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Limited+

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Stock Rating
Overweight

Industry View
In-Line

China Resources Land Top Restructuring Pick

What's Changed

Price Target	HK\$3.10 to HK\$4.10
2006E EPS	Up 8%
2007E EPS	Up 13%

Reiterate Overweight; raising price target to HK\$4.10, implying 25% upside: CRL remains our favorite stock in the sector as the re-rating story seems far from over in view of a likely property valuation uplift and further asset injection targets. Our price target is based on a 30% discount to our revised current NAV of HK\$5.84 and 12 times our 2007 EPS estimate.

Raising EPS estimates by 8% in F06, 13% in F07 and current NAV estimate by 23%: These reflect higher sale prices in Chengdu as well as what we believe will be a likely 10% valuation uplift in its investment properties in Beijing and Shenzhen thanks to property revaluations. We forecast 48% EPS CAGR in 2004–07 to be driven by additional rental income and rising completions and sales. Earnings visibility appears decent as about 40% of our 2006 EPS estimate has already been locked-in.

Round 2 of injection the upside case, in our view:

Following the decision to make CRL the flagship property arm of the China Resources Group, we think it appears logical to transfer the remaining four development projects at CRH, totaling 4 million sq m GFA, to CRL over time. If this proves to be correct, the transfers could add HK\$1–1.50/share in NAV, based on today's prices and original costs.

Valuation appears constructive: Trading at a 44% discount to NAV, 13 times our F06E EPS and 1.17 times PBV, CRL stock remains one of the "value" stocks in the sector. The restructuring potential in addition to an earnings re-rating make this an attractive story, in our view.

Key Ratios and Statistics

Reuters: 1109.HK Bloomberg: 1109 HK

China Property

Price target	HK\$4.10
Shr price, close (Jan 13, 2006)	HK\$3.28
52-Week Range	HK\$3.50-1.12
Sh out, basic, curr (mn)	1,503
Mkt cap, curr (mn)	HK\$4,929
ROE (06e) (%)	16.1
Sh out, basic, per-end (06e) (mn)	2,774
Relative Perf., 1m, 3, 12m	2, 22, 99
MSCI China Index	31.5
Current NAV/share	HK\$5.84
Discount to NAV	44%

Fiscal Year (Dec)	2004	2005e	2006e	2007e
ModelWare EPS (HK\$)*	0.14	0.15	0.25	0.33
Prior ModelWare EPS (HK\$)	-	-	0.23	0.29
EPS, basic, rpt'd (HK\$)	0.10	0.19	0.25	0.33
Prior EPS, basic, rpt'd (HK\$)	-	-	0.23	0.29
Rev, net (HK\$m)	2,409	3,238	3,818	4,922
ModelWare net inc (HK\$m)	208	227	699	902
P/E	9.5	21.7	13.0	10.1
Div yld (%)	2.3	1.7	2.3	3.0

* = Please see explanation of Morgan Stanley ModelWare later in this note.
e = Morgan Stanley Research estimates

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China Resources Land: Financial Summary

(HK\$ m; Years Ending December 31)

Balance Sheets

	2004	2005E	2006E	2007E
Fixed Assets				
Investment Properties	441	441	3,636	3,636
Property, plant and equip	432	607	1,194	1,770
Lt Investments	314	314	314	314
Other Assets	937	958	978	1,000
Current Assets				
Inventories	4,780	4,447	5,647	5,322
Trade & Other Receivables	350	474	493	654
Other Current Assets	592	681	783	901
Mrktable Sec	226	323	-	-
Cash and Bank balances	1,536	1,460	1,760	1,704
Sub-Total	7,484	7,385	8,684	8,580
Total Assets	9,608	9,705	14,807	15,301
FINANCED BY:				
Current Liabilities				
Accounts Payable	582	765	742	959
St Borrowings	1,937	601	1,231	1,937
Other St Liabilities	245	418	758	905
Sub-Total	2,764	1,784	2,730	3,801
Lt Borrowings	1,813	2,628	3,400	2,169
Other Lt Liabilities	45	45	45	45
Minority Interest	898	962	984	1,006
Share Capital	150	150	150	150
Reserves	3,938	4,136	7,498	8,129
Shareholders' Funds	4,089	4,286	7,648	8,279
Capital Employed	6,844	7,921	12,076	11,500
Issued Shares	1,503	1,503	2,774	2,774

