成都發動機(集團)有限公司) (the Grantor) and Kennex Enterprises Limited (建益企業有限公司) (the Grantee), the use and development of the site are subject to, inter alia, the following major terms and conditions:

Land Area	:	559,879.64 sq.m.
Land Use	:	Residential, commercial, education, mart, ancillary facilities
Land Use Term	:	70 years for residential use, 40 years for commercial use, 50 years for education uses.
Plot Ratio	:	1.8 for medium-rise residential use, 4 for high-rise residential use, 3 for medium-rise commercial use, 4 for high-rise commercial use, 1.8 for ancillary use, 0.8 for elementary school use, 0.6 for kindergarten use, 2.0 for mart use
Land Premium	:	RMB2,141,539,470
Additional Lots	:	The Grantee will obtain the land use rights of two additional lots with a site area of 6,267.07 sq.m. at a consideration of RMB2,550,000 per mu when finishing all demolition works in the area.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Chengdu Motor (Group) Company Limited is independent of and not connected with the Company or any of its connected persons.

2. In accordance to the supplementary agreement to the State-owned Land Use Transfer Contract No. Pai(Gua) Zhuan(2005) Zi Di 013-1 dated 4th January, 2006 entered into between Chengdu Motor (Group) Company Limited (Party A) and China Resources Land (Chengdu) Development Company Limited (華潤置地(成都)發展有限公司) (Party B), all rights and obligations of Kennex Enterprises Limited were transferred to Party B.
3. In accordance to the supplementary agreement to the State-owned Land Use Transfer Contract dated 10th January, 2006 entered into between Chengdu Bureau of State Land and Resources (Party A) and Chengdu Motor (Group) Company Limited, Chengdu Kelong Refrigerator Company Limited (成都科龍冰箱有限公司), Chengdu Xinxing Electrical Appliance Company Limited (成都新星電器股份有限公司) (Party B) and China Resources Land (Chengdu) Development Company Limited (華潤置地(成都)發展有限公司) (Party C), the major terms and conditions are set out as follows:

Grantee	:	Grantee was changed from Kennex Enterprises Limited to China Resources Land (Chengdu) Development Company Limited (華潤置地(成都)發展有限公司)
Land Area	:	559,879.64 sq.m.
Land Use Term	:	70 years for residential use, 40 years for commercial use, 50 years for education use.
Additional Land Premium	:	Party B paid RMB107,076,446 to Party A for changing land use from industrial to residential, commercial, education, mart, ancillary facilities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Chengdu Motor (Group) Company Limited, Chengdu Kelong Refrigerator Company Limited and Chengdu Xinxing Electrical Appliance Company Limited are independent of and not connected with the Company or any of its connected persons.

4. As advised, an outstanding premium of about RMB830.3 million (excluding the deed tax) is payable to the government. In our valuation, we have taken into account the outstanding premium amount.
5. Deed tax of an amount RMB13.77 million has been paid by the Sales Group to the government. This amount is not included in our valuation.
6. In respect of the two additional lots with a site area of 6,267.07 sq.m., the Sales Group has the right of acquisition at a consideration of RMB2,550,000 per mu when finishing all demolition works in the area. The estimated clear site value of the two additional lots as at the date of valuation is RMB33.9 million provided that the premium in acquiring these lots have been fully paid.
7. The opinion of the legal adviser on the PRC laws states that:
 - (i) The State-owned Land Use Right Transfer Contract and the supplementary agreement to the State-owned Land Use Transfer Contract are legal, valid and legally binding on both parties.
 - (ii) The Sales Group has paid the land premium partly in respect of the Site according to payment scheme stated in supplementary agreement to the State-owned Land Use Transfer Contract No. Pai (Gua) Zhuan(2005) Zi Di 013-1 dated 4th January, 2006.
 - (iii) Although China Resources Land (Chengdu) Development Company Limited has to go through the government administrative procedure to obtain relevant legal documents, there is no legal impediment to obtain the land use rights of the subject land after the full payment of land premium by China Resources Land (Chengdu) Development Company Limited.
 - (iv) China Resources Land (Chengdu) Development Company Limited is applying for the issuance of the State-owned Land Use Rights Certificate for a portion of the Site that had been handed over from Chengdu Motor (Group) Company Limited with an area of approximately 140,000.7 sq.m. (210 mu). China Resources Land (Chengdu) Development Company Limited has the right to occupy that portion of the Site.
 - (v) China Resources Land (Chengdu) Development Company Limited has not started the construction works at current stage. The Sales Group can have the development on the Site after obtaining the Construction Works Commencement Permit.
 - (vi) According to the State-owned Land Use Right Transfer Contract, the Chengdu Bureau State-owned Land and Resources will not grant the land use rights of the two aforesaid additional lots with a site area of approximately 6,267.07 sq.m. (9.4006 mu) to the third parties. China Resources Land (Chengdu) Development Company Limited has the right to obtain the land use rights of that two lots when finishing all demolition works in the area.
8. There is no qualification of the PRC legal opinion.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company is HK\$500,000,000 and HK\$313,666,619 respectively, comprising 5,000,000,000 Shares and 3,136,666,191 Shares respectively.

