首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

2006 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue was RMB2,039,352,000 (2005: RMB1,134,769,000).
- Operating profit was RMB362,203,000 (2005: RMB276,627,000).
- Profit attributable to equity holders was RMB266,009,000 (2005: RMB211,505,000).
- Basic earnings per share was RMB15.05 cents (2005: RMB12.39 cents).
- The Board of Directors recommended the payment of a final dividend of RMB6 cents per share (2005: RMB5 cents per share).

The Board of Directors (the "Board") of Beijing Capital Land Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2006 (the "Year").

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31st December 2006 *RMB'000*	2005 *RMB'000*
Revenue	2	**2,039,352**	1,134,769
Cost of sales	4	**(1,794,445)**	(875,005)
Gross profit		**244,907**	259,764
Other gains — net	3	**189,118**	72,669
Interest income		**70,467**	72,776
Selling and marketing costs	4	**(55,164)**	(24,254)
Administrative expenses	4	**(87,125)**	(104,328)
Operating profit		**362,203**	276,627
Finance costs	5	**(190,205)**	(148,571)
Share of profit less losses of:			
— jointly controlled entities		**32,483**	15,036
— associates		**42,318**	87,467
Profit before income tax		**246,799**	230,559
Income tax expenses	6	**(10,440)**	(38,242)
Profit for the year		**236,359**	192,317
Attributable to:			
Equity holders of the Company		**266,009**	211,505
Minority interests		**(29,650)**	(19,188)
		236,359	192,317
Earnings per share for profit attributable to the equity holders of the Company during the year (basic and diluted) (RMB cents)	7	**15.05**	12.39
Dividends	8	**121,678**	85,798

CONSOLIDATED BALANCE SHEET

	Note	As at 31st December 2006 *RMB'000*	2005 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,544,401**	1,619,465
Land use rights		**1,286,925**	794,105
Properties under development		**1,791,733**	1,691,846
Jointly controlled entities		**222,890**	153,448
Associates		**249,639**	291,792
Available-for-sale financial assets		**252,052**	20,736
Deferred income tax assets		**91,827**	59,586
Trade and other receivables	10	**—**	211,666
		5,439,467	4,842,644
Current assets			
Inventories		**17,172**	13,687
Properties held for sale		**304,895**	222,741
Properties under development for sale		**3,207,803**	1,295,865
Trade and other receivables	10	**2,593,767**	1,766,838
Amount due from a promoter		**55,650**	27,470
Restricted bank deposits		**61,274**	25,250
Cash and bank balances		**3,706,833**	1,864,284
		9,947,394	5,216,135
Total assets		**15,386,861**	10,058,779

	Note	As at 31st December 2006 *RMB'000*	2005 *RMB'000*
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**2,027,960**	1,715,960
Other reserves		**1,344,228**	621,984
Retained earnings			
— proposed final dividend		**121,678**	85,798
— others		**281,870**	189,387
		3,775,736	2,613,129
Minority interests		**890,195**	572,338
Total equity		**4,665,931**	3,185,467
LIABILITIES			
Long-term bank loans		**5,134,261**	4,218,136
Deferred income tax liabilities		**45,697**	—
Trade and other payables	11	**315,966**	—
		5,495,924	4,218,136
Current liabilities			
Trade and other payables	11	**4,064,529**	1,175,123
Tax payable		**459,314**	345,890
Special dividend payable		**9,422**	9,422
Amounts due to parent company		**174,741**	174,741
Short-term bank loans		**517,000**	—
Current portion of long-term bank loans		**—**	950,000
		5,225,006	2,655,176
Total liabilities		**10,720,930**	6,873,312
Total equity and liabilities		**15,386,861**	10,058,779
Net current assets		**4,722,388**	2,560,959
Total assets less current liabilities		**10,161,855**	7,403,603

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				
	Share capital *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
Balance at 1st January 2005	1,613,300	437,732	215,028	526,783	2,792,843
Profit and total recognised income/(losses) for the year	—	—	211,505	(19,188)	192,317
Placement of H shares	102,660	125,551	—	—	228,211
2004 final dividend	—	—	(120,117)	—	(120,117)
Transfer from retained earnings	—	31,231	(31,231)	—	—
Contribution from a promoter	—	27,470	—	—	27,470
Increase/(decrease) in minority interests as a result of:					
— set up of a new subsidiary	—	—	—	90,914	90,914
— purchase from minority interests	—	—	—	(26,171)	(26,171)
Balance at 31st December 2005	1,715,960	621,984	275,185	572,338	3,185,467
Representing:					
Proposed final dividend at 31st December 2005			85,798		
Retained earnings — others			189,387		
			275,185		

	Attributable to equity holders of the Company				
	Share capital *RMB'000*	**Other reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Minority interests** *RMB'000*	**Total** *RMB'000*
Balance at 1st January 2006	1,715,960	621,984	275,185	572,338	3,185,467
Profit and total recognised income/(losses) for the year	—	—	266,009	(29,650)	236,359
Placement of H shares	312,000	549,438	—	—	861,438
2005 final dividend	—	—	(85,798)	—	(85,798)
Dividend to minority shareholder of a subsidiary	—	—	—	(5,000)	(5,000)
Transfer from retained earnings	—	51,848	(51,848)	—	—
Contribution from a promoter	—	28,180	—	—	28,180
Fair value gain of available-for-sale financial assets	—	92,778	—	—	92,778
Increase/(decrease) in minority interests as a result of:					
— set up of a new subsidiary	—	—	—	376,098	376,098
— disposal of a subsidiary	—	—	—	(23,591)	(23,591)
Balance at 31st December 2006	2,027,960	1,344,228	403,548	890,195	4,665,931
Representing:					
Proposed final dividend at 31st December 2006			121,678		
Retained earnings — others			281,870		
			403,548		