Ratio Analysis

	2004	2005E	2006E	2007E
Net Debt to Equity	54%	41%	38%	29%
Gross Debt to Equity	92%	75%	61%	50%
ROE	4%	7%	9%	11%
Asset turnover	25%	33%	26%	32%
Development Margin	13%	15%	23%	24%
Gross Margin	13%	15%	30%	30%
Operating Margin	8%	14%	27%	27%
Net Margin	6%	9%	18%	18%
Capex/Sales		46%	149%	41%

Profit and Loss Accounts

	2004	2005E	2006E	2007E
Turnover				
Property sales	2,313	3,129	3,259	4,319
Rental income	22	32	478	517
Property mgmt and others	74	77	81	85
Total	2,409	3,238	3,818	4,922
Cost of Sales	(2,098)	(2,757)	(2,673)	(3,454)
Gross Profit	311	481	1,145	1,468
Other operating income	86	146	20	20
Selling expenses	(19)	(25)	(26)	(35)
Admin. Expenses	(65)	(88)	(91)	(121)
Profit from Operations	197	445	1,048	1,332
Finance costs	(29)	(31)	(44)	(39)
Share of associates and JVs	20	20	21	21
Profit before Tax	188	435	1,024	1,314
Tax	(81)	(88)	(303)	(390)
Minority interests	43	(64)	(22)	(23)
Net Profit	150	282	699	902
Dividends	41	85	210	271
Retained Profit	110	198	490	631

Cash Flow Statements

	2004	2005E	2006E	2007E
Profit before Tax	188	435	1,024	1,314
Depreciation & Amortization	22	26	43	70
Other Non-Cash Adjustments	(67)	(109)	(324)	(411)
Changes In Work Cap	(264)	1,677	1,186	1,765
Cash Fr Operations	(122)	2,028	1,930	2,738
Cap. Expenditures/Prop Add	(2)	(1,500)	(5,695)	(2,000)
Decrease In Investments	-	-	-	-
Increase In Investments	-	-	-	-
Other Investing Activities	(27)	-	-	-
Cash Fr Investing Activities	(29)	(1,498)	(5,694)	(1,999)
Dividends Paid	(41)	(85)	(210)	(271)
Inc(Dec) In St Borrowings	-	(1,336)	630	706
Increase In Lt Borrowings	338	815	772	(1,231)
Increase In Capital Stocks	-	-	2,872	-
Decrease In Capital Stocks	-	-	-	-
Other Financing Activities	(0)	-	-	-
Cash Fr Financing Activities	297	(605)	4,064	(795)

Note: Our estimates do not include property revaluations
Source: Company Data, Morgan Stanley Research
E = Morgan Stanley Research Estimates

Investment Case

Summary & Conclusions

We reiterate our Overweight rating on CR Land (CRL) and have raised our price target to HK\$4.10, implying 25% upside from here. Although the stock has significantly outperformed the MSCI China Index by 28% and 100% over the past three and 12 months, respectively, we expect likely favorable corporate activities and portfolio revaluations to drive further upside. We have lifted our NAV estimate to reflect the latter expectation.

In our last dispatch, "Growing in Stature", dated November 21, 2005, we were bullish on CRL stock based on 1) attractive valuations; 2) an improved asset profile from recent asset injections; 3) a rejuvenated future funding capacity; and 4) growing market capitalization and likely increased liquidity.

While the above reasons for our bullishness are still valid, as the proposed asset injection has now been approved, we have identified three new positives to add to our conviction. These include:

Likely portfolio revaluation translating into NAV growth:

We expect meaningful positive revaluation in at least two of the recently injected assets, namely China Resources Building in Beijing and City Crossing project in Shenzhen, in the next 12–18 months since conservative cap rates were used in the previous appraisal exercise (10–12.5% for retail and 8–9.5% for office). We estimate these two properties are poised to be revalued as this is required every 12 months for accounting purposes. Based on our estimates (Exhibits 3, 4 and 10), the expected revaluations could boost the aggregate value of the investment properties portfolio by at least 10% to HK\$8.1 billion. The growing maturity of the portfolio could lead to further upward revaluations over time, especially at the City Crossing project, which has been open for business only since December 2004. The expected property revaluations would also flow through to the P&L under the new accounting requirement although we prefer to focus on core earnings.

Improved earnings visibility: Following our recent visit to the company's major projects, we were encouraged by the solid pre-sales achieved in the past few months, many at higher-than-expected prices. Therefore, we have raised our 2006 and 2007 EPS estimates by 8% and 13%, respectively. We estimate that about 40% of our F06 EPS estimate has already been locked in. This suggests the projected earnings re-rating story is well on track on the development side.

