

CHINA RETAIL

Shopping malls in China - China's commercial property hot spot as consumer preferences shift

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Overview

The development of shopping centres and the commercial culture they engender continue apace in China, with record levels of construction and new openings. Ongoing urbanisation, the growing affluence and sophistication of Chinese consumers and increasing demand for a personalised shopping experience all contribute to their increasing familiarity on the consumer landscape.

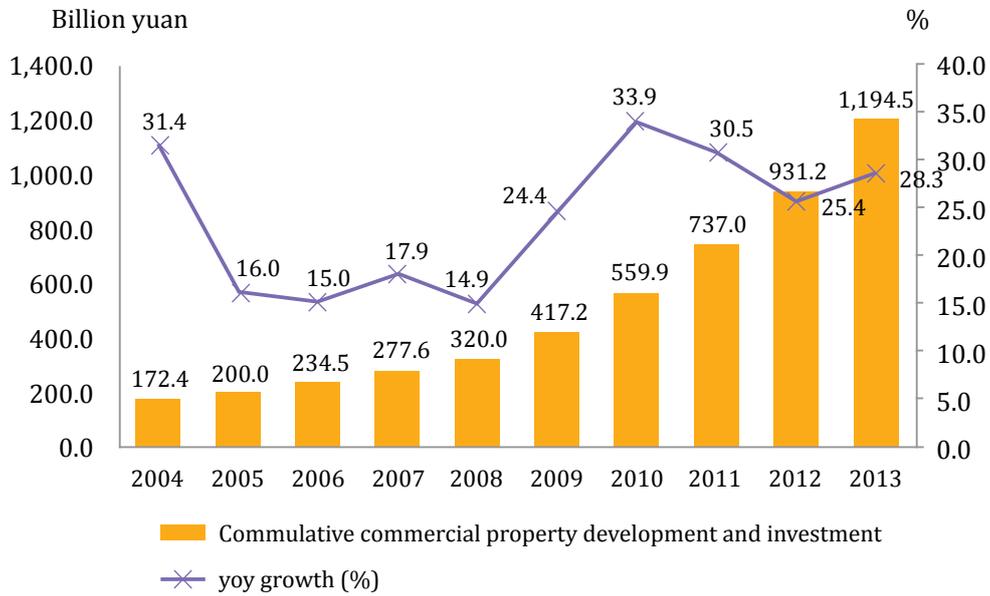
In tandem, the prevalence of online shopping has forced mall operators and retailers to rethink their strategies. The winners are those that constantly innovate and re-think business practices in response to the evolving retail environment.

Investment in China's commercial property continues to grow; shopping malls receive increasing attention

China's commercial property market has drawn a great deal of attention from investors over recent years since the government's tighter control on the residential property market. In 2013, total investment in commercial properties increased by 28.3% year-on-year (yoy) to 1,194.5 billion yuan (Exhibit 1).



Exhibit 1: Total investment in China's commercial properties, 2004-2013



Source: National Bureau of Statistics

Shopping malls are especially favoured by real estate developers, being able to provide a full range of shopping and recreational services under one roof. According to the US real estate services firm CBRE, China retained its position in 2013 as the world's most active shopping mall development market. Nine cities out the world's top 10 for completed new shopping centre space were located in China that year, namely Chengdu, Tianjin, Shanghai, Chongqing, Shenzhen, Hangzhou, Beijing, Wuhan and Shenyang¹. INSITE Asset Management Group predicts shopping malls will account for 97.3% of total commercial property supplies in tier 1 cities in 2017, up from the current level of 68.3%; in tier 2 cities, the supply of shopping malls among total commercial properties is expected to jump from 61.6% to 88.7%. China Chain Store and Franchise Association (CCFA) also estimates that around 300 new shopping centres are opened in China every year, and by the end of 2015 the total number is expected to reach 4,000².

Seeing the huge potential of shopping malls, retailers from other channels have also started to tap into this lucrative segment and develop their own malls. For example, Wal-Mart is reportedly intending to invest 600 billion yuan to build its first shopping centre, spanning a total floor area of approximately 100,000 sqm in Zhuhai, Guangdong province³. The centre is expected to commence operation in 2016. In another case, Japanese retailer Aeon opened its first shopping mall in Beijing in 2008 and four more stores were subsequently opened in that city as well as in Tianjing and Suzhou. The company will reportedly open 15 more shopping malls in China by 2016. Other recent examples are shown in Exhibit 2.