3. DISCLOSURE OF INTERESTS

- a. As at the Latest Practicable Date, the interests and the short positions (within the meaning of the SFO) of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

i Interest in the Shares and underlying Shares of the Company

Name	Long position/ short position	Number of Shares	Number of underlying Shares ⁽¹⁾	Capacity	Approximate percentage of interest ⁽²⁾
Song Lin	Long position	-	900,000	Beneficial owner	0.029
Wang Yin	Long position	5,230,000	-	Beneficial owner	0.167
Jiang Wei	Long position	892,000	-	Beneficial owner	0.028
Yan Biao	Long position	2,400,000	-	Beneficial owner	0.077
Liu Yan Jie	Long position	300,000	500,000	Beneficial owner	0.026
Xie Sheng Xi	Long position	140,000	500,000	Beneficial owner	0.020

Notes:

1. These refer to underlying Shares of share options granted pursuant to the share option schemes of the Company. Details are as follows:

Name	Capacity	Date of grant	Exercise Price	Number of Share option ⁽¹⁾						Option outstanding at the Latest Practicable Date	Price of Company's Share ⁽²⁾	
				Option outstanding at 1/1/2006	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	HK\$ For option granted		HK\$ For option exercised	
Song Lin	Beneficial Owner	1/6/2005	1.23	900,000	-	-	-	-	900,000	-	-	
Wang Yin	Beneficial Owner	1/3/2002	1.61	4,800,000	-	4,800,000	-	-	-	-	6.1	
		28/4/2004	1.04	3,500,000	-	3,500,000	-	-	-	-	6.1	
Jiang Wei	Beneficial Owner	4/3/2002	1.59	720,000	-	720,000	-	-	-	-	6.1	
		1/6/2005	1.23	700,000	-	700,000	-	-	-	-	6.1	
Yan Biao	Beneficial Owner	27/6/1997	4.592	2,300,000	-	2,300,000	-	-	-	-	6.1	
		20/7/2000	0.99	2,400,000	-	2,400,000	-	-	-	-	6.1	
		2/6/2005	1.27	700,000	-	700,000	-	-	-	-	6.1	
Liu Yan Jie	Beneficial Owner	4/3/2002	1.59	500,000	-	500,000	-	-	-	-	6.1	
		1/6/2005	1.23	500,000	-	-	-	-	500,000	-	-	
Xie Sheng Xi	Beneficial Owner	4/3/2002	1.59	200,000	-	200,000	-	-	-	-	3.9	
		1/6/2005	1.23	500,000	-	-	-	-	500,000	-	-	

Notes:

- (1) Number of Share options refers to the number of underlying Shares in the Company covered by the Share options.
- (2) The price of the Company's Share disclosed for options granted is the closing price quoted on the Stock Exchange on the trading day immediately before the date of the grant of the respective options. The price for the Company's Share disclosed for the options exercised during the year is the weighted average of the closing prices quoted on the Stock Exchange immediately before the date of exercise of options.
2. This represents the percentage of the aggregate long positions in Shares and underlying Shares of the Company to the total issued share capital of the Company as at the Latest Practicable Date.

ii. *Interest in the issued ordinary shares and underlying shares of China Resources Enterprise Limited (“CRE”), an associated corporation of the Company*

Name	Long position/ short position	Number of shares	Number of underlying shares	Approximate percentage of interest ^{*(1)}
Song Lin	Long position	1,842,000		0.078
Wang Yin	Long position	28,000	–	0.001
Jiang Wei	Long position	240,000	–	0.010
Yan Biao	Long position	2,600,000	–	0.111
Xie Sheng Xi	Long position	180,000	–	0.008

* By virtue of Section 344 of the SFO, Mr. Song Lin is deemed to be interested in 42,000 ordinary shares of CRE held by his spouse.

