







The prime cities Beijing, Shanghai, Guangzhou and Shenzhen remain the focus of the Group's mainland strategy, and it is seeking investment opportunities in other major cities. The Group is using its Hong Kong expertise and experience to build its mainland brand recognition with landmark projects in China.



Shanghai IFC





## Highlights

- **Rising mainland investment with total land bank now at 45.8 million square feet**
- **Added four new projects for residential development in Guangzhou and Chengdu**
- **Sold or pre-sold an attributable HK\$252 million worth of mainland property**



Shanghai IFC in the Lujiazui financial trade zone will be a new landmark upon completion in 2010.

The Group's mainland property business performed well during the year, with increased office and retail rents driven by buoyant market demand. Attributable property sales during the year amounted to HK\$252 million, mainly from The Woodland Phase 2 in Zhongshan and Taihu International Community in Wuxi.

Property markets in most mainland cities continued to thrive over the past year despite Central Government measures to cool over investment. Stricter policies and a crackdown on illegal practices should actually help to produce healthy, sustainable market development. Long-term prospects for mainland markets are bright, in view of the robust economic growth and generally rising affluence.

The Group is establishing its brand on the mainland by developing major projects like Shanghai IFC. It will continue to actively expand its mainland investment, focusing on the prime cities of Beijing, Shanghai, Guangzhou and Shenzhen, while also seeking investment opportunities in other major cities. It will increase the proportion of its mainland committed investments from the current 17 per cent to 30 per cent of total assets in the medium term. The Group will follow its Hong Kong model of balancing revenue from property sales and rental income on the mainland, developing both landmark properties for long-term investment and residential premises for sale.

Significant mainland property investments over the year included the acquisition of four sites for residential development, as described under Land Bank on page 24.



*The Wei Fong project in Pudong will have a sweeping view of the Huangpu River and set a new standard for luxury living in Shanghai.*

## Major Mainland Projects Under Development

### SHANGHAI

#### Shanghai IFC

##### Lujiazui, Shanghai (100% owned)

Shanghai IFC is at 8 Century Avenue in the heart of the Lujiazui financial centre. The integrated complex will contain over four million square feet of gross floor area spread over two high-rise towers and a lower block. There will be over 2 million square feet of grade-A offices, hotels covering one million square feet with 656 rooms managed by Ritz-Carlton and W-Hotels and a one-million-square-foot mall with an array of international retailers. The project is scheduled for completion in phases from 2009 to 2010. The first phase will include the W-Hotel, retail mall and 900,000 square feet of offices. Leasing enquiries from multinationals and international retailers have been encouraging. HSBC will be the single largest occupant of the south office tower, occupying 20 floors.

#### Wei Fong Project, Shanghai (100% owned)

This project is on the waterfront of the Huangpu River in 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 to build 1.7 million square feet of top-quality units and serviced apartments. This project will stand out and set new standards of luxury in Shanghai.



*The Shanghai IFC shopping mall will feature a spectrum of international retailers.*



# Mainland China Business

## **Huai Hai Zhong Road Lot 3, Shanghai** (Joint venture)

The Group is planning to develop this site on Huai Hai Zhong Road into first-class retail space, offices and luxury residences. Construction is under way and scheduled for completion in 2010. The project has a gross floor area of 2.5 million square feet. It is in the busiest commercial area of Puxi and will include a 1.2 million-square-foot shopping mall that will link to a new mass transit station that will be the interchange between three transit lines.

## **GUANGZHOU AND PEARL RIVER DELTA**

### **Dragon Lake Project**

#### **Huadu, Guangzhou** (60% owned)

This project is in the scenic Dragon Lake resort area close to the Guangzhou city centre and Guangzhou Baiyun International Airport. The Group acquired 60 per cent stake during the year. The project will have a gross floor area of 12 million square feet in a low-density development integrated with a local golf course.

### **Sandong Avenue Project**

#### **Huadu, Guangzhou** (95% owned)

The Group plans to build luxury residences on this prime site in the centre of Huadu, where economic prospects are bright with the opening of the Guangzhou Baiyan International Airport and improved transport links with Guangzhou's city centre. The project will have 1.1 million square feet of luxury residences for sale and is scheduled for completion in 2009.