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

(a) Adoption of new and revised HKFRS

The HKICPA has issued certain new and revised HKFRSs which are mandatory for the Group's accounting periods on or after 1st January 2006 (the "New HKFRSs"). The adoption of the New HKFRSs in the current year did not result in any significant changes to the Group's principal accounting policies and the presentation of the Group's financial statements. Details of the change in the accounting policy in respect of financial guarantees are as follows:

In prior years, financial guarantees issued by the Group or the Company were only disclosed as contingent liabilities and no provisions were made in respect of these guarantees unless it was more likely than not that the guarantee would be called upon. Upon the adoption of the Amendments to Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 4 "Financial Guarantee Contracts" (the "Amendments"), financial guarantees are accounted for as financial liabilities under HKAS 39 "Financial Instruments: Recognition and Measurement" and measured initially at fair value and subsequently stated at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount of the provision, if any, that should be recognised in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The adoption of the Amendments did not have any material impact on the financial statements of the Group for the year ended 31st December 2005 and 2006.

(b) New or revised HKFRSs and interpretations that are not yet effective

The HKICPA has issued the following new or revised HKFRSs and interpretations which are not yet effective for the year ended 31st December 2006 and may be relevant to the Group's operations:

		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 8	Scope of HKFRS 2	1st May 2006
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives	1st June 2006
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment	1st November 2006
HKFRS 7	Financial Instruments: Disclosures	1st January 2007
HKAS 1 (Amendments)	Presentation of Financial Statements: Capital Disclosures	1st January 2007

The Group has not early adopted the above new or revised HKFRSs and interpretations in the consolidated financial statements for the year ended 31st December 2006. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to Group's accounting policies and presentation of the consolidated financial statements will be resulted.

2. REVENUE AND SEGMENT INFORMATION

At 31st December 2006, the Group is organised into three main business segments:

(1) Sales of properties and land use rights;

(2) Project development consulting operation;

(3) Hotel operation.

The segment results for the year ended 31st December 2006 are as follows:

	Sales of properties and land use rights *RMB'000*	**Project development consulting operation** *RMB'000*	**Hotel operation** *RMB'000*	**Group** *RMB'000*
Revenue	1,798,005	30,000	211,347	2,039,352
Segment results	436,418	20,613	(114,374)	342,657
Unallocated costs				(50,921)
Interest income				70,467
Operating profit				362,203
Finance costs				(190,205)
Share of profits less losses of				
— jointly controlled entities	32,483	—	—	32,483
— associates	42,318	—	—	42,318
Profit before income tax				246,799
Income tax expenses				(10,440)
Profit for the year				236,359

The segment results for the year ended 31st December 2005 are as follows:

	Sales of properties and land use rights *RMB'000*	**Project development consulting operation** *RMB'000*	**Hotel operation** *RMB'000*	**Group** *RMB'000*
Revenue	1,026,060	10,000	98,709	1,134,769
Segment results	319,233	4,085	(59,103)	264,215
Unallocated costs				(60,364)
Interest income				72,776
Operating profit				276,627
Finance costs				(148,571)
Share of profits less losses of				
— jointly controlled entities	15,036	—	—	15,036
— associates	87,467	—	—	87,467
Profit before income tax				230,559
Income tax expenses				(38,242)
Profit for the year				192,317

The segment assets and liabilities at 31st December 2006, and capital expenditure for the year ended 31st December 2006 are as follows:

	Sales of properties and land use rights *RMB'000*	**Hotel operation** *RMB'000*	**Group** *RMB'000*
Segment assets	13,133,569	1,605,711	14,739,280
Jointly controlled entities	222,890	—	222,890
Associates	249,639	—	249,639
Unallocated assets			175,052
Total assets			15,386,861
Segment liabilities	8,230,071	1,240,830	9,470,901
Unallocated liabilities			1,250,029
Total liabilities			10,720,930
Capital expenditure	2,253,706	15,566	2,269,272

The segment assets and liabilities at 31st December 2005, and capital expenditure for the year ended 31st December 2005 are as follows:

	Sales of properties and land use rights *RMB'000*	**Hotel operation** *RMB'000*	**Group** *RMB'000*
Segment assets	7,778,438	1,662,668	9,441,106
Jointly controlled entities	153,448	—	153,448
Associates	291,792	—	291,792
Unallocated assets			172,433
Total assets			10,058,779
Segment liabilities	5,011,108	1,273,170	6,284,278
Unallocated liabilities			589,034
Total liabilities			6,873,312
Capital expenditure	1,525,807	108,832	1,634,639

The sales and capital expenditure for the year ended 31st December 2006 and the total segment assets at 31st December 2006, by geographical segments are as follows:

	Beijing *RMB'000*	**Tianjin** *RMB'000*	**Shanxi** *RMB'000*	**Shaanxi** *RMB'000*	**Chengdu** *RMB'000*	**Jiangsu** *RMB'000*	**Hong Kong** *RMB'000*	**Group** *RMB'000*
Revenue	1,774,853	264,499	—	—	—	—	—	2,039,352
Capital expenditure	1,215,347	607,808	26,440	—	249,307	170,370	—	2,269,272
Segment assets	13,187,316	934,166	351,765	24,216	501,506	334,609	53,283	15,386,861

The sales and capital expenditure for the year ended 31st December 2005 and the total segment assets at 31st December 2005, by geographical segments are as follows:

	Beijing *RMB'000*	**Tianjin** *RMB'000*	**Shanxi** *RMB'000*	**Shaanxi** *RMB'000*	**Hong Kong** *RMB'000*	**Group** *RMB'000*
Revenue	1,134,769	—	—	—	—	1,134,769
Capital expenditure	1,066,186	242,886	325,567	—	—	1,634,639
Segment assets	9,377,287	280,209	330,150	24,216	46,917	10,058,779

