

CHINA

REVIEW OF OPERATIONS



Shanghai - Ocean Towers

Keppel Land is developing Ocean Towers, a 25-storey office tower in Shanghai. Located at Yan An East Road, in the prime commercial district of Huangpu, it is next to the tunnel linking the Central Business District to Pudong. Construction of the building is in progress. When completed in 1999, it will yield 48,056 sm of gross floor area.

Kunming - Spring City Golf and Lake Resort

Spring City Golf and Lake Resort is a world-class integrated holiday resort in Kunming, Yunnan. Situated 1,900 metres above sea level, this 500-hectare

Ocean Towers, a 28-storey office tower, is a joint venture development located in Shanghai's prime commercial district (A computer generated graphic representation is depicted).

resort development spearheaded by Keppel Land, is located 36 km east of Kunming City, at the northeastern bank of Yang Zong Hai Lake in Yilang County. The resort is only a half hour drive from the Kunming Airport, which has direct links to Singapore, Hong Kong, Bangkok and major Chinese cities.

Phase 1 of the project comprises two 18-hole championship golf courses designed by Jack Nicklaus and Robert Trent Jones Junior, a luxury clubhouse and 49 exclusive lodges. With the exception of the latter golf course which will be ready in 1999, the rest of Phase 1 has commenced operations.

MARKET REVIEW

Shanghai

Healthy take-up of office space

The total stock of Grade A office space in Shanghai more than doubled to 1.47 million sm in 1997. Nevertheless, take-up increased by 38% over the previous year. Rentals and capital values also remained resilient throughout the year. New Grade A space at Huaihai Road, Nanjing Road and Lujiazu fetched rentals of US\$45, US\$38 and US\$25 psm per month respectively.

Although transactions of office space slowed down in 1997, selling prices held firm as developers remained confident of prospects in Shanghai. Office space in the Jing'an and Huangpu areas had the highest selling prices of between US\$2,200 and US\$3,000 psm.

Increasingly competitive office sector

Shanghai's office sector will remain competitive as another 2.3 million sf of office space come onstream in 1998 and 1999. Occupancy and rental rates may be affected by the regional financial crisis as foreign firms either scale down or curtail their investments abroad. However, the government has initiated measures including lowering import tariffs and interest rates to attract foreign investment and boost the economy. This in turn, will help stimulate demand for office space. Moreover, the supply of office space will be kept in control as the Shanghai Land Administration Bureau intends to exert greater control on the release of land and development of land by restricting the issue of construction and other permits.

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Future phases will include resort homes, a Club Med village, a conference cum cultural and entertainment centre, as well as a forest village.

Suzhou - Suzhou Industrial Park

Keppel Land is part of a consortium developing the 70 sq km China-Singapore Suzhou Industrial Park, which is located 80 km from Shanghai. As at end-March 1998, investments from 99 overseas-invested enterprises reached a total of US\$3 billion.

Keppel Land is also developing ready-built factories, a commercial cum residential project and another residential



Spring City Golf and Lake Resort offers world class golf facilities which include a clubhouse with exclusive lodges, an 18-hole Jack Nicklaus signature golf course and another championship golf course designed by Robert Trent Jones Junior.

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Suzhou

Continued interest in industrial park developments

Foreign interest in industrial land remained strong, with increased commitments by multinational companies from US and Europe. More than 300 overseas companies, including Motorola, Siemens, Philips, Sony and Du Pont have set up factories in Suzhou Industrial Park.

Chinese authorities have stated that top priority will be given to Suzhou Industrial Park over the rival zone, Suzhou New District. Besides according special duty-free import quotas to foreign investors operating in the Suzhou Industrial Park, Pudong New Area, and the five Special Economic Zones of Shenzhen, Zhuhai, Shantou, Xiamen and Hainan, more ports of entry will also be opened to help attract industrial investments.

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development within the industrial park. The industrial factories have entered the third phase of development. Major tenants of factories completed under the first two phases are Becton Dickinson, Siemens Medical Instruments, Samsung Semiconductors, Pokka Corporation and Hitachi Semiconductors.

Phase 1 of Singa Plaza, comprising office and residential space, has been completed. Tenants of the office building include Bank of China, Economic

Keppel Land is a consortium member in the development of the 70sq km Suzhou Industrial Park.

Development Board of Singapore, Agricultural Bank of China and Takasago Engineering Company. Phase 2, which comprises a high-rise apartment and commercial space, will be ready in late 1998.

Keppel Land is also developing another residential project at a site adjacent to the Jinji Lake. When completed in 1999, it will have one 64-unit apartment block, 20 units of bungalows, five units of townhouses and a clubhouse.