1. This represents the percentage of the aggregate long positions in shares and underlying shares of CRE to the total issued share capital of the CRE as at the Latest Practicable Date.

iii. *Interest in the issued ordinary shares and underlying shares of China Resources Logic Limited (“CR Logic”), an associated corporation of the Company*

Name	Long position/ short position	Number of shares	Number of underlying shares ⁽¹⁾	Approximate percentage of interest ⁽²⁾
Song Lin	Long position	3,600,000	8,900,000	0.452
Wang Yin	Long position	300,000	–	0.011
Jiang Wei	Long position	–	720,000	0.026
Yan Biao	Long position	–	6,000,000	0.217
Liu Yan Jie	Long position	–	510,000	0.018
Xie Sheng Xi	Long position	–	450,000	0.016

Notes:

1. These refer to underlying shares of share options granted pursuant to the share option schemes of CR Logic. Details are as follows:

Name	Capacity	Date of grant	Exercise Price HK\$	Option outstanding at the Latest Practicable Date
Song Lin	Beneficial owner	21/9/2000 ⁽¹⁾	0.59	6,900,000
		13/1/2004 ⁽¹⁾	0.906	2,000,000
Jiang Wei	Beneficial owner	9/4/2002 ⁽²⁾	0.82	720,000
Yan Biao	Beneficial owner	4/12/2001 ⁽¹⁾	0.79	6,000,000
Liu Yan Jie	Beneficial owner	9/4/2002 ⁽²⁾	0.82	510,000
Xie Sheng Xi	Beneficial owner	9/4/2002 ⁽²⁾	0.82	450,000

Notes:

- (1) Options are exercised within a period of ten years from the date of grant of the relevant options.
- (2) Options are exercisable in 4 tranches of 25% each from 9th April, 2002, 1st January, 2003, 2004 and 2005 to 8th April, 2012
- (3) Consideration for each of the grants mentioned above is HK\$1.00.
2. This represents the percentage of the aggregate long positions in shares and underlying shares of CR Logic to the total issued share capital of the CR Logic as at the Latest Practicable Date.

iv. Interest in the issued ordinary shares and underlying shares of China Resources Power Holdings Company Limited ("CR Power"), an associated corporation of the Company

Name	Long position/ short position	Number of shares	Number of underlying shares ⁽¹⁾	Approximate percentage of interest ⁽²⁾
Song Lin	Long position	–	2,900,000	0.076
Wang Yin	Long position	–	1,100,000	0.029
Jiang Wei	Long position	–	1,600,000	0.042
Yan Biao	Long position	–	1,000,000	0.026
Liu Yan Jie	Long position	–	550,000	0.014
Xie Sheng Xi	Long position	–	700,000	0.018

Notes:

1. These refer to underlying shares of share options granted pursuant to the share option schemes of CR Power. Details are as follows:

Name	Capacity	Date of grant	Exercise Price HK\$	Option outstanding at the Latest Practicable Date
Song Lin	Beneficial owner	12/11/2003 ⁽¹⁾	2.8	2,000,000
		18/3/2005 ⁽²⁾	3.99	900,000
Wang Yin	Beneficial owner	12/11/2003 ⁽¹⁾	2.8	600,000
		18/3/2005 ⁽²⁾	3.99	500,000
Jiang Wei	Beneficial owner	12/11/2003 ⁽¹⁾	2.8	1,000,000
		18/3/2005 ⁽²⁾	3.99	600,000
Yan Biao	Beneficial owner	12/11/2003 ⁽¹⁾	2.8	600,000
		18/3/2005 ⁽²⁾	3.99	400,000
Liu Yan Jie	Beneficial owner	12/11/2003 ⁽¹⁾	2.8	250,000
		18/3/2005 ⁽²⁾	3.99	300,000
Xie Sheng Xi	Beneficial owner	12/11/2003 ⁽¹⁾	2.8	400,000
		18/3/2005 ⁽²⁾	3.99	300,000