Significant increases in rental income will show up starting in 2006 following the approved proposed asset injection.

Further asset injections the upside case: We attach some probability to a second round of asset injections within the next 12–15 months given China Resources Holdings' (CRH) intention to make CRL its flagship property arm. As the recently approved injection involved the CRH's crown jewels in investment property assets, any further transfer of assets should include development properties. As summarized in Exhibit 6, CRH has spent in excess of Rmb5 billion in acquiring four major development projects (GFA: 4 million sq m) in the past six months, of which two are in a joint venture with SHK Properties. We think it would be reasonable to assume that these projects would be put into one entity for the sake of efficiency. Given CRH's previous efforts in beefing up its power and retail businesses at China Resources Power and China Resources Enterprise, this leads us to believe that the next step would be to strengthen operations and growth at CRL. If this proves to be correct, this would translate into significant NAV and earnings accretion for CRL as this would practically more than double its current land bank of 3 million sq m. This represents a significant competitive edge for CRL over its peers, thanks to CRH's balance sheet. Based on today's prices and using a discount cash flow analysis, we estimate the four projects could add HK\$1–1.50/share to NAV if they were transferred to CRL at original cost.

Company Description

China Resources Land invests and develops properties in five cities: Beijing, Shanghai, Chengdu, Wuhan and Hefei. Other activities include investment holding, property management, electrical engineering, provision of exterior decoration services and the sale of building materials.

Industry View: In-Line

Robust earnings momentum offset by stock valuations, regulatory concerns and changing expectations among consumers.

MSCI Country: China

Asia Strategist's Recommended Weight: 10.4%
MSCI Asia/Pac All Country Ex Jp Weight: 7.6%

This upside-case scenario is purely based on our own "mosaic" theory of taking various pieces of information and reaching a conclusion by arranging them in a certain way. Investors should also consider several factors such as timing, transfer price and how CRL would finance these acquisitions should they materialize.

Price Target and Risks

We have raised our price target to HK\$4.10 from HK\$3.10. Our new price target is based on a 30% discount to our revised current NAV of HK\$5.84 and 12 times our 2007 EPS estimate. The latter is in line with the stock's own long-term average, which is what it should discount 12 months from now. The applied discount is larger than the current sector average but tighter than the 35% discount we used from our previous price target, reflecting stronger earnings momentum and better quality of earnings (additional rentals). Our price target appears hardly demanding as it would put the stock at a P/BV of 1.4 – still well below the industry average of 2.2.

The key risks to our price target include: 1) a severe economic slowdown; 2) a significant increase in interest rates; 3) regulatory changes to restrict mortgage lending and pre-sale of properties; 4) a cyclical property downturn; and 5) weaker-than-expected management execution.

NAV Calculation

We have raised our current NAV estimate by 23% to HK\$5.84. This compares with the pro-forma book value/share of HK\$2.80, translating into a revaluation surplus of HK\$12 billion. Excluding the total value of investment properties (HK\$8.16 billion), we have arrived at a revaluation surplus of HK\$3.8 billion for the development properties portfolio. Triangulating back to the P&L, this equals roughly the aggregate PBT for the next four to five years years.

The upward revision in NAV reflects 1) our projected revaluation at China Resources Building in Beijing and City Crossing project in Shenzhen and 2) higher selling prices in Chengdu and stronger assumptions for City Crossing Phase 2 (Exhibit 4). We previously valued the injected assets at the then fair values, which we now believe are conservative. Further valuation upside is likely when these assets become even more mature.

EPS Revisions

We are raising our EPS estimates by 8% to HK\$0.25 for 2006 and 13% to HK\$0.33 for 2007. These reflect the following:

Higher selling prices at Jade City phase 2 in Chengdu: With the first phase (GFA: 120,000 sq m or 983 units) fully sold at

Rmb4,000/sq m on average in 2004, phase 2 (160,000 sq m or 1,138 units) has achieved better prices at above Rmb5,000/sq m. Since launched in August 2005, about 820 units or 70% of the phase is now sold. These presales will contribute to earnings in 2006/07. We are pleasantly surprised by the high proportion of buyers (50%) making full payment. This is higher than the 30% registered in phase one, suggesting purchasing power is growing in the city. The Jade City project, which has earned CRL strong recognition in Chengdu, will remain an important earnings driver up to 2009/10.

