



Mainland China Business

Mainland development projects will contribute to the Group's long-term growth and market position, with an emphasis on landmark commercial and residential projects in selected major cities.



1. Shanghai IFC, Shanghai
2. Huai Hai Zhong Road project, Shanghai
3. Sun Dong An Plaza, Beijing
4. Central Plaza, Shanghai

Luxury project in Wei Fong,
Shanghai



Shanghai IFC will have world-class shopping mall and offices equipped with the state-of-the-art facilities. Completion for the entire project is scheduled for 2011 and it will be one of the prominent landmarks in Shanghai.

Highlights

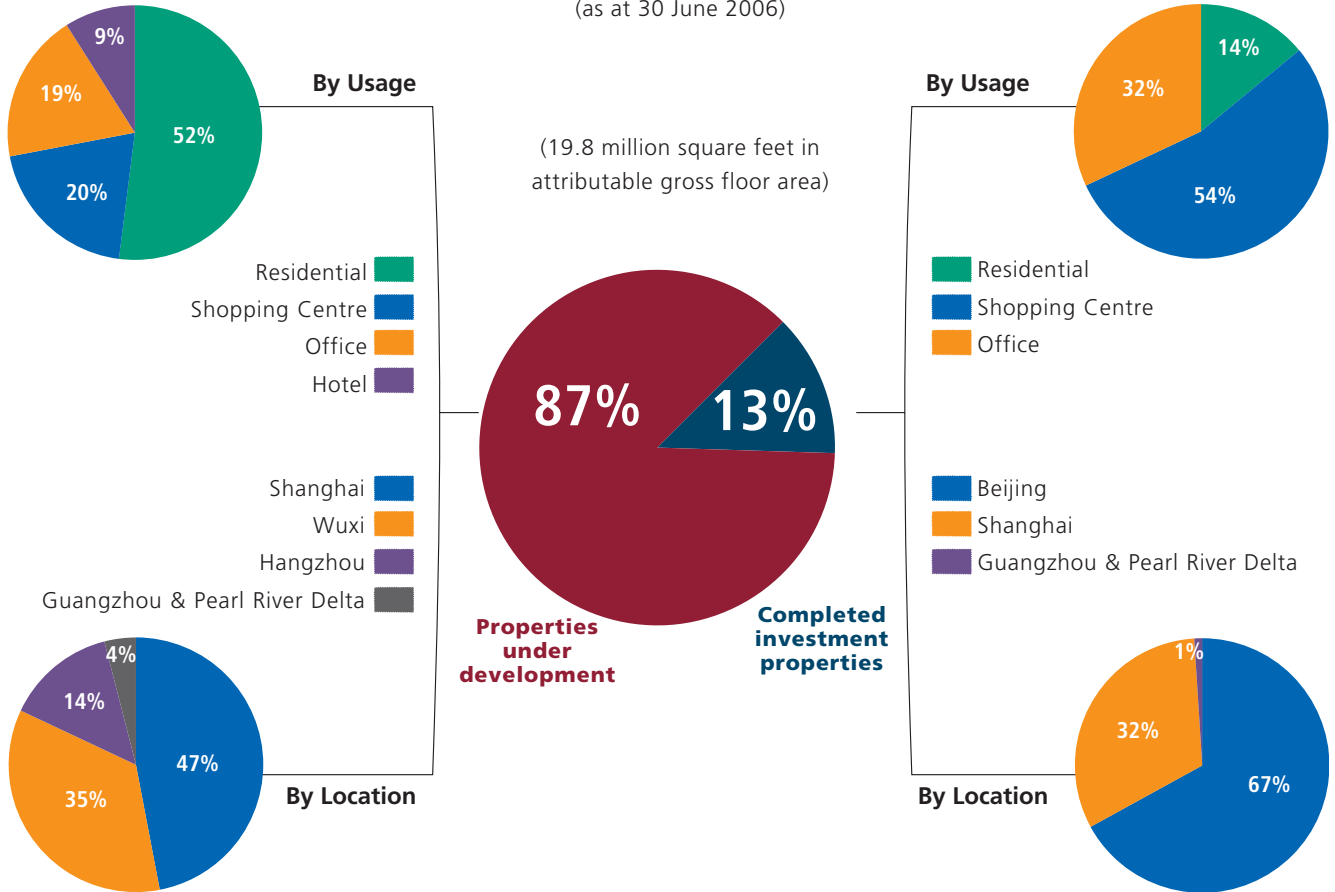
- **Development land bank increased to 17.2 million square feet, on top of 2.6-million-square-foot investment property portfolio**
- **Acquired a prime residential/commercial site on Huai Hai Zhong Road in Puxi, Shanghai**
- **Entered into two joint ventures to develop large-scale residential/commercial complexes in Hangzhou and Wuxi**
- **Started construction of Shanghai IFC in Lujiazui**

The Group took significant strides in mainland property investment during the year, making several major acquisitions, while its rental portfolio continued to produce good results. The Group is confident that the Central Government's efforts to curb over-investment in certain sectors are paving the way for healthy economic growth over time, and it remains optimistic about the long-term prospects for mainland investments. The Group will continue investing on the mainland incrementally, focusing on property business in major cities.

As at 30 June 2006, the Group held 2.6 million square feet of completed investment properties as long-term investments, consisting mainly of offices and shopping centres in prime locations. On top of this, the Group owns another 17.2 million square feet of properties under development on the mainland, about half of which will be high-end residences.