Exhibit 2: Selected retailers that have tapped into the shopping mall sector

Retailer	Format	Selected shopping mall project	Location
Intime	Department store	Intime City	Fenghua, Hangzhou, Haining, Tangshan, Beilun, Zibo, Hefei, Huzhou, Linhai, Wenling, Wuhan, Wuhu, Liuzhou, Zhongda, Shaoxing
Rainbow Department Store	Department store	Rainbow Shopping Centre	Hangzhou, Shenzhen
Grandbuy Department Store	Department store	Grandbuy Sunny Mall	Zhuhai
Haiya Department Store	Department store	Haiya Mega Mall	Shenzhen
Ikea	Furniture specialty store	Inter Ikea Shopping Centre	Wuhan, Wuxi
Red Star Macalline	Furniture specialty store	Aegean Shopping Mall	Beijing
Aeon Supermarket	Supermarket	Aeon Mall	Beijing, Suzhou, Wuhan, Tianjin
Auchan	Supermarket	Auchan Shopping Centre	Dongguan
Better Life	Supermarket	Better Life Mall	Chengdu, Changsha, Xiangtan, Liuzhou, Yueyang
Tesco	Supermarket	Life Space Mall	Xiamen, Qingdao, Anshan, Zhongshan, Fuzhou, Qinhuangdao

Source: Internet resources; compiled by Fung Business Intelligence Centre

So, what is the driving force behind the shopping mall boom? Rapid urbanisation and the continuing growth of disposable incomes and expenditure clearly play a role. China's urbanisation rate hit 53.7% in 2013, and this is expected to continue to grow steadily. The trend should itself boost disposable incomes and consumption. According to the Economist Intelligence Unit (EIU)⁵, Chinese private consumption and personal disposable income in nominal terms are expected to grow more than fivefold to reach US\$16,000 and US\$18,000 by 2030, respectively. By 2030, EIU expects there will be around 169.55 million Chinese households with incomes over US\$50,000, up from around 2.76 million households in 2012.

At the same time, Chinese customers are increasingly looking for a "lifestyle experience" when shopping. Many consumers now visit a shopping mall not just to buy a product, but to socialise with friends and family. Shopping malls that can offer a diversity of shopping, dining and entertainment facilities are therefore becoming increasingly popular.

Nevertheless, the juxtaposition of a building boom amid softening retail sales growth has sparked concerns about the oversupply of retail space. According to a report by Knight Frank and Holdways⁶, the average vacancy level in China's tier 1 cities in 2H13 was 8.1%. The average vacancy rate in tier 2 cities over the same period was 9.6%; the vacancy level recorded in Chengdu even jumped well above 18%. It is certainly evident that the expansion of shopping malls has outpaced consumer demand in a number of cities.



Market trends and strategies

New shopping malls spread to suburban areas in tier 1 cities

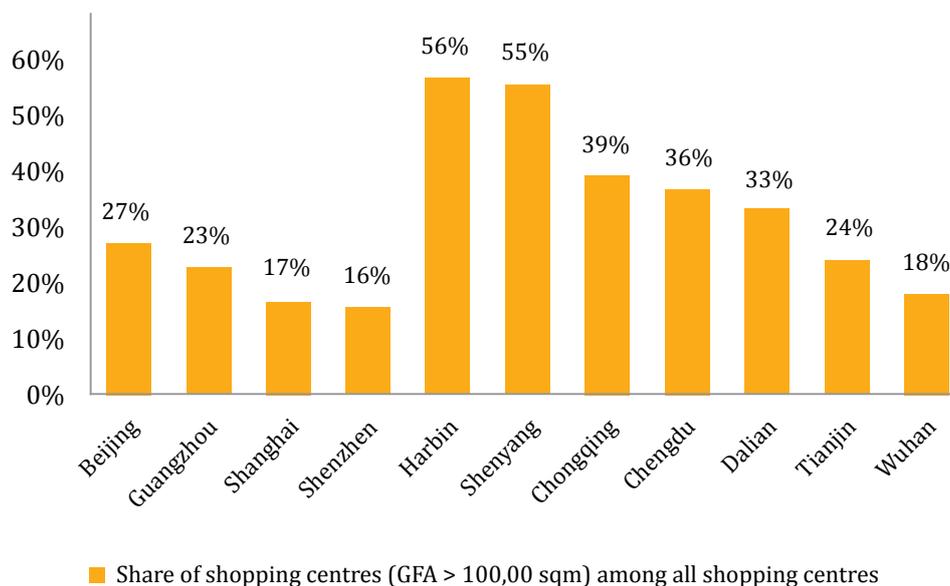
Over recent years, increasing numbers of people have been moving from central to suburban areas, especially in tier 1 cities, thanks to the rapidly increasing number of private cars and improved transport infrastructure. According to CBRE⁷, population densities in Beijing's and Shanghai's suburbs have far outstripped those in central areas. Many more shopping mall developers have turned their focus on the suburbs to capture the potential for growing consumption in these emerging districts. Furthermore, the Beijing Municipal Government launched a new guiding opinion⁸ in July 2014. This stipulates that developers are not permitted to build new commercial properties with gross floor areas (GFAs) larger than 10,000 sqm in Beijing's core city centre. It is logical to expect that an increasing number of large commercial properties will be developed in suburban areas.