*The Huai Hai Zhong Road project in the vibrant Puxi business district will contain premium residences, offices and a shopping centre.*



*The Dragon Lake project in Guangzhou is a low-density residential development in a serene beautiful setting.*

## Shiling Project

### Huadu, Guangzhou (100% interest)

Shiling project is the Group's another residential development in Huadu, on a site surrounded by a green environment where most units will have scenic views of the reservoir. There will be over seven million square feet of high-end apartments and houses to be completed in phases.

## The Woodland

### Zhongshan 5 Road, Zhongshan (joint venture)

The Woodland is a low-rise development of over five million square feet of premium residential units being built in phases. The first two phases of over 1.2 million square feet are finished and nearly sold out. The third phase of 660,000 square feet is currently under development and marketing commenced in late August this year with encouraging response.

## OTHER CITIES

### Hangzhou MIXC

#### Qianjiang New City, Hangzhou (40% interest)

This project is on the banks of the Qian Tang River in a core area of the central business district of Qianjiang New City and next to the planned new city government headquarters. It will have a gross floor area of six million square feet made up of deluxe residences, serviced apartments, offices and retail space. The project is being completed in phases, with the first phase of one million square feet of residences and a 1.6-million-square-foot shopping mall scheduled for completion in the second half of 2009. Marketing of the first phase residences is scheduled for mid 2008.

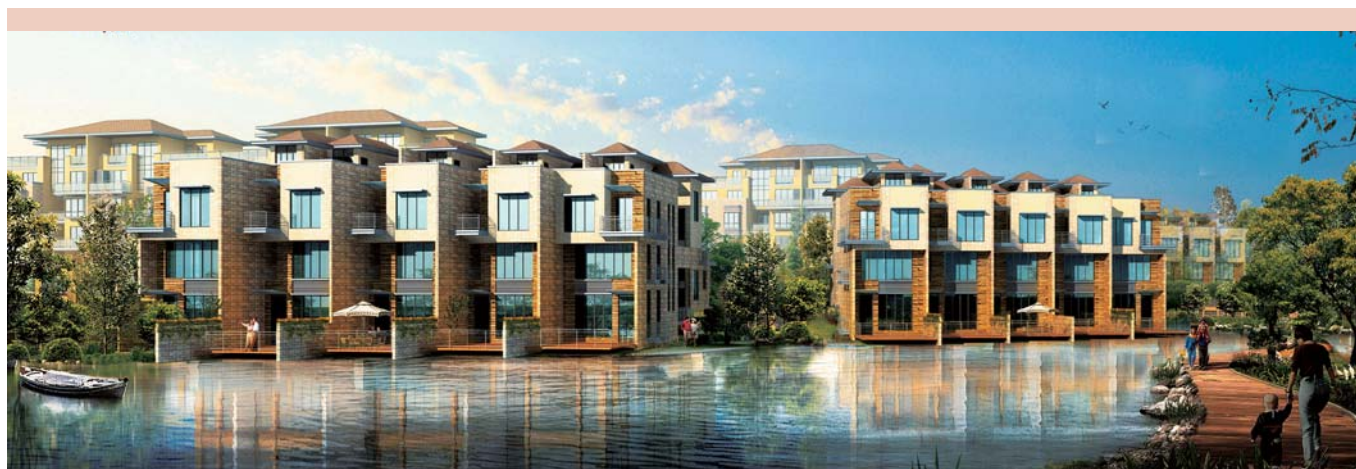


*The first phase of Hangzhou MIXC will contain residences and a shopping centre. Completion is expected in 2009.*

## Taihu International Community

### Taihu New City, Wuxi (40% interest)

Taihu International Community will be an integrated development with 15 million square feet of residential units, serviced apartments, offices and retail space. The project is on a lake front that have extensive water features and greenery, making it the finest residential community in Wuxi. Construction of the first 600 low-density luxury residences with a gross floor area of close to one million square feet is under way and planned for completion in 2008. The first batch of 300 units offered for sale in June this year sold out within a few hours. The remaining units will be marketed shortly.