3. OTHER GAINS — NET

	Year ended 31st December	
	2006 ***RMB'000***	2005 *RMB'000*
Loss on share reform	**(30,053)**	—
Net gain on disposal of subsidiaries, jointly controlled entities and associated companies	**72,694**	65,066
Excess of acquirer's interest in fair value of identifiable net assets over cost	**127,480**	—
Others	**18,997**	7,603
	189,118	72,669

4. **EXPENSES BY NATURE**

Items included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31st December 2006 RMB'000	2005 RMB'000
Depreciation	**87,025**	45,501
Amortisation	**21,213**	18,354
(Reversal of)/provision for impairments of receivables	**(7,253)**	14,658
Employee benefit expenses	**88,150**	60,007
Advertising costs	**31,771**	16,634
Cost of properties and land use rights sold		
— Land use rights	**212,520**	124,200
— Finance cost capitalised in cost of properties	**22,443**	6,512
— Development cost	**1,058,393**	502,770
Cost of inventories sold in relation to hotel operation	**33,631**	16,984
Land appreciation tax	**110,572**	39,685
Business taxes and other levies	**119,605**	77,299
Office expenses	**20,974**	13,344
Auditor's remuneration	**5,480**	3,880
Consulting expenses	**14,534**	9,323
Commission fee	**15,259**	5,909
Energy expenses in relation to hotel operation	**14,697**	7,325
Management fee in relation to hotel operation	**13,165**	2,914
Maintenance expenses	**10,318**	6,074
Impairment of a hotel property	**31,000**	—
Others	**33,237**	32,214
Total cost of sales, selling and marketing costs and administrative expenses	**1,936,734**	1,003,587

5. **FINANCE COSTS**

	Year ended 31st December 2006 RMB'000	2005 RMB'000
Interest expenses:		
Bank loans, wholly repayable within five years	**153,496**	142,840
Bank loans, not wholly repayable within five years	**181,650**	89,856
Other loans, wholly repayable within five years	**19,361**	2,959
	354,507	235,655
Less: Amount capitalised in properties under development, properties under development for sale and construction in progress with capitalisation rate between 5.15% and 6.15% (2005: 4.03% and 5.76%) per annum	**(164,302)**	(87,084)
	190,205	148,571

6. **INCOME TAX EXPENSES**

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31st December 2006 (2005: Nil). PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate is 33% (2005: 33%).

	Year ended 31st December 2006 RMB'000	2005 RMB'000
PRC income tax		
Current income tax	**111,057**	100,102
Overprovision in prior years	**(65,309)**	(54,673)
Deferred income tax	**(35,308)**	(7,187)
	10,440	38,242

In 2003, upon the reorganisation and the listing of the Company, a deed of tax indemnity has been entered into between the promoters of the Company (the "Promoters") and the Group whereby the Promoters undertake to indemnify the Group in respect of, inter alia, certain land appreciation tax ("LAT") payable in consequence of the disposal of the Group's existing properties as at 30th April 2003.

In previous years, no provision for LAT had been made as the directors considered that the Group was unlikely to receive demands from the tax authorities for payment of LAT up to the year ended 31st December 2004 which would otherwise have accumulated to approximately RMB156,184,000 attributable to the Group as previously reported.

In 2005 and 2006, the Group has received certain demands from the tax authorities regarding the payment of LAT. Accordingly, the directors provided the LAT exposure based on their latest understanding of LAT regulations from tax authorities, which accumulated to approximately RMB27,470,000 and RMB28,180,000 attributable to the Group after netting off potential income tax saving at 31st December 2005 and 2006 respectively. The whole amount would be compensated by a promoter.

7. **EARNINGS PER SHARE (BASIC AND DILUTED)**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	Year ended 31st December 2006 RMB'000	2005 RMB'000
Profit attributable to equity holders of the Company	**266,009**	211,505
Weighted average number of shares in issue (thousands)	**1,767,960**	1,707,405
Earnings per shares (basic and diluted) (RMB cents per share)	**15.05**	12.39

Diluted earnings per share is equal to the basic earnings per share since the Company has no dilutive potential shares as at 31st December 2006 and 2005.

8. **DIVIDENDS**

The dividend paid during the year ended 31st December 2006 was RMB85,798,000 (representing 2005 final dividend of RMB0.05 per share).

A final dividend for the year ended 31st December 2006 of RMB0.06 per share, amounting to a total dividend of RMB121,678,000, was proposed at the Board meeting held on 16th March 2007. These financial statements do not reflect this dividend payable, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2007 .

	Year ended 31st December 2006 RMB'000	2005 RMB'000
2006 Proposed final dividend of RMB0.06 per share (2005: RMB0.05 per share)	**121,678**	85,798

9. **APPROPRIATIONS TO RESERVES**

According to their respective Articles of Association, the Company and some of its subsidiaries are required to transfer a proportion of their profit after taxation, as shown in their financial statements prepared under the PRC accounting regulations, to various statutory reserve funds. The total amount transferred to each of these reserves for the year ended 31st December 2006 is set out as follows:

	Percentage of profit after taxation of respective companies	2006 RMB'000	2005 RMB'000
Statutory reserve fund	10%	**51,848**	31,077
Statutory public benefit fund	0 – 5%	**—**	154
		51,848	31,231

10. **TRADE AND OTHER RECEIVABLES**

Included in trade and other receivables are trade receivables and their ageing analysis is as follows:

	As at 31st December 2006 RMB'000	2005 RMB'000
Within three months	**260,980**	262,656
Over three months and within half year	**1,217**	7,491
Over half year and within one year	**12,393**	2,987
Over one year	**20,998**	170,104
	295,588	443,238

Trade receivables outstanding for more than one year are mainly related to sales of office building units in bulk and large pieces of developed land.