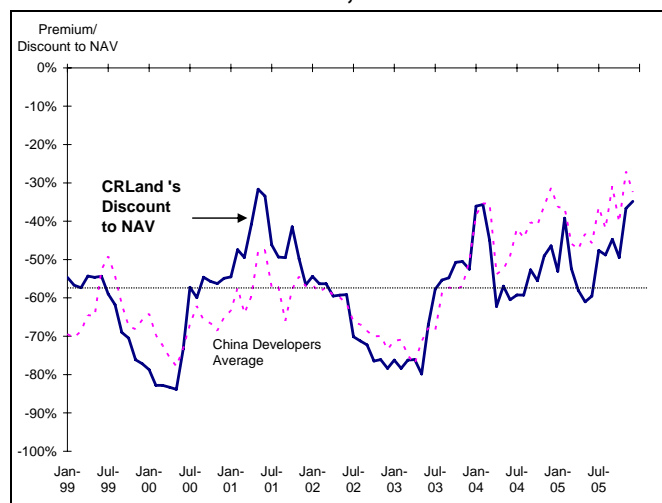
Stronger assumptions for City Crossing phase 2 in Shenzhen:

The site is to be developed into a mixed development with office, retail and hotel content. The company may seek an international hotel operator to manage the hotel when completed. We have brought our assumed value from Rmb13,000/sq m to Rmb19,000/sq m, in line with the valuation we ascribed to the completed phase one.

Our earnings projections do not include the likely property revaluation from investment properties in the next one to two years, which will flow through to the P&L in accordance with current accounting practices. We now forecast core EPS to post a 48% CAGR in 2004-07, implying a significant re-rating from 2006. We look for 400,000 and 530,000 sq m to be booked in 2006 and 2007, respectively. The latter is about 30% below the targeted completion in 2007, which we view as aggressive.

Exhibit 1

CR Land: Discount to NAV, 1999-Dec 2005



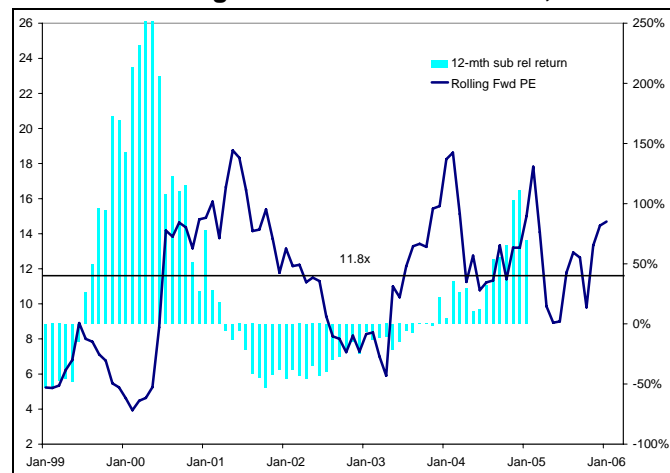
Source: Company data, Morgan Stanley Research

January 16, 2006
China Resources Land

As summarized in Exhibit 5, we estimate that Beijing will remain the main driver of sales (38–51% in 2006–07) followed by Chengdu (30–32%). We look for material improvement in both ROE and margins partly due to rental income.

Exhibit 2

CR Land: Rolling Forward P/E vs. Returns, 1999-06



Source: IBES Consensus, Datastream, Morgan Stanley Research

Exhibit 3

CR Land: Current NAV Breakdown

	HK\$ mn
Book Values	
<i>Book Value of Property Assets</i>	
Property in Fixed Assets	863
Property in Current Assets	4,773
Associates and JVs	694
Total Book Value of Items to be Revalued	6,330
Market Values	
<i>Market Value of Property Assets</i>	
Development Properties	17,910
Less Construction Costs	(5,730)
Investment Properties	8,160
<i>Market Value of Other Assets</i>	
Recurrent Income since last yr-end	24
Outstanding Land Premium	(1,758)
Book Value of Vanke shares to be transferred	(261)
Total Market Values	18,345
Surplus/(Deficit) on Revaluations	12,014
Shareholders' Fund	4,089
Total NAV	16,103
Number of Shares	2,758
NAV/Share (HK\$)	5.84
Share Price	3.28
Discount to NAV	-44%

See Exhibits 8–10 for further project-by-project valuations
Source: Morgan Stanley Research