Land Bank on the Mainland

(as at 30 June 2006)



The project in Huai Hai Zhong Road is located in the busiest commercial district of Puxi and will be linked to the interchange of three MTR lines, attracting huge commuters.



The world-class luxury residential Wei Fong project has a sweeping view of Huangpu River in Pudong.

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Set to become the highest quality residential community, Taihu New City Project in Wuxi is surrounded by natural environments of Taihu.



Qianjiang New City Project in Hangzhou will have luxury residences, serviced apartments, offices and retail outlets with total gross area of 6 million square feet.

Major Projects Under Development

SHANGHAI

Shanghai IFC

Lujiazui, Shanghai (100% owned)

Construction is proceeding on this 4-million-square-foot development in the bustling Pudong finance and trade zone in Shanghai. The project will contain a world-class shopping mall and offices with the state-of-the-art facilities and amenities comparable to IFC in Central in Hong Kong. Shanghai IFC will also have two top-class hotels managed by Ritz-Carlton and W Hotels. The first phase of 900,000 square feet of premium office space is expected to be completed in 2009. Completion for the entire project is scheduled for 2011.

Wei Fong, Shanghai

 (100% owned)

This project is located on the waterfront of Huangpu River, the most prestigious residential area of Pudong, with a panoramic view of the famous Bund. The Group will apply its expertise in developing luxury residences and build 1.7 million square feet of high-quality residential units and serviced apartments in two phases from 2009. Upon completion, it is set to become one of the new icons of Pudong district and will set new standards for luxury residences in the area.

Huai Hai Zhong Road Lot 3, Shanghai

 (Joint venture)

The Group acquired a prime site on Huai Hai Zhong Road in Puxi, Shanghai during the year. This 400,000-square-foot site will be developed into a top-quality mall, offices and luxury residential complex. It will be linked to a new MTR station which will form a transport hub for the interchange of three MTR lines.

GUANGZHOU AND PEARL RIVER DELTA

The Woodland

Zhongshan 5 Road, Zhongshan

 (Joint venture)

The Woodland is a low-rise development being built in phases. The second phase of the development was completed during the year and over 85 per cent of the units have been sold. Following the success of the first two phases, the Group is finalizing the planning for the third phase, which will contain about 650,000 square feet of quality residential units.

OTHER CITIES

Qianjiang New City Project, Hangzhou

 (40% owned)

This project is on the waterfront of Qian Tang River. It is located in the core area of the central business district of Qianjiang New City and next to the planned new city government headquarters. It has a total gross floor area of 6 million square feet, comprising luxury residences, serviced apartments, offices and retail space.

Taihu New City Project, Wuxi (40% owned)

This large-scale development is in Wuxi's Taihu New City, which is a new focus of development by the local authority. The project will consist of about 15 million square feet of residential units, serviced apartments, offices and retail space, to be completed in phases. It is set to become the highest quality residential community in Wuxi, surrounded by the natural and tranquil environment of Taihu.

Major Completed Properties

The Group's 2.6-million-square-foot completed investment property portfolio in the mainland consists mainly of key projects primarily in Beijing and Shanghai. All these projects are in prime districts and produce satisfactory leasing returns.

Sun Dong An Plaza

138 Wangfujing Dajie, Beijing (Joint venture)

Sun Dong An Plaza is a recognized landmark in Beijing. The 1.3-million-square-foot shopping mall, operated and owned by the Group except for 16,000 square metres operated by the mainland partner, is undergoing a major revamp, repositioning it as a major attraction for young shoppers with international brands and trendy stores. The revamp, to be completed prior to the 2008 Olympic Games, will reinforce the mall's position as a shopping, dining and entertainment focus for both local residents and tourists. Renovation plans are in hand for the 430,000 square feet of offices, which are 95 per cent let.

Central Plaza

381 Huai Hai Zhong Road, Shanghai (80% owned)

Central Plaza is in the busy Puxi commercial district in Shanghai, with about 590,000 square feet of top-quality office and retail space. Its prime location makes it a favourite with multinational

Major Completed Mainland Investment Properties

Project	Location	Lease Expiry	Group's Interest	Attributable Gross Floor Area (square feet)			
				Residential	Shopping Centre	Office	Total
Sun Dong An Plaza	138 Wangfujing Dajie, Beijing	2043	Joint venture	–	1,128,000	430,000	1,558,000
Central Plaza	381 Huai Hai Zhong Road, Shanghai	2044	80%	–	106,000	366,000	472,000
Shanghai Arcadia	88 GuangYuan Xi Road, Shanghai	2064	97%	316,000	26,000	–	342,000



Renovations of the Sun Dong An Plaza in Beijing will be completed well before the 2008 Olympic Games, to further reinforce the mall's position as an entertainment hub for both locals and tourists.

companies and retailers. Performance was highly satisfactory during the year, with all the office and retail space let with higher rents.

Arcadia Shanghai

88 Guang Yuan Xi Road, Shanghai (97% owned)

Arcadia Shanghai in Xuhui consists of two serviced apartment blocks completed in 1999 and a residential tower completed in 2004. The total gross floor area is about 640,000 square feet. The Group is holding Grand Mayfair as a rental property. It has around 300,000 square feet of gross floor area, and leasing was satisfactory during the year.