

A Strong Pipeline of New Projects

Strong economic growth in China is spreading from the coastal areas to the inner regions and this is opening up exciting new opportunities for the Company. The Company has already leveraged its experience in Shanghai to develop business in other cities.

Dalian

The Company was invited by Shui On Company Limited to consider a co-investment with Shui On Construction and Materials Limited (SOCAM) and YIDA, a local developer, to develop Dalian Software Park Phase 2. This is subject to Board approval and, if necessary, shareholders' approval.

The master plan covers 633 hectares of land comprising of six sites with a total planned GFA of 3.9 million sq.m. This would accommodate a mixed development consisting of a software park, office, residential, commercial, education facilities, hotels and Shanghai Xintiandi-type entertainment and retail area.

This project is positioned to serve the fast-growing information technology and business process outsourcing industries in Dalian. These industries have grown at an average 60% per annum during the 2000-2005 period, and are forecasted to grow 24-41% per annum from 2007 to 2012.

Kunming

The Company has entered into a framework agreement with Kunming government in July 2006 to collaborate in the redevelopment of the northern Caohai District as a mixed-use community consisting of entertainment, cultural, live, work, research and development facilities. The planned GFA of the project is 2.5 million sq.m.

The identified site is approximately 4 sq.km. and is adjacent to the current city centre, the famous Dianchi Lake, and surrounding the Daguan Park.

Kunming has excellent potential in tourism due to its unique historical and cultural attributes, as well as its favourable mild year-round climate, which gives rise to its nickname "Spring City". Government policies with respect to the Greater Mekong Sub-region and ASEAN + 1, and improved land transport infrastructure linking Kunming with various Southeast Asian cities, are expected to drive GDP growth, which is forecasted to increase significantly in the future from 11% in 2005.

Shanghai Yangpu Lot 24

Our KIC project in Shanghai was well received by the market since it was launched. To further consolidate KIC's position as the de facto centre in the Five Corners City Sub-centre in Yangpu District, we have entered into a sales and purchase agreement to acquire a local company that has the right to develop an adjacent site known as Plot A of Lot 24 with developable GFA of approximately 137,000 sq.m.

The Company believes that with the purchase of Lot 24, it will enhance the KIC project's scale and also satisfy the strong office demand in the Yangpu area.



Dalian

Kunming

Chongqing

Wuhan

Shanghai

Hangzhou