Exhibit 4

Summary of Assets Injected

Asset	CR Building	CR Times Sq.	City Crossing Ph 1
Location	Beijing	Shanghai	Shenzhen
Total GFA	65,222	97,139	229,937
Retail	13,091	51,190	167,008
Office	41,342	36,843	41,740
No of Carpark	327	115	1,034
Completion Date	1,999	1997	2004
Market Value (Rmb Mn)	1,245	1,132	3,179
Market Value (Rmb/Sq M)	19,089	11,653	16,174
Revised Market Value*	25,600	11,653	20,200
Monthly Rent (Rmb Mn)	7.3	7.1	15.3
Cap Rate			
Retail	12.5%	12.0%	10.5%
Office	9.5%	9.5%	8.0%
Occupancy Rate			
Retail	100%	79%	90%
Office	93%	91%	75%

*Morgan Stanley Research Estimates
Source: Company Data, CBRE, Morgan Stanley Research

Exhibit 5

CRL: Development Profit by City

City	2005E	2006E	2007E
Beijing	84%	51%	38%
Chengdu	16%	30%	32%
Shanghai	0%	9%	19%
Wuhan	0%	7%	7%
Hefei	0%	3%	5%

Source: Morgan Stanley Research

January 16, 2006
China Resources Land

Exhibit 6

China Resources Holdings: Portfolio of Development Properties

Project	Location	Interest %	Total GFA Mn Sq M	Att. GFA Mn Sq M	Completion Date	Remark
Wuxi Mixed Development	Wuxi	55%	1.45	0.80	2010-12	Acquired in 4Q05 in JV with SHKP and a local partner
Hangzhou Mixed Development	Hangzhou	60%	0.55	0.33	2010-11	Acquired in 3Q05 in JV with SHKP
Qinghe	Beijing	49%	0.72	0.35	2007-09	Acquired in 3Q05 in JV with CRL
Eastern Community	Chengdu	100%	2.50	2.50	2008-14	Massive project acquired in 4Q05; good location
Total			5.22	3.98		

Source: Company data, Morgan Stanley Research

Exhibit 7

CR Land: Earnings Analysis, 2000-2007E

Year Ending Dec 31	2000	2001	2002	2003	2004	2005E	2006E	2007E
HK\$ million								
Turnover								
Property sales	1,611	3,385	1,058	1,184	2,313	3,129	3,259	4,319
Rental income	6	0	13	8	22	32	478	517
Property mgmt and others	15	36	59	60	74	77	81	85
Total Turnover	1,632	3,421	1,130	1,252	2,409	3,238	3,818	4,922
Cost of Sales	(1,433)	(3,049)	(1,078)	(1,165)	(2,098)	(2,757)	(2,673)	(3,454)
Gross Profit	199	373	52	87	311	481	1,145	1,468
Other operating income	75	37	82	101	86	146	20	20
Dividend income from listed securities	4	4	3	3	2	2	0	0
Exchange gain	0	0	0	1	0	28	0	0
Disposal gain	0	0	0	0	0	0	0	0
Interest income	53	33	18	20	16	15	15	15
Unrealized holding gain on other investments	0	0	8	74	59	97	0	0
Others	18	0	52	2	10	5	5	5
Selling expenses	(7)	(77)	(34)	(14)	(19)	(25)	(26)	(35)
Admin. Expenses	(21)	(42)	(50)	(56)	(65)	(88)	(91)	(121)
Allowance for bad and doubtful debts	(35)	(218)	(71)	(55)	(117)	(70)	0	0
Profit from Operations	210	72	(20)	63	197	445	1,048	1,332
Finance costs	(9)	(17)	(5)	(34)	(29)	(31)	(44)	(39)
Share of associates and JVs	(16)	(18)	21	7	20	20	21	21
Profit before Tax	185	37	(4)	36	188	435	1,024	1,314
Tax	(47)	116	74	(17)	(81)	(88)	(303)	(390)
Minority interests	(40)	15	36	60	43	(64)	(22)	(23)
Net Profit	98	168	106	79	150	282	699	902
% Change	-213%	71%	-37%	-25%	90%	88%	148%	29%
EPS (HK\$)	0.07	0.11	0.07	0.05	0.10	0.19	0.25	0.33
DPS (HK\$)	0.02	0.02	0.03	0.03	0.03	0.06	0.08	0.10

*Note: Modelware EPS excludes non-recurring/exceptional items
Source: Company Data, Morgan Stanley Research

Exhibit 8

CR Land: Development and Investment Properties

	Residential	Office	Retail	Industrial	Hotel	Car Parks	Total
Investment Properties Floor Area (sq. ft.)							
China	44,723	1,908,714	2,781,084	0	222	1,476	5,395,332
Others	0	0	0	0	0	0	0
Total	44,723	1,908,714	2,781,084	0	222	1,476	5,395,332
% of Total	0.8%	35.4%	51.5%		2.7%	9.6%	100.0%

Development Properties Floor Area (sq. ft.)