The credit terms in connection with sales of properties and land use rights granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

11. **TRADE AND OTHER PAYABLES**

Included in trade and other payables are trade payables and their ageing analysis is as follows.

	As at 31st December 2006 RMB'000	2005 RMB'000
Within half year	**6,226**	32,115
Over half year and within one year	**11,422**	766
Over one year	**5,710**	33
	23,358	32,914

RESULTS AND DIVIDEND

In 2006, the Group has realised a revenue of RMB2,039,352,000 representing a year-on-year increase of approximately 80%. The operating profit of the Group for the year ended 31st December 2006 increased by 31% to RMB362,203,000 (2005: RMB276,627,000) and the profit attributable to the equity holders of the Company increased by 26% to RMB266,009,000 (2005: RMB211,505,000).

The Board recommended the payment of a final dividend of RMB6 cents per share for the year ended 31st December 2006 (2005: RMB5 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of H shares of the Company will be closed from 12th April 2007 to 11th May 2007 (both dates inclusive). In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates of the H shareholders, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4 p.m. on 11th April 2007. It is expected that the final dividend will be paid before end of June 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Government further strengthened its macroeconomic control and announced a series of policies and regulations, including the adjustment of residential property supply structure, increase in interest rate hikes, regulating the management of foreign investment in real estate market, regulating foreign exchange management of real estate market, tightening control of land supply as well as the stringent imposition of individual income tax. In February 2007, the government promulgated the strict collection of land appreciation tax. As provision for the relevant taxation has been made, this measure will not significantly affect the Group. The Group proactively adjusted its operation strategy to mitigate the impact of macroeconomic control while strengthening the execution of the Group's projects in the nation, capturing favorable market opportunities and fully utilising its competitive advantages to achieve growth in its annual results performance.

The Group's revenue for the year amounted to RMB2,039,352,000, representing a year-on-year increase of 80%. Operating profit was RMB362,203,000 and profit attributable to shareholders was RMB266,009,000, which posted a year-on-year increase of 31% and 26% respectively. Basic earnings per share totaled to RMB15.05 cents, which was RMB12.39 cents in 2005. The Board of Directors recommended the payment of RMB6 cents per share as the final dividend for the year ended 31st December 2006 (2005: RMB5 cents per share).

During the year under review, the Group achieved the following breakthroughs in different aspects of its operations and management.

- Established a strong foothold in Beijing and gradually expedited regional expansion strategy. — The Group is pursuing its nationwide expansion strategy with a focus on the development of three strategic regions, namely Bohai Rim, southwest China and Yangtze River Delta Region. With Beijing, Chengdu and Nanjing as the core city for each region, the Group extended its business reach to other cities in the regions. During the year, the Group successfully increased its land bank by approximately 1.93 million sq. m..

- Recorded impressive sales performance. — The Group's contracted sales revenue reached RMB8.58 billion in 2006, representing a year-on-year growth of 265%. Meanwhile, Beijing World Center and Beijing Interwest Project ranked among the top ten Beijing property projects in terms of sales revenue in 2006, which demonstrated that its growing brand awareness.

- Enhanced financial position leveraging on its access to the capital markets. — In October 2006, the Group successfully issued an additional 310 million H shares, raising a net proceeds of approximately HK$850 million.

- Strengthened international collaboration. — The Group further strengthened its collaboration with GIC by jointly investing in Chengdu and Shenyang projects, increasing the number of its joint venture projects with GIC from four in 2005 to a total of six in 2006. As for the Wuxi project jointly developed with AG, a US fund, the Group achieved new breakthrough in terms of cooperation partners and cooperation model.

- Optimised management control and workflow re-engineering. — The Group outlined clear goals for the operational management control during the transitional period and the strategic management control in the long run. The Group re-established its organisational structure, which clearly divided the scope of management and duties between the headquarters and project companies. In addition, the communications and coordination of different professions were enhanced. The Group carried out workflow re-engineering based on the new management model, so as to strengthen management control and improve management efficiency.

PROPERTY DEVELOPMENT

During the year under review, the Group together with its jointly controlled entities and associates completed five development projects with a total GFA of 332,400 sq. m..

Development Projects Completed in FY2006

Property	**Type**	**Approximate GFA Completed** *(sq. m.)*	**Interests Attributable to the Group**
North Ring Center Phase I	Residential	54,800	100%
A-Z Town Phase I	Residential	27,000	55%
Vancouver Forest District E	Villa	52,700	70%
Tianjin Butchart Garden Phase I	Residential	61,900	55%
Upper East Side Districts C6 and C7	Residential	136,000	25%
Total		**332,400**	

PROPERTY SALES PERFORMANCE

In 2006, contracted sales area of the Group was approximately 678,000 sq. m., up by 152% from the previous year, in which residential, commercial and office properties accounted for approximately 480,000 sq. m., 9,000 sq. m. and 189,000 sq. m. respectively. Contracted sales revenue in 2006 amounted to approximately RMB8.58 billion, in which residential, commercial and office properties accounted for approximately RMB5.27 billion, RMB250 million and RMB3.07 billion respectively.