*The lakeside Taihu International Community will offer the finest residences in Wuxi.*



# Mainland China Business



*A luxury residential development in Shuangliu, Chengdu will be completed in phases.*

## Shuangliu County Project

**Chengdu** (91% interest)

The Group acquired this prime site during the year. It can accommodate 6.6 million square feet of gross floor area and will be developed into high-end residences to be completed in phases from late 2009. It is near the city's future administrative centre and new municipal government headquarters, close to an ocean park currently under construction.

## Major Completed Mainland Properties

The Group's 3-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 very highly satisfactory leasing returns. Major projects include:

### Beijing APM

**138 Wangfujing Dajie, Beijing** (Joint venture)

Attributable gross floor area : 1 million square feet (retail)  
460,000 square feet (office)

Lease expiry : 2043

Beijing APM is in the heart of Wangfujing and a recognized landmark property in Beijing. After the ownership restructuring in 2005, a major revamp for the retail space owned and operated by the Group has begun last year. The renovated mall is rebranded as Beijing APM. It is set to be a trendy mall targeting at high-spending customers, with a wider collection of international brands as well as more food and beverage outlets. The renovations will be completely finished by the end of 2007, in time for capitalizing the opportunities offered by the Beijing Olympics in 2008. The office towers are also undergoing major renovations.



*Beijing APM will become the latest foothold of major international retailers and a benchmark for high-spending shoppers' mall after renovation.*



### Central Plaza

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

Attributable gross floor area : 106,000 square feet (retail)  
366,000 square feet (office)  
Lease expiry : 2044

Central Plaza is in the busy Puxi commercial district in Shanghai, with 588,000 square feet of top-quality offices and retail space. Its prime location makes it a favourite with multinational companies and retailers. The whole project is fully leased with an impressive increase of average rental for the year under review. During this year, the revamping work for the office tower has taken place to improve the overall environment and enhance competitiveness.

### Arcadia Shanghai

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

Attributable gross floor area : 320,000 square feet  
Lease expiry : 2064

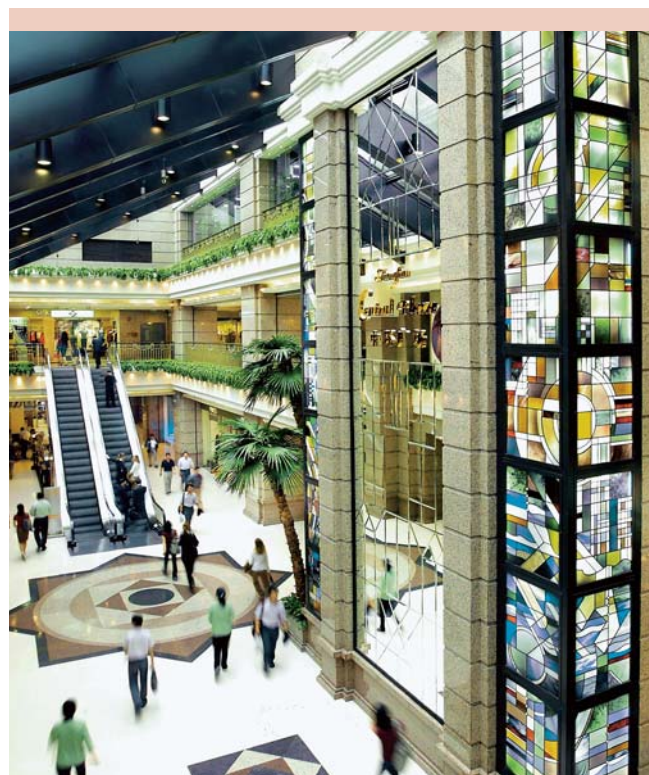
Arcadia Shanghai in Xuhui consists of two apartment blocks completed in 1999 and a residential tower completed in 2004. The Group is holding one of the serviced apartment blocks as a rental property and leasing was satisfactory during the year.

### Nanhai Plaza

**Nanhai Avenue, Foshan** (100% owned)

Gross floor area : 640,000 square feet  
Lease expiry : 2045

Nanhai Plaza, which was acquired by the Group during the year, is a major shopping mall located along Nanhai Avenue in Foshan. With 640,000 square feet, Nanhai Plaza is an existing 9-level shopping complex and anchored by a department store, a supermarket and a cinema. This mall is almost 100 per cent occupied and in conjunction with partial renovation works, the Group is actively upgrading the tenant mix with the introduction of better brands, including many well-known Hong Kong retailers.