China	22,557,221	5,055,700	1,460,541	0	0	0	29,073,462
Others	0	0	0	0	0	0	0
Total	22,557,221	5,055,700	1,460,541	0	0	0	29,073,462
% of Total	77.6%	17.4%	5.0%				100.0%

Investment Properties Value at Current Market Prices (HK\$ mn)

China	20	2,919	4,821	0	89	312	8,160
Others	0	0	0	0	0	0	0
Total	20	2,919	4,821	0	89	312	8,160

Development Properties Value at Current Market Prices (HK\$ mn)

China	11,973	5,240	663	0	0	0	17,876
Others	0	0	0	0	0	0	0
Total	11,973	5,240	663	0	0	0	17,876

Value of Development Properties by Completion Dates (HK\$ mn)

31-Dec-05	1,871	452	0	0	0	0	2,324
31-Dec-06	2,826	265	0	0	0	0	3,091
31-Dec-07	3,361	570	33	0	0	0	3,964
Later	3,915	3,954	630	0	0	0	8,498

Potential Returns at Current Market Rates on Investment Property

Gross Area (Sq.Ft.)	44,723	1,908,714	2,781,084	0	222	1,476	5,395,332
Value (HK\$Mil.)	20	2,919	4,821	0	89	312	8,160
Rent (HK\$/Sq.Ft.)	4	12	13	0	3,333	1,055	11
Rental Income (HK\$Mil)	2	264	434	0	9	19	727
Gross Yield	10.0%	9.0%	9.0%	0.0%	10.0%	6.0%	8.9%

Estimated Current Net Asset Value

Surplus on Valuation (HK\$ mn)	Total NAV (HK\$ mn)	Share Price (HK\$)	NAV per share (HK\$)	Share Price Variance from NAV	EV to AV
12,017	16,106	3.28	5.84	-43.9%	-38.6%

E = Morgan Stanley Research Estimates
Source: Company Data, Morgan Stanley Research

January 16, 2006
 China Resources Land

Exhibit 9

CR Land: Development Properties

Project Name	Location	% Held	Est Date of Completion	Total Floor Area (sq. ft.)	Attri. Floor Area (sq. ft.)	Cost of Construction (Rmb/sq. ft.)	Pending Const Cost (Rmb mn)	Market Price (Rmb/sq. ft.)	Market Value (Rmb mn)
Phoenix City II, III & Later	Chaoyang, Beijing								
Residential		92%	Aug-05	848,552	779,820	300	82	1,037	809
Residential		92%	Jul-06	582,733	535,532	300	127	1,250	624
Residential		92%	Dec-07	817,521	751,302	300	201	1,250	727
Office		92%	Jun-08	1,937,457	1,780,523	375	576	1,500	1,935
Chengdu Jade City I-V	Jinjiang, Chengdu, PRC								
Residential (Ph 1)		100%	Jun-05	39,987	39,987	169	2	380	15
Residential (Ph 2 - high rise)		100%	Dec-06	1,104,749	1,104,749	200	215	450	439
Residential (Ph 2 - low rise)		100%	Dec-06	602,205	602,205	213	125	480	255
Residential (Ph 3)		100%	Dec-07	1,967,854	1,967,854	213	375	480	731
Residential (Ph 4)		100%	Dec-08	2,268,644	2,268,644	213	383	480	739
Retail (Ph 4)		100%	Dec-08	810,761	810,761	150	97	500	275
Residential (Ph 5)		100%	Dec-09	2,615,405	2,615,405	213	392	480	747
The Bund Side 1-2	Huangpu, Puxi, Shanghai								
Residential		100%	Jun-06	315,666	315,666	400	95	1,670	497
Residential		100%	Mar-07	609,987	609,987	400	238	1,670	870
Residential		100%	Dec-09	1,101,810	1,101,810	400	310	1,670	1,095
Qing He project	Haidian, Beijing								
Residential		47%	Dec-07	1,937,457	908,667	200	162	800	563
Residential		47%	Dec-08	3,013,822	1,413,483	200	224	800	767
Residential		47%	Dec-09	1,506,911	706,741	200	99	800	337
Retail/Office		47%	Dec-09	1,270,111	595,682	272	115	1,000	355
City Crossing Ph 2	Luohu, Shenzhen								
Office		100%	Dec-09	1,883,639	1,883,639	450	611	1,800	2,018
La Firenze I, II & Later	Daxing, Beijing								
Residential (Ph 1A)		92%	Dec-04	182,487	167,705	250		634	106
Residential (Ph 2A)		92%	Jul-04	58,726	53,970	250		634	34
Residential (Ph 1B)		92%	Dec-05	71,298	65,523	200	7	541	35
Residential (Ph 2B)		92%	Dec-05	242,161	222,546	200	23	541	120
Residential (Ph 5)		92%	Dec-06	1,189,114	1,092,796	200	213	600	578
Retail (Ph 5)		92%	Dec-07	58,866	54,098	200	10	800	33
Unsold inventories	Xicheng, Beijing								
Residential		92%	Dec-03	1,639,465	1,506,669	200		450	678
Hefei French Annecy I-III	Gaoxin, Hefei								
Residential		100%	Dec-06	430,546	430,546	200	84	360	137
Residential		100%	Dec-07	753,456	753,456	200	135	360	210
Residential		100%	Dec-08	938,730	938,730	200	149	360	229
Majestic Garden III	Chaoyang, Beijing								
Office		92%	Dec-07	800,816	735,949	400	270	1,000	570
Wuhan Pheonix City I & II	Wucheng, Wuhan								
Residential		100%	Dec-06	747,535	747,535	200	146	450	297
Residential		100%	Dec-07	747,535	747,535	200	133	450	260
Grand Constellation	Xicheng, Beijing								
Office		92%	Jun-05	245,874	225,958	500	25	1,500	339
U-Space Ph I-II, Chaoyang	Chaoyang, Beijing								
Residential		92%	Dec-03	59,372	54,563	250		875	48
Office		92%	Dec-06	363,327	333,898	400	109	900	265
Top Box	Chaoyang, Beijing								
Office		92%	Sep-04	104,171	95,733	400		1,182	113
Various sites	Beijing, PRC								
Land		100%	Exist	383,455	383,455	0	0	100	38
Jing Tong Sunny Uptown	Beijing, PRC								
Residential		100%	Dec-03	53,797	53,797	200		471	25
Total					29,073,462		5,732		17,915