Notes:

- (1) Options are exercisable in 5 tranches of 20% each, from 6th October, 2004, 2005, 2006, 2007 and 2008 to 5th October, 2013.
 - (2) Options are exercisable in 5 tranches of 20% each, from 18th March, 2006, 2007, 2008, 2009 and 2010 to 17th March, 2015.
 - (3) Consideration for each of the grants mentioned above is HK\$1.00.
2. This represents the percentage of the aggregate long positions in shares and underlying shares of CR Power to the total issued share capital of the CR Power as at the Latest Practicable Date.

Save as disclosed in this circular, as at the Latest Practicable Date, none of our Directors or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

- b. As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31st December, 2005 (being the date to which the latest published audited consolidated accounts of the Listed Group were made up) been acquired or disposed of by or leased to or by the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to or by the Company or any of its subsidiaries.
- c. As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries, which was subsisting and was significant in relation to the business of the Listed Group.
- d. None of the Directors has any service contracts with the Company or any of its subsidiaries which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).
- e. As at the Latest Practicable Date, the Directors were not aware that any of the Directors or their respective associates has interest in any business, apart from the Listed Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Listed Group which falls to be disclosed under the Listing Rules.

4. SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value

of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Listed Group:

Name of shareholder	Capacity	Nature of interest	Number of Shares	Percentage of the aggregate long position in Shares to the issued share capital of the Company as at the Latest Practicable Date
Finetex International Limited ("Finetex") ⁽¹⁾	Beneficial owner	Beneficial interest	661,500,000	21.09
China Resources (Holdings) Company Limited ("CRH") ⁽¹⁾	Beneficial owner	Beneficial interest	125,300,000	3.99
Gain Ahead Group Limited ("Gain Ahead")	Beneficial owner	Beneficial interest	1,255,606,263	40.03
China Resources (Holdings) Company Limited ⁽¹⁾	Controlled company's interest	Corporate interest	2,042,406,263	65.11
CRC Bluesky Limited ("Bluesky") ⁽¹⁾	Controlled company's interest	Corporate interest	2,042,406,263	65.11
China Resources Co., Limited ("CRC") ⁽¹⁾	Controlled company's interest	Corporate interest	2,042,406,263	65.11
China Resources National Corporation ("CRNC") ⁽¹⁾	Controlled company's interest	Corporate interest	2,042,406,263	65.11
Value Partners Limited ⁽²⁾	Investment Manager	Others interest	188,208,000	6.00
Cheah Cheng Hye ⁽²⁾	Controlled company's interest	Corporate interest	188,208,000	6.00

Notes:

- (1) 661,500,000 Shares and 1,255,606,263 Shares are directly held by Finetex and Gain Ahead respectively, CRH is the sole shareholder of Finetex and Gain Ahead. Moreover, 125,300,000 Shares are directly held by CRH, which is a 100% subsidiary of Bluesky, which is in turn owned as to 100% by CRC, which is in turn held as to 99.98% by CRNC. Thus, CRH, Bluesky, CRC and CRNC are deemed to be interested in an aggregate of 2,042,406,263 Shares.
- (2) Value Partners Limited was interested in 188,208,000 Shares in the capacity of investment manager. Mr. Cheah Cheng Hye held 32.77% of the issued share capital of Value Partners Limited and was deemed to have corporate interest in 188,208,000 Shares.

Save as aforesaid, as at the Latest Practicable Date, no other person had any interest in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company under section 336 of the SFO.

5. QUALIFICATION AND CONSENT OF EXPERTS

Somerley, the independent financial adviser, is a corporation licensed to carry on types 1, 4, 6 and 9 regulated activities under the SFO. CB Richard Ellis, the Valuer, is the independent property valuer.