Mega malls remain a strong feature, while smaller-sized malls targeting local communities are on the rise

An increasing number of international retailers and food and beverage chain store operators are eager to enter or further expand in China. Fast fashion retailers such as Zara, Gap and H&M prefer opening their stores in shopping malls that are large and spacious. Hence, super-sized shopping malls are still favoured by both retailers and property developers. According to Knight Frank, 24 of 68 new shopping centres opened across 11 major Chinese cities had GFAs above 100,000 sqm in 2013. For example, Global Harbour Shopping Mall, which was opened in Shanghai in 2014 has a GFA of 480,000 sqm⁹; while Global Centre Shopping Mall, which opened in Chengdu 2013 has a GFA of 400,000 sqm¹⁰.

As shown in Exhibit 3, over 55% of shopping malls in Shenyang and Harbin have a total area of over 100,000 sqm, and around one-third of shopping malls in Chongqing, Chengdu and Dalian have GFAs of over 100,000 sqm.

Exhibit 3: Share of mega shopping centres in selected cities



Source: Knight Frank – Spotlight on China's Retail Market 2014

Alongside the development of mega malls in major shopping districts has been the appearance of smaller-sized malls targeting local communities. These usually have a retail area of less than 50,000 sqm and typically serve neighbourhoods

with amenities such as supermarkets, grocery stores, apparel specialty stores, restaurants and entertainment facilities. With these malls able to address the everyday needs of their customers, they are gaining ground.

Classification of shopping centres in China

The Ministry of Commerce entrusted the China Chain Store and Franchise Association to draft an industry standard for the country's shopping centre development. The *Guidance of Shopping Centre Tenant Mix Strategy* was implemented on 1 June, 2013. According to the standard, China's shopping centres are classified into four basic types: city/metropolitan, regional, community, and factory-direct sale shopping. Outlined below are the essential features that include positioning and tenant mix, location, mall size, and servicing area – all of which characterise each type of shopping centre.

	Positioning and tenant mix	Location	Gross floor area	Servicing area
City/metropolitan centre	High-end; features upscale and trendy apparel shops, lifestyle brands and signature restaurants; cater to customers with higher incomes	Key business district or major commercial area	Larger than 50,000 sqm	Serves the city where it is located, and also nearby cities
Regional centre	From mass to high end; offers a variety of shops, restaurants and entertainment facilities; serves as the dominant shopping venue for	Newly emerged business district or major residential cluster; proximity to major transport networks	Larger than 50,000 sqm	Serves an area of five miles or more
Community centre	Mass; typically serves the everyday needs of residents in neighbourhoods, with amenities such as restaurants, and entertainment facilities	Residential area or peripheral area; easily accessed by public transport	10,000 to 50,000 sqm	Serves an area of less than three miles
Factory-direct sale shopping centre	Mass; comprises mainly retail stores set up by manufacturers or distributors; products are sold at cheaper prices than for typical market value	Suburban area or near major tourist attraction; near major transport networks	Larger than 50,000 sqm	Serves the city where it is located, and also nearby city clusters

Source: China Chain Store Association and Ministry of Commerce; compiled by Fung Business Intelligence Centre

Adjustments in tenant mix

Many consumers now visit a shopping mall not just to shop, but also to eat and drink and for recreation. To meet the changing needs of customers, some mall operators have started to adjust their tenant mix.

Increased floor areas for catering and entertainment

An increasing number of mall operators have started to reduce floor areas for retail shops and increase floor areas for catering and entertainment facilities. According to Cushman & Wakefield¹¹, food and beverage will account for nearly half the total space at iShine City, a new shopping mall to be opened on Huaihai Road in Shanghai by the end of 2014. Nanning Wanda Plaza, scheduled for opening in 2017, is reportedly to focus on entertainment while retail will only account for less than 25% of the total floor area; Wanda Plaza will house theme parks, a film technology park, a cinema, a five-star hotel and other facilities¹².

Other examples include May Flower Plaza in Guangzhou. Its entire fourth floor has been converted for use by food and beverage tenants¹³. Season Place in Beijing is also reportedly to increase food and beverage tenants from 15% to 30% of its mix¹⁴.

Anchored by “experiential” stores and international fast fashion brands

Many large shopping malls in China used to be anchored by department stores or large supermarkets, but times have changed. To enhance their consumer experience, shopping malls are anchored increasingly by “experiential stores”. These are able to offer customers a unique and attractive experience that helps build customer loyalty. Apple Store is a case in point: All sales associates are trained to provide customers with personalised services and a more welcoming experience. Earlier this year, Apple Store in Beijing set up its 10th experiential Apple Store in China Central Mall¹⁵.