Source: Company Data, Morgan Stanley Research

January 16, 2006
China Resources Land

Exhibit 10

CR Land: Investment Properties

Project Name	Location	% Held	Est Date of Completion	Total Floor Area (sq Ft)	Attri. Floor Area (sq Ft)	Monthly Rent (HK\$/Sq Ft)	Annual Rental (HK\$M)	Market Price (HK\$/Sq Ft)	Market Value (HK\$M)
City Crossing Ph 1	Luohu, Shenzhen								
Office		100%	Exist	449,275	449,275	15	81	1,800	809
Retail (The MIXc)		100%	Exist	1,797,616	1,797,616	14	307	1,900	3,416
Carpark		100%	Exist	1,034	1,034	1,000	12	200,000	207
China Resources Bldg	Dongcheng, Beijing								
Office		100%	Exist	444,991	444,991	19	100	2,500	1,113
Retail		100%	Exist	140,907	140,907	15	25	2,000	282
Carpark		100%	Exist	327	327	1,250	5	250,000	82
CR Times Square	Pudong, Shanghai, PRC								
Office		100%	Exist	550,991	550,991	7	44	1,000	551
Retail		100%	Exist	396,565	396,565	10	46	1,300	516
Carpark		100%	Exist	115	115	1,000	1	200,000	23
Xidan Cultural Center	Xicheng, Beijing								
Retail		92%	Exist	389,472	357,925	11	48	1,500	537
Huawei Centre	Xicheng, Beijing								
Office		46%	Exist	466,832	214,743	11	29	1,500	322
Retail		46%	Exist	116,708	53,686	8	5	1,000	54
Hua Rui Building	Luohu, Shenzhen								
Hotel		100%	Exist	222	222	3,333	9	400,000	89
Huanan Building	Xicheng, Beijing								
Office		15%	Exist	527,856	80,234	3	3	500	40
Retail		15%	Exist	226,224	34,386	4	2	500	17
Guan Hua Building	Xicheng, Beijing								
Office		100%	Exist	86,431	86,431	3	3	500	43
Huan Yuan Building	Xicheng, Beijing								
Office		100%	Exist	82,049	82,049	3	3	500	41
Guanyingyuan Residential (resettle)	Xicheng, Beijing								
Residential (resettle)		100%	Exist	44,723	44,723	4	2	450	20
Total					5,395,332		727		8,160

Source: Company Data, Morgan Stanley Research

Morgan Stanley

ModelWareSM

ModelWare is Morgan Stanley's new system for helping investors and analysts to uncover value, free from the distortions and ambiguities created by accounting data. Morgan Stanley has dissected and fundamentally redefined the components of corporate valuation, giving clients more consistent definitions, more comparable data, and more flexible analytic tools. ModelWare makes investment insights easier by making value more visible.