During the year, the Group devised its development and sales strategies in a prudent manner in accordance with the changing landscape of the property market. By leveraging on its excellent project quality, effectively sales strategy and quality customer services, the Group recorded impressive sales growth and achieved historical highs in total contracted sales revenue and total contracted sales area, marking its rewarding stage for its corporate development. For the year under review, the Group and the Bank of China ("BOC") jointly organised a one-week promotional roadshow exhibition of BCL's famous projects, namely "Construction an Ideal Home" at BOC's headquarters and received overwhelming response. The Group launched a number of projects, including The Reflections, The Urban Town, A-Z Town, Tianjin Butchart Garden, Beijing World Center, Beijing Interwest Projec and North Ring Center. Capitalising on their prime locations, outstanding community planning and environment, excellent product quality and effective sales strategies, these projects became best selling properties in town. The Group also enhanced the competitive edges of the existing projects, such as Upper East Side and Vancouver Forest, with encouraging sales performance. Meanwhile, the occupation dates of North Ring Center, A-Z Town and Tianjing Butchart Garden were ahead of schedule, receiving extensive recognition from property owners.

As the representative projects of the Group's "Urban Internationalised High-end Community" series, the outstanding quality and unique living philosophy of The Reflections and Upper East Side obtained recognition from the industry and property owners, becoming the model high-end residential projects in Beijing. Located next to the largest aquatic park, Yu Yuan Tan, The Reflections is a luxury residential project designed by Mr. Bofill, a maestro of the Spanish architectural industry. With royal living culture as the design theme, the project comprises three high-rise buildings in ladder-shaped order from west to east, realising the modern living concept of "urban lifestyle in a greenery environment". The project is well-received by the market and recorded a contracted sales revenue of approximately RMB730 million during the year. With its differentiated positioning, Upper East Side continued to consolidate its leading market position as a high-end residential property in eastern Beijing and achieved contracted sales revenue of approximately RMB1,140 million.

In addition, the Group's "Urban High-density Integrated Community" series also posted impressive performance. A-Z Town attracted a number of property owners and potential clients of high tastes, high social class and high income with its full-fledged services, unrivalled brand strategy and the concept of integrated community development. The Group established the leading position of A-Z Town in the high-end community of sub-CBD and achieved a contracted sales revenue of approximately RMB840 million in 2006. Meanwhile, the Group replicated the successful model of A-Z Town project in Chengdu, which marked the implementation of product standardization strategy. The Urban Town commenced sale in May 2006 and 90% of units were sold within a week of its launch, recording a contracted sales revenue of approximately RMB840 million.

Tianjin Butchart Garden is the Group's first project developed and completed in regions outside Beijing, signifying its regional expansion strategy and the roll-out of "Urban Low-density Community" product series. Located at Beichen District in Tianjing with extraordinary community environment, the project is adjacent to the largest botanical garden in Tianjin, which has a site area of over two million sq. m.. Tianjin Butchart Garden attained the development objective of "commencing construction, completing construction and delivery in the same year" and recorded a contracted sales revenue of approximately RMB430 million.

Beijing World Center and Beijing Interwest Project are the two landmark integrated developments of the Group, located at the CBD and central government district ("CGD") respectively. Phase I of Beijing World Center will be developed into a Grade A office with a unique arc-shaped outlook. This project combines advanced technology and user-friendly architecture and places a strong emphasis on environmental protection by pioneering the industry to adopt the "Closed-end and ecologically ventilated garbage treatment system". Beijing Interwest Project is positioned as a new urban integrated project with office, commercial, residential, hotel and club house properties at one location. The Group implemented the sales model of "order by anchor tenants" for the two projects and successfully entered into agreement with large-scale enterprises, such as Taikang Life, China State Shipbuilding Corporation, China Architecture Design and Research Group and China Information Technology Designing and Consulting Institute. During the year, Beijing World Center and Beijing Interwest Project recorded contracted sales revenue of RMB 1.44 billion and RMB 2.37 billion respectively.

During the year under review, the Group further integrated the resources of "BCL Customers Club". By collecting clients' comments and suggestion on the Group's products, maintaining long-term client relationships and carrying out project promotion among existing clients, BCL has become clients' choice for multiple housing purchases.

The following table shows the sales of major development projects of the Group, together with its jointly controlled entities and associated companies, during the year under review:

Project	**Approximate contracted sales area** *(sq. m.)*	**Approximate contracted sales revenue** *(RMB'000)*	**Approximate average contracted selling price** *(RMB/sq. m.)*
Residential	**480,300**	**5,264,700**	**11,000**
Sydney Coast	4,200	42,800	10,200
Vancouver Forest	46,900	392,600	8,400
Upper East Side	75,900	1,144,700	15,100
A-Z Town	83,800	835,100	10,000
The Reflections	35,700	733,600	20,600
The Urban Town	81,400	841,200	10,300
Tianjin Butchart Garden	89,500	431,400	4,800
Residential Properties of North Ring Center	18,000	212,100	11,800
Residential Properties of The Interwest Project	44,900	631,200	14,100
Commercial	**8,700**	**245,000**	**28,200**
Commercial Properties of North Ring Center	900	22,700	25,200
Commercial Properties of Beijing World Center	1,700	48,900	28,800
Commercial Properties of The Interwest Project	6,100	173,400	28,400
Office	**188,700**	**3,067,500**	**16,300**
Office Properties of Beijing World Center	65,100	1,388,100	21,300
Office Properties of Capital Development Tower	14,400	113,000	7,800
Office Properties of The Interwest Project	109,200	1,566,400	14,300
Total	**677,700**	**8,577,200**	

HOTEL OPERATION

During the year under review, Central Holiday Inn continued to focus on its positioning as a "conference and business hotel". By launching various client-retention measures including "Prestige Club" membership scheme, introducing "Your Customer Services Manager" and "Guest Recognition Program", the Group increased the number of long-term clients and attained remarkable performance in expanding its client base for conferences and business travelers. In 2006, the average occupancy rate of Central Holiday Inn was approximately 76%, representing a growth of nearly four percentage points when compared with that of 2005. Capitalising on its professional services, high standard facilities, outstanding staff and customer satisfaction as well as proven track record, BCL achieved extensive client recognition and market reputation.