Central Plaza in Shanghai appeals to multinationals and international retailers. The offices and shopping mall are fully let.



The Group's serviced apartments in Arcadia Shanghai delivered good leasing returns during the year.



# Mainland China Business

## Major Mainland Projects Under Development by Year of Completion

Site	Project Name	City	Group's Interest (%)
<b>Projects to be completed in financial year 2007/08</b>			
Taihu New City Project Phase I	Taihu International Community	Wuxi	40
Zhongshan 5 Road Project Phase 3	The Woodland	Zhongshan	Joint Venture
Glorious City Garden Phase 3		Guangzhou	30
<b>Year Total</b>			
<b>Projects to be completed in financial year 2008/09</b>			
Taihu New City Project Phase 2	Taihu International Community	Wuxi	40
Sandong Avenue project		Guangzhou	95
<b>Year Total</b>			
<b>Projects to be completed in financial year 2009/10 and beyond</b>			
Taihu New City Project remaining phases	Taihu International Community	Wuxi	40
Qianjian New City Project	Hangzhou MIXC	Hangzhou	40
Zhongshan 5 Road Project remaining phases	The Woodland	Zhongshan	Joint Venture
Shuangliu County Project		Chengdu	91
Dragon Lake Project		Guangzhou	60
Shiling Project remaining phases		Guangzhou	100
Lujiazui Project	Shanghai IFC	Shanghai	100
Huai Hai Zhong Road Lot 3		Shanghai	Joint Venture
Wei Fong Project		Shanghai	100
<b>Total</b>			

\* Gross floor area including basement area



Attributable Floor Area (square feet)*				
Residential	Shopping Centre	Office	Hotel	Total
369,000	—	—	—	369,000
663,000	—	—	—	663,000
—	12,000	77,000	—	89,000
<b>1,032,000</b>	<b>12,000</b>	<b>77,000</b>	<b>0</b>	<b>1,121,000</b>
388,000	—	—	—	388,000
1,090,000	—	—	—	1,090,000
<b>1,478,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,478,000</b>
3,774,000	627,000	344,000	478,000	5,223,000
1,218,000	718,000	345,000	179,000	2,460,000
3,457,000	—	—	—	3,457,000
5,940,000	—	—	—	5,940,000
7,244,000	—	—	—	7,244,000
7,284,000	—	—	—	7,284,000
—	1,102,000	2,213,000	1,026,000	4,341,000
195,000	1,177,000	1,167,000	—	2,539,000
1,656,000	18,000	—	—	1,674,000
<b>30,768,000</b>	<b>3,642,000</b>	<b>4,069,000</b>	<b>1,683,000</b>	<b>40,162,000</b>



Beijing APM will be the most-visited trendy mall for both local and overseas visitors.



The first two phases of the popular low-density The Woodland residential development in Zhongshan are finished and nearly sold out.



# Mainland China Business

## Major Projects Under Development

- Under Development    ● Completed
- ▲ Residential              ▲ Shopping Centre
- ▲ Office                      ▲ Hotel

**District                      Project Name                      Usage**

### BEIJING

- Beijing APM  
138 Wangfujing Dajie    ▲

### SHANGHAI

- Shanghai IFC  
Lujiazui    ▲
- Wei Fong Project    ▲
- Huai Hai Zhong Road Lot 3    ▲
- Central Plaza  
381 Huaihai Zhong Road    ▲
- Arcadia Shanghai  
88 Guang Yuan Xi Road    ▲

### GUANGZHOU & PEARL RIVER DELTA

#### Guangzhou

- Dragon Lake Project  
Huadu    ▲
- Sandong Avenue Project  
Huadu    ▲
- Shiling Project  
Huadu    ▲

#### Zhongshan

- The Woodland  
Zhongshan 5 Road    ▲

#### Foshan

- Nanhai Plaza  
Nanhai Avenue    ▲

### OTHER CITIES

#### Hangzhou

- Hangzhou MIXC  
Qianjiang New City    ▲

#### Wuxi

- Taihu International Community  
Taihu New City    ▲

#### Chengdu

- Shuangliu County Project    ▲

- Shanghai
- Beijing
- Guangzhou & Pearl River Delta