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ModelWare EPS illustrates the approach. It represents ModelWare EPS as ModelWare net income divided by average fully diluted shares outstanding. ModelWare net income sums net operating profit after tax (NOPAT), net financial income or expense (NFE) and other income or expense. ModelWare adjusts reported net income to improve comparability across companies, sectors and regions. Among these adjustments: We exclude goodwill amortization and items deemed by analysts to be "one-time" events; we capitalize operating leases where their use is significant (e.g., in transportation and retail); and we convert inventory to FIFO accounting when LIFO costing is used. For more information on these adjustments and others, as well as additional background, please see *Morgan Stanley ModelWare (ver. 1.0): A Road Map for Investors*, by Trevor Harris and team, August 2, 2004.

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(as of December 31, 2005)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	753	36%	272	40%	36%
Equal-weight/Hold	943	45%	320	47%	34%
Underweight/Sell	382	18%	88	13%	23%
Total	2,078		680		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

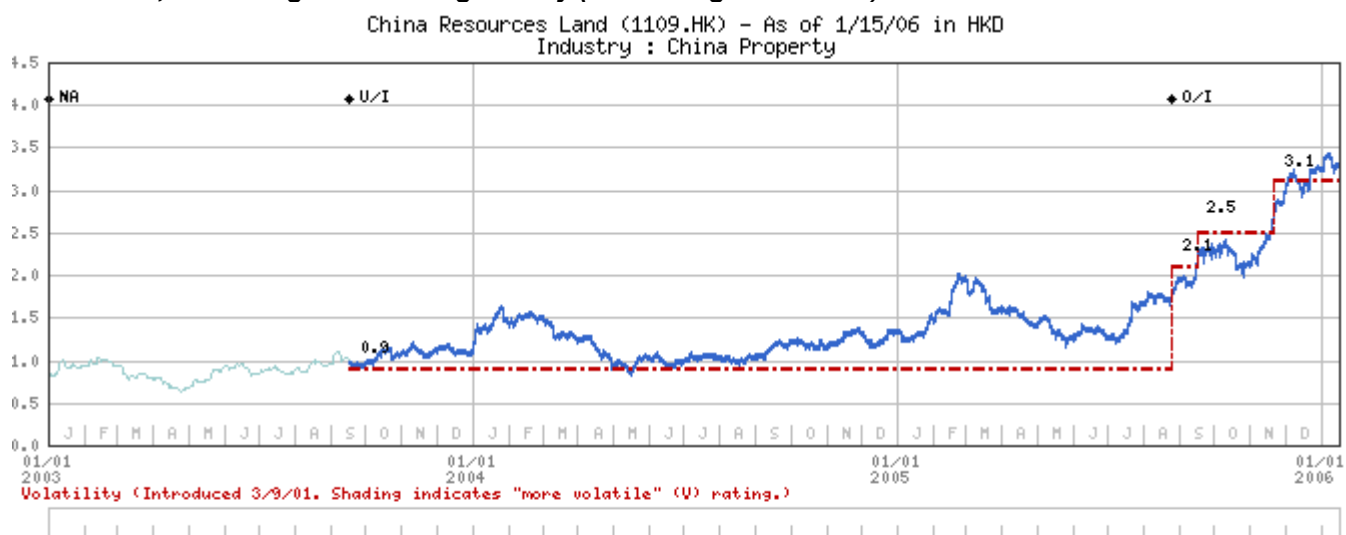
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/22/99 : NA; 9/17/03 : U/I; 8/25/05 : O/I

Price Target History: 10/22/99 : NA; 9/17/03 : 0.9; 8/25/05 : 2.1; 9/16/05 : 2.5; 11/21/05 : 3.1

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) --- Stock Price (Covered by Current Analyst) ---
 Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ♦
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Industry Coverage: China Property

Company (Ticker)	Rating (as of)	Price (01/13/2006)
Kenny Tse		
Beijing North Star (0588.HK)	E (09/17/2003)	HK\$2.05
China Overseas Land & Inv. (0688.HK)	E (03/22/2005)	HK\$3.85
China Resources Land (1109.HK)	Overweight (08/25/2005)	HK\$3.27
Guangzhou R&F Properties (2777.HK)	E-V (10/26/2005)	HK\$29.60
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