As the first top-grade hotel on the Finance Street, The Finance Street Inter-Continental Hotel fully developed its unique edges and its influence in the industry and endeavored to become an internationalized high-end finance and business hotel. The president attending the "Forum on Sino-Africa Co-operation" in November 2006 stayed at The Finance Street Inter-Continental Hotel during his visit". This proved that the hotel has superb capability and quality services attaining international standards.

LAND BANK

As at 28th February 2007, the Group's land bank, when fully developed, will amount to a total GFA of approximately 5.55 million sq. m.. By geographical breakdown, land bank in Beijing, Tianjin, Taiyuan, Wuxi, Chengdu and Shengyang accounted for 42%, 18%, 11%, 6%, 6% and 17% respectively. In terms of land use, residential, commercial, office properties and hotel accounted for approximately 84%, 6%, 7% and 3% of the Group's land bank respectively.

During the year under review, the Group acquired a land site in Beijing, which further strengthened its land bank in Beijing. In June 2006, the Group successfully acquired the Beijing Interwest project, increasing its land bank by approximately 310,000 sq. m. (excluding the contracted sales area of approximately 120,000 sq. m. before acquisition). The project is located between the West Second Ring Road and West Third Ring Road in Beijing, with a site area of approximately 98,000 sq. m. and planned GFA of approximately 430,000 sq. m.. The project commenced sale in 2005 and is expected to complete construction by 2007.

From 1st January 2006 to 28th February 2007, the Group acquired four residential development projects in Wuxi, Chengdu, Shenyang and Tianjin respectively, signifying the implementation of its development strategy of "tapping into markets outside Beijing and extending business reach across the nation".

Wuxi Beijing Juanfu Project is the first project developed by the Group in the Yangtze River Delta Region. The Group acquired this residential land site through public auction in January 2006, at a total consideration of RMB440 million. The project has a planned GFA of approximately 330,000 sq. m.. Located at a mid-to-high end residential district, it is adjacent to the downtown with convenient transportation access with close proximity to "Tianyi Secondary School", the key secondary school in Wuxi. The project is expected to commence sales in the second quarter of 2007.

In March 2006, the Group acquired A-Z Town Project in Chengdu at a consideration of RMB390 million. The project has a planned GFA of approximately 360,000 sq. m.. Located at a prime location at the junction of East Second Ring Road and Construction Road in Chengdu, with the west facing the Sha River of pleasant view, the project is situated at the commercial district of Construction Road, which is the traditional commercial area. The project is expected to be launched in the second quarter of 2007.

In December 2006, the Group acquired the Yinhe Wan Project in Shenyang, with planned GFA of approximately 930,000 sq. m.. The project is located at the eastern part of Shenyang in the scenic area of Qi Pan Shan, with the south and the north facing Huhe River and Xikai River respectively. With Niao Tao at its southeast and neighboring Dongling Park, Shenyang Shengjing International Golf Club and Shenyang Expo, the project has an excellent surroundings and convenient transportation network, which is suitable for developing high-end residential properties.

Tianjin Binhai New District Residential Project, being the Group's second property development project in Tianjing, has a planned GFA of approximately 530,000 sq. m.. This project is acquired by the Group in February 2007. It is only about 2 km from the Tanggu Exit of Beijing-Tianjin-Tanggu Expressway and is located at the northwest corner of Lijiao Bridge at Hebei Road, with Beijing-Tianjin-Tanggu Expressway at the south. Facing Hebei Road at its east and Chezhanbeilu of its west, the project is situated in prime location with high accessibility, which will be developed into mainly multi-storey and mid-to-high-rise buildings. The project is suitable for the development of high-end community as its peripheral communities are well-developed. It is expected to be launched in 2007.

The Group's existing land bank is sufficient for the development in the coming three years. With mid-to-high end residential properties as the development focus of its core business, the Group increased its land bank for residential use during the year. The Group will continue to optimize and adjust its existing non-residential projects taking into consideration the possibility of creating synergies with residential properties business and the development potential of the project, so as to further increase the proportion of residential land.

At the same time, the Group will continue to embrace its strategy of "tapping into markets outside Beijing and extending business across the nation" and increase its land bank nationwide in a prudent manner. In particular, the Group will focus on enhancing its market share in established markets and replicating its proven development model in markets outside Beijing. By accelerating project development and reducing operation risk, the Group is committed to securing stable revenue while becoming the most premium integrated property operator in China.

PROSPECTS

In view of the development trend of China's macro-economy and property industry, it is believed that the property industry will maintain robust growth in the coming years. The property industry in China will evolve from the traditional operational mode and embark on a new era of development. Firstly, rapid economic growth in China implies the continued increase in disposable income per capita of residents in cities and towns, which significantly propelled the demand for properties. Moreover, the acceleration of urbanisation will further expedite the growth of the property industry in China. The series of austerity measures policies promulgated by the PRC Government aim to better control the overheating property industry. These initiatives will contribute to the healthy and long-term development of the industry, further enhance the enforcement of laws and regulations, and enable the stable landing of macro-economic control. Meanwhile, the new policies launched and industry consolidation over the past two years provided a favorable environment for enterprises to carry out large-scale expansion as well as mergers and acquisitions. With the imminent 2008 Beijing Olympics, continuous development of Olympic economy and its promotion for the development of various industries will gradually realise, in particularly favourable for the development of the property industry.

As one of the leading integrated property operators in China, BCL is confident of becoming a major internationalized integrated property operator, propelling the development of China's property industry.

