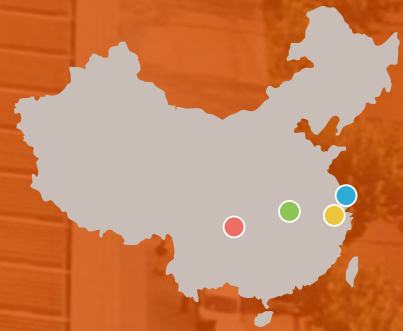






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Market and Project Updates

Shanghai

Shanghai lies on the east coast of China, just south of the Yangtze River Delta, and is the country's leading commercial and financial centre. In recent years, it has enjoyed rapid economic development with GDP per capita reaching approximately RMB 67,235 in 2005. It has a population of 13.6 million in 2005 and is designated to host the World Expo in 2010.



The continued inflow of foreign investment as foreign companies expand in the market is expected to contribute to a growing demand for upper-end residential properties and Grade A offices. Coupled with the rising income level of locals, it is expected that the growth will be sustainable in the long term.

Luwan District

The Luwan District is located within the main CBD of Shanghai and covers an area of around 8.1 sq.km. The Luwan District is a leading business and commercial district of Shanghai and is well served by good transportation links.

Shanghai Taipingqiao

The Shanghai Taipingqiao project is a city-core development project in Luwan District with an emphasis on the restoration of historic buildings and the establishment of an integrated community. The project is situated just south of Huai Hai Zhong Road, one of Shanghai's principal commercial streets.

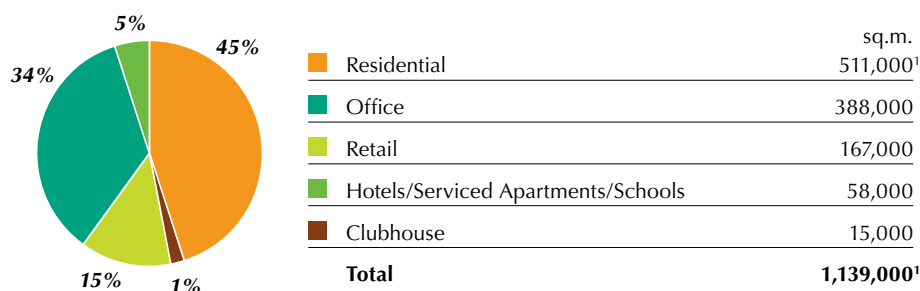
The Shanghai Taipingqiao project consists of 19 plots of land. The completed plots are:

- **Shanghai Xintiandi:** the historic restoration zone is a retail and entertainment area with approximately 57,000 sq.m. and was opened in mid-2001. Xintiandi, which means "New Heaven and Earth" in Chinese, features a mix of upscale, well-known retail shops and boutiques, coffee shops, restaurants, sidewalk cafes, art galleries, museum, a boutique hotel (88 Xintiandi) and entertainment, cultural, and recreational facilities.



- Corporate Avenue:** the corporate headquarters zone that consists of Grade A office buildings built along the Taipingqiao Lake and adjacent to Shanghai Xintiandi. A portion of Corporate Avenue, Lot 110, was completed in March 2004 with a GFA of approximately 83,000 sq.m. The total planned GFA is 416,000 sq.m.
- Up-market residential zone:** located at the junction of Zi Zhong Road and Ji Nan Road, southeast of Shanghai Xintiandi and south of the Taipingqiao lake and park. Phase 1, which is known as The Lakeville, with a GFA of approximately 49,000 sq.m., was completed and all units were sold in 2003. Phase 2, which is known as The Lakeville Regency, with a GFA of approximately 136,000 sq.m., was launched in 2006 and, by year end, approximately 60% of the residential GFA was sold.
- Retail and theatre zone:** located on top of a major metro station in the traditional commercial district of Xizang Road. Once completed, it will have a total GFA of approximately 49,000 sq.m., which consists of a Broadway-style theatre, and retail and entertainment outlets.

The following shows the mix of residential, office and retail properties that we plan for the Shanghai Taipingqiao project upon completion:



(1) Of which 122,000 sq.m. of GFA have been sold as at the end of the financial year
 Note: All GFA quoted above includes leasable and saleable area only

Development Status and Plan for 2007

Preparation of the construction for Lot 113 (Phase 3 of up-market residential zone) is in good progress and is scheduled for pre-sale in 2007.

The relocation of Corporate Avenue Lot 126 and Lot 127 in the corporate headquarters zone is in progress.

