

Shui On Land sets \$400m target

By Alexandra Harney

Shui On Land, a new arm of the Hong Kong construction and property development group Shui On, plans to raise Dollars 400m from investors ahead of an initial public offering, one of the investors said.

Metro Holdings, a Singapore-based department store operator, said it would invest Dollars 50m to buy convertible preference shares in the company, which will focus on property development in mainland China. Shui On plans to announce further details this week.

Shui On's move is part of a drive by Vincent Lo, its chairman, to expand his presence in China. Mr Lo created Xintiandi, a popular bar and restaurant district in Shanghai, and was last year asked to redevelop the downtown area of Chongqing in the south-west province of Sichuan.

Foreign investors are streaming into China's booming property market. Much of the investment so far has been in residential development, but industry executives say there is growing interest in retail and office space.

In a statement released last week to the Singapore stock exchange, where it is listed, Metro said Shui On would inject its development rights and investment in Xintiandi and the surrounding Taipingqiao area into the new company.

Shui On Construction and Materials, its construction arm, would also put its interest in Rainbow City, a residential development in Shanghai, into the company. Shui On Land would be able to invest in Xihu Tiandi, a development similar to Xintiandi in the south-eastern city of Hangzhou, and in the Chongqing redevelopment project.

Shui On will hold a "majority interest" in Shui On Land and will appoint six of its 17 directors. Metro said the Dollars 400m worth of preference shares would be converted into ordinary shares for as much as Dollars 1.35 each when Shui On Land goes public. JP Morgan is advising Shui On.