In the meantime, international fast fashion brands such as Zara, Uniqlo and H&M continue to expand rapidly across China. Their low pricing strategies, fast turnaround time, and ability to capture the latest fashion trends are particularly appealing to burgeoning middle-class consumers. These fast fashion brands are also highly sought after by shopping mall operators, due to their ability to attract customers and increase foot traffic.



Art, music and culture

Some shopping mall operators, hoping to differentiate themselves, have added a variety of services and amenities such as art exhibitions and galleries. For example, Shanghai K11 Art Mall organised an exhibition by French impressionist Claude Monet in March 2014 and displayed 40 original Monet paintings. Reportedly, the number of visitors totalled 300,000 and daily sales at K11 rose by 20% over the three-month exhibition period¹⁶.

Other mall operators have sought to introduce cultural elements in their malls by organising various festivals and similar cultural events. Golden Eagle’s shopping mall in Zhengzhou is a case in point. It hosted a Chinese folk art exhibition and invited Chinese artists to demonstrate their work in the shopping mall over the Chinese New Year period; consumers were able to participate and even create Chinese folk artwork in collaboration with the artists.

To increase customer footfall, some mall operators, such as Shenzhen’s Coco Park, frequently invite bands and singers to perform during weekends. Coco Park organised a Kungfu Panda stage show in June 2014¹⁷.

More kid-related elements

The gradual easing of China’s one-child policy has provided much greater scope for the market aimed at children and parents. Two million extra babies are expected each year as a result of the policy’s relaxation . In view of the huge opportunities ahead, shopping mall developers are actively adding more kid-related elements to (Exhibit 4).



Exhibit 4: Selected shopping malls with child-related elements

Shopping mall	Location	Kid-related elements and features
GT Land Plaza	Guangzhou, Guangdong province	Free children’s stage plays in the shopping mall ¹⁹
Joy City Chaoyang	Beijing	Kid-related elements occupy more than 20% of the total area of the shopping mall ²⁰
Huarun Living Mall	Beijing	Asia’s largest Snoopy Garden ²¹
CapitaMall Taiyanggong	Beijing	Child education and entertainment occupy the 3 rd Floor ²²
Foshan Oriental Plaza	Foshan, Guangdong province	Kids’ mall with a wide variety of child-related activities and tenants offering child education, kids’ playground ²³
Red Star Macalline	Furniture specialty store	Aegean Shopping Mall
Aegean Mall	Beijing	China’s first Pororo Theme Park was opened in May 2014 ²⁴
Paradise Walk	Chongqing	Kid-related elements occupy over 10,000 sqm of the total area in the shopping mall ²⁵

Source: Internet resources; compiled by Fung Business Intelligence Centre

Getting serious about “O2O” and mobile strategy

“O2O” has been widely discussed in China over recent times. It is not merely about online to offline or offline to online; instead, it is synonymous with omni-channel retailing, with special emphasis on mobile-commerce (m-commerce). The ultimate goal is to provide a coherent and seamless shopping experience across all channels. Consumers in China are becoming more active in mobile shopping. According to the China National Commercial Information Centre, the number of m-commerce users reached 205 million in 1H14, accounting for 32% of China’s total Internet population. iResearch estimates the total transaction value for mobile shopping will increase from 167.6 billion yuan in 2013 to 320 billion yuan by the end of this year.

To leverage the very significant m-commerce opportunities, shopping mall players are making every effort to expand their mobile services and emphasise their focus on O2O initiatives. For example, Joy City has teamed with Alibaba, China’s largest e-commerce player, to provide mobile payment services. Shoppers can use the Alipay app, Alibaba’s mobile payment service, to settle payments at Joy City malls. Coco Park has also teamed up with WeChat, a text and messaging service developed by Tencent, to run marketing campaigns. By scanning Coco Park’s QR code, WeChat users can obtain coupons and discounts at the mall, and can also receive the latest promotional information from Coco Park retailers. A more recent case is Wanda Group. The company will form a 5 billion yuan joint venture (JV) with two of China’s largest Internet companies, Tencent and Baidu, with the expectation of diversifying into O2O businesses. Wanda Group will have a 70% stake, while Baidu and Tencent each will own a 15% stake. Wanda Group’s customers are able to use Tencent’s

WeChat messaging services and Baidu’s online maps and search engine to access Wanda’s shopping malls, hotels and movie theatres across the country. Other key areas of cooperation include the development of a unified membership programme, a mobile payment scheme and big data analysis²⁸.



Leveraging Big Data to collect customer information

In the modern retail world, mining Big Data is vital to success. Analysing the data enables retailers to understand and anticipate customer needs, so enhancing their loyalty. Shopping mall operