

International Division

Despite the tough economic conditions, the Group's investments in the Philippines and Australia still managed to deliver satisfactory results during the year under review. These investments allow the Group to strengthen its earnings base, diversify its income stream and also enable the Group to access any attractive investments in these areas.



The Distillery at Jacksons Landing, Sydney, Australia

JACKSONS LANDING

Jacksons Landing, a 12 hectare master planned residential development, is a joint venture development between the Group, Lend Lease Corporation of Australia and the Government Investment Corporation of Singapore. It is a residential-commercial development in the Pyrmont peninsula in Sydney, Australia, embracing 1,500 dwellings of waterfront apartments, terrace houses,



The Quarry at Jacksons Landing, Sydney, Australia

heritage buildings and converted loft apartments. Incorporating other ancillary developments such as restaurants, cafes, commercial offices, a 3.5 hectare park and open spaces with a 600 metre waterfront promenade, the project is intended to create a new community along the Sydney Harbour waterfront.



Shangri-La Plaza Mall lobby, Manila, Philippines

During the year, Towers 1 and 2 in the Distillery Hill precinct of the project, namely The Distillery and The Quarry, were launched for presale. Market attention was drawn to the approval of a creative and innovative design for The Distillery by the State Government. The Distillery is an ultra-modern 19 storey building in vivid yellow to be built along the waterfront of Sydney. The Quarry, on the other hand, when approved, will be a green coloured tower in the neighbourhood. With its top-notch design, enthusiastic responses were found when The Quarry was released for presales in October 2002 with buyers queuing overnight for the apartments. The Management is confident that Jacksons Landing will continue to contribute satisfactory results to the Group when the other premises are released.

The Group has equity accounted for its share of profits after tax for the year of approximately HK\$13 million (2001: HK\$10 million) derived from presales and sales of this project.

EDSA PROPERTIES HOLDINGS INC. ("EPHI")

The Group owns a direct equity interest of 39.12% in EPHI, a company listed on the Philippines Stock Exchange. In addition to the shares directly held, the Group had also invested in EPHI through the purchase of Philippine Deposit Receipts ("PDRs") in which the underlying shares in respect of the PDRs represent 34.76% of EPHI's issued share capital. These interests jointly account for approximately 73.88% of EPHI's total issued share capital.



Renovated Shangri-La Plaza Mall, Manila, Philippines

EPHI holds a majority stake in the Shangri-La Plaza Mall ("SLPC"), one of the premier shopping malls in Manila, in the Philippines, whose occupancy rate stood at 95% at the year end. SLPC has worked continuously to improve its retail mix to provide customers with an ideal selection of goods and services. Specific zoning in the Mall has been introduced such as the Wellness Zone and the Youth Zone with a view to offer an enjoyable shopping experience for the selected groups.

The mall's renovation was also completed during the year. The brand new designs and decorations as well as enhanced features such as waterwalls, giant revolving doors, shops along the internal avenue, have not only given the mall a fresher look but also

enhanced the mall's market positioning as a premier shopping complex effectively delivering an upscale retail experience. In addition, the creation of more leasable spaces has also allowed greater variety and colours into the mall by bringing in new tenants.

The mall has also continued to pursue aggressive promotions throughout the year to sustain market interest and mall patronage through organizing large scale and mall wide themed events and promotions. These activities, actively supported by the tenant retailers and the cultural and arts communities, include the French and German Film Festivals, choral performance, piano concerts etc, to name just a few.

The Enterprise Center, in which EPHI holds a 23.52% interest, is also performing satisfactorily. With its superior facilities, central location, extensive landlord provisions and an impressive mix of existing tenants, The Enterprise Center continued to command a premium over the newer buildings in the market. As at 31 December 2002, The Enterprise Center was 82% leased.

On 6 August 2002, EPHI entered into a Memorandum of Agreement with its associate company, Kuok Philippine Properties, Inc. to develop a high-end residential condominium, The Shang Grand Tower, in the heart of the Makati Central Business District. With a site area of approximately 2,856 square metres and a net saleable area of approximately 39,445 square metres, The Shang Grand Tower will consist of 250 luxury residential units. EPHI will have a beneficial interest of approximately 68% in the project which is expected to complete by the fourth quarter of 2005.

As at 31 December 2002, the gross asset value of the Group's international investments was approximately HK\$1,859 million (2001: HK\$1,877 million) comprising HK\$145 million (2001: HK\$120 million) and HK\$1,714 million (2001: HK\$1,757 million) of assets in Australia and in the Philippines, respectively.



The Shang Grand Tower development, Makati, Philippines