The Group will continue to proactively implement the following strategies in 2007:

- Further implement management reform to reinforce management control and strengthen systematic management
  - Implement strategic management model, so as to develop the Group's headquarters into an investment center, regional/business headquarters as profit centers and project companies as cost centers. This will further enhance the integration of responsibility, accountability and interests
  - Promote the formation of Strategic Committee, Investment Committee and Product Committee to ensure systematic and effective execution of policies
  - Further establish strategic, planning, budgeting and performance management systems to strengthen the consistency and effectiveness of the management systems
  - Continue to improve operational and management flow to promote the construction of information system
  - Improve the comprehensive incentive scheme to encourage innovation and create shareholders' value
- Introduce product standardisation to reduce development cost and enhance product quality
  - Strengthen the research on product standardization, optimize the three main production series, namely "Urban Low-density Community", "Urban High-density Integrated Community" and "Urban International High-end Community"
  - Reinforce efficient replication of product series to lower operation cost, enhance overall quality, accelerate development and improve project management efficiency
- Strengthen project execution and speed up nationwide expansion
  - Pursue expansion strategy in key regions through the standardized replication of the three product series
  - Optimise land bank by adjusting proportion of long-term and short-term investment
  - Enhance efforts in mergers and acquisitions and strengthen first class land development

FINANCIAL ANALYSIS

1. Revenue and Operating Results

During the year 2006, the revenue of the Group was RMB2,039,352,000 (2005: RMB1,134,769,000), representing an increase of 80% comparing with the year 2005. Such significant increase in revenue comparing with that of last year was attributable to high sales and tenancy rate of Vancouver Forest project, North Ring Center project, A-Z Town project, Tianjin Butchart Garden project developed by the Group during the year.

During the year 2006, the revenue of the Group's hotel business was RMB211,347,000 (2005: RMB98,709,000), representing an increase of 114% comparing with the year 2005. It was mainly due to the fact that it was the first complete year of operation for The Finance Street Inter-Continental Hotel held by the Group, leading to a substantial increase in hotel turnover comparing with last year's.

During the year 2006, gross margin realised by the Group dropped as compared with that of last year. It was mainly due to the fact that income-deriving projects of the Group during the year were mostly ordinary residential properties put into market earlier, with relatively low initial sales price when first entering the market, leading to a fall in gross margin.

During the year 2006, operating profit of the Group was approximately RMB362,203,000 (2005: RMB276,627,000).

2. Financial Resources, Liquidity and Liability Position

As at 31st December 2006, the Group's total assets were RMB15,386,861,000 (2005: RMB10,058,779,000) (of which current assets were RMB9,947,394,000 (2005: RMB5,216,135,000) and non-current assets were RMB5,439,467,000 (2005: RMB4,842,644,000)) and the total liabilities were RMB10,720,930,000 (2005: RMB6,873,312,000) (of which current liabilities were RMB5,225,006,000 (2005: RMB2,655,176,000) and non-current assets were RMB5,495,924,000 (2005: RMB4,218,136,000)), and the shareholder's equity reached RMB4,665,931,000 (2005: RMB3,185,467,000).

The Group is of sound liquidity and solvency. Current ratio as at 31st December 2006 was 1.90 (2005: 1.96).

As at 31st December 2006, the Group's cash and short-term bank deposits amounted to RMB3,768,107,000 (2005: RMB1,889,534,000), which represented sufficient cash flow for operations.

Bank loans of the Group as at 31st December 2006 amounted to RMB5,651,261,000 (2005: RMB5,168,136,000), of which the long-term loans amounted to RMB5,134,261,000 (2005: RMB4,218,136,000), which were mainly used to fulfill the capital requirements of the Group's property development projects.

The Group makes investment in the PRC only. Except for loan facility obtained by its two subsidiaries from DBS Singapore, and the loan facility in actual use of US$30,000,000 as at 31st December 2006, all of the Group's bank loans come from banks in the PRC and are borrowed and repaid in RMB, and there exists no significant currency risk. All of the Group's long-term bank loans are granted on a floating rate basis.

As at 31st December 2006, our gearing ratio was 30.13% (2005: 51.82%). Our gearing ratio is calculated by first adding up(i) the Group's short-term and long-term bank loans and (ii) net amounts due from/to parent company, net of (iii) net cash and bank balances (the balance of (i), (ii) and (iii) being referred to as "(A)"), and then have (A) divided by the aggregate of (A) and net assets of the Group.

3. Establishment and acquisition of substantial subsidiaries

During the year 2006, the Company and Reco Ziyang Pte. Ltd. jointly contributed in the establishment of Chengdu Capital Ziyang Real Estate Company Limited, and joined hands with AG Wuxi Residential SRL to establish Jiang Su Capital Land Ltd.

During the year 2006, the Company and Super Sunshine Company Ltd.(廣西陽光股份有限公司) jointly contributed in the establishment of Beijing Capital Hui Huang Real Estate Ltd.(北京首創輝煌置業有限公司); and obtained the land use rights of Beijing Chaoyang District Da Tun Bei Din Cun project (北京市朝陽區大屯北頂村項目) through setting up a tender coalition. Later on due to changes to the project, the Company and Super Sunshine Company Ltd., together with Beijing Municipal Bureau of State Land and Resources, discharged the "Contract on the Grant of the State-owned Land" and retrieved the land grant deposit. The Company and Super Sunshine have decided to clear the accounts of Beijing Capital Hui Huang Real Estate Ltd.

During the year 2006, the two subsidiaries of the Company, namely Beijing Shang Bo Ya Investment Consultant Limited (北京尚博雅投資顧問有限公司) and Beijing Shang Bo Di Investment Consultant Limited (北京尚博地投資顧問有限公司), acquired all equity interests in Beijing Dong Hai Joint Investment Co. Ltd..