Each of Somerley and the Valuer has given and has not withdrawn its written consent to the issue of this circular with copies of its letter and the references to its name included herein in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of Somerley and the Valuer is not interested in any Share or share in any member of the Listed Group, nor does it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Listed Group. As at the Latest Practicable Date, none of the aforesaid parties had any direct or indirect interests in any assets which have since 31st December, 2005 (being the date to which the latest published audited consolidated accounts of the Listed Group were made up) been acquired or disposed of by or leased to or by the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by or leased to or by the Company or any of its subsidiaries.

6. PROCEDURE FOR DEMANDING A POLL AT THE EGM

In accordance with the articles of association of the Company, a poll may be demanded at the EGM by:

- a. the Chairman of the EGM; or
- b. at least three members present in person or by proxy entitled to vote at the EGM; or
- c. any member or members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the EGM; or
- d. a member or members present in person or by proxy and holding Shares conferring a right to attend and vote at the EGM on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

7. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31st December, 2005, being the date of the latest published audited financial statements of the Company.

9. GENERAL

- a. The registered office of the Company is Ugland House, South Church Street, Post Office Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies. The head office of the Company is at Room 4301, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- b. The secretary of the Company is Mr. Lee Yip Wah, Peter who is a practicing solicitor in Hong Kong and a consultant of Woo, Kwan, Lee & Lo.
- c. The qualified accountant of the Company is Mr. Raymond Woo Kar Tung who is a fellow of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.
- d. The branch share registrar of the Company is Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- e. The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (public holidays excepted) at the head office of the Company at Room 4301, 43rd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong up to and including, 18th December, 2006 and at the EGM:

- a. the Sale and Purchase Agreement;
- b. letter from the Board as sets out on pages 6 to 19 to this circular;
- c. letter from the Independent Board Committee as set out on page 20 to this circular;
- d. the letter from Somerley Limited to the Independent Board Committee and the Independent Shareholders as set out on pages 21 to 36 of this circular;
- e. the property valuation report from the Valuer as set out on pages 37 to 46 of this circular; and
- f. the written consents referred to in paragraph 5 of this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



華潤置地有限公司

China Resources Land Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Resources Land Limited (the “Company”) will be held at 50th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on 20th December, 2006 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution:

AS ORDINARY RESOLUTION

“THAT:

- (a) the conditional sale and purchase agreement (the “Sale and Purchase Agreement”) dated 20th November, 2006 entered into between Finetex International Limited (the “Vendor”), China Resources (Holdings) Company Limited (the “Guarantor”) and Strong Foundation Developments Limited (the “Purchaser”) (a copy of which is produced to the meeting marked “A” and signed by the chairman of the meeting for the purposes of identification) in relation to, among other matters, the Acquisition (as defined in the circular (the “Circular”) of the Company to its shareholders dated 4th December, 2006) (a copy of the Circular is produced to the meeting marked “B” and signed by the chairman of the meeting for the purposes of identification) be and is hereby approved in all respects and all the transactions contemplated thereby including but not limited to the allotment and issue to the Vendor (or as it may direct) of 186,104,218 ordinary shares of HK\$0.10 each in the capital of the Company at the issue price of HK\$6.448 each credited as fully paid up and ranking pari passu with the existing issued shares of the Company (the “Consideration Shares”) to the Vendor (or as it may direct) and the payment of the Consideration Money (as defined in the Circular) to the Vendor (or as it may direct) pursuant to the Sale and Purchase Agreement be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Directors be and are hereby authorised to sign, execute, perfect and deliver all such documents and deeds, and do all such actions which are in their opinion necessary, appropriate, desirable or expedient for the implementation and completion of the Sale and Purchase Agreement, the allotment and issue of the Consideration Shares to the Vendor (or as it may direct), the payment of the Consideration Money, all other transactions contemplated under or incidental to the Sale and Purchase Agreement and all other matters incidental thereto or in connection therewith and to agree to the variation and waiver of any of the matters relating thereto that are, in the opinion of the Directors, appropriate, desirable or expedient in the context of the Acquisition and are in the best interests of the Company.”

By Order of the Board
Lee Yip Wah, Peter
Company Secretary

Hong Kong, 4th December, 2006

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy needs not be a member of the Company.
2. In order to be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at Standard Registrars Limited, the branch share registrar of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.