During the year 2006, the Company acquired the equity interest and rights to revenue of the foreign shareholders in Beijing Maple Real Estate Co. Ltd., a joint venture of the Company originally, and was in turn entitled to all equity interest and 70% of rights to revenue of Beijing Maple Real Estate Co. Ltd.(北京楓樹置業有限公司).

4. Other gains — net

During the year 2006, the Company acquired a subsidiary named Beijing Dong Hai Joint Investment Co. Ltd.(北京東海聯合投資發展有限公司), leading to an excess of acquirer's interest in fair value of identifiable net assets over cost amounting to RMB127,480,000.

During the year 2006, the Company disposed its 30% equity interest in a subsidiary named Beijing Jinyaguang Real Estate Development Co., Ltd.(北京金亞光房地產開發有限公司), realising a revenue of RMB72,694,000. As at 31st December 2006, the Company held 45% of the equity interest of Beijing Jinyaguang Real Estate Development Co., Ltd., with the later accounted for by the Company as an associated company.

5. Income Tax Expenses

After tax auditing for the year 2006, one of the Company's subsidiaries finalised its income tax payable and reversed an overprovided income tax charge of RMB65,309,000.

6. Entrusted Deposits and Overdue Time Deposits

As at 31st December 2006, the Group had not held any deposits under trusts or any time deposits in financial institutions in the PRC. All of the Group's cash were held in commercial banks in the PRC in accordance with applicable laws and regulations. The Company had no bank deposits which is not recoverable upon maturity.

7. Pledge of Assets

The land use rights of certain properties were pledged by the Group as security for long-term bank loan of US$30,000,000 (2005: US$58,000,000).

The right to yield of certain properties (yields from transfer of such land or by other means of utilization of the same) was pledged by the Group as security for long-term bank loan of RMB4,500,000,000 (2005: RMB4,000,000,000).

8. Financial Guarantees

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding guarantees amounted to RMB1,243,183,000 as at 31st December 2006 (2005: RMB677,632,000).

As at 31st December 2006, other than guarantees provided for a long-term bank loan of RMB400,000,000 (2005: RMB450,000,000) granted to a subsidiary of the Company, the Group had no material external guarantee. As at 31st December 2005, the Group also had a guarantee provided to a jointly controlled entity for its short-term bank loan of RMB50,000,000.

HUMAN RESOURCES

As at 31st December 2006, the Group has a team of 428 international professionals, with an average age of 33.5. Among them, 16.4% and 60.7% have received master degree or above and undergraduate education respectively. In addition, mid-level staff and senior staff members accounted for 37.4% and 7.5% of the total number of staff respectively.

During the year, the Group initiated the "Management Trainee Program" and selected 23 undergraduates, master degree holders and MBA students from renowned high schools domestic and overseas as management trainees to participate in a one-year all-rounded training program. As a result, the Group was accredited "The Most Satisfactory and Trustworthy Employer Elected by University Students in 2006" by the Beijing Association of Promoting Employment for University Graduates.

The Group further enhanced its performance management, established a comprehensive management system and related policies for international staff, implemented stringent performance appraisal and set up a performance-based and comprehensive management assessment system, so as to provide effective guidance to management staff member of different levels for the improvement and development of their integrated capability.

For the year under review, the Group organized 18 training programs according to the career development planning and capability of the employees. Total training attendance reached 585 and the number of training hours totaled 9,764 hours with an average of 34.8 hours per staff member. Furthermore, the Group launched a "Mentoring and Training Program" and provided training for 14 middle to senior management as the lecturers of internal training program. In addition, a series of induction trainings for new staff and exchange training of operations were conducted.

CORPORATE GOVERNANCE

The Group has been committed to maintain high standards of corporate governance. The Board considers such commitment essential for the internal management, financial management, balance of business risks and protection of shareholders' interests for the corporate. The Company had complied with provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31st December 2006.

Apart from the Audit Committee and Remuneration Committee, the Company has also set up a Strategic Committee and a Nomination Committee. The directors of the Company believes that the internal control system is comprehensive to ensure the Company and the directors of the Company are in compliance with the responsibilities set out in the Listing Rules of the Stock Exchange and the requirement of the relevant rules and regulation in Hong Kong. In addition, the Company also set up the Internal Audit Department which is responsible for reviewing and evaluating the internal control system. The Internal Audit Department is accountable to the Board and reports its works to the Audit Committee.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the 2006 Annual Report.

PRELIMINARY ANNOUNCEMENTS OF ANNUAL RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2006 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors including Mr. Kwong Kai Sing, Benny (Chairman of Audit Committee), Mr. Yu Xing Bao and Mr. Li Zhaojie. During the year under review, the Audit Committee held a total of two meetings.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December 2006.

THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code (please refer to the Code on Corporate Governance of the Listing Rules for definition) which is on terms no less exacting than the required standard set out in the Code for Securities Transactions by Directors in Appendix 10 of the Listing Rules (the "Model Code").

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year.

PURCHASE, SALE, OR REDEMPTION OF SHARES

During the year, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of its equity securities.

The Board as of the date of this announcement comprises Mr. Liu Xiaoguang (Chairman), Mr. Tang Jun and Mr. He Guang who are the executive Directors, Mr. Feng Chun Qin, Mr. Wang Zhengbin, Ms. Zhu Min and Mr. Muk Kin Yau who are the non-executive Directors, Mr. Benny Kwong Kai Sing, Mr. Ke Jianmin, Mr. Yu Xing Bao and Mr. Li Zhaojie being the independent non-executive Directors.

By order of the Board
Beijing Capital Land Ltd.
Liu Xiaoguang
Chairman

Beijing, 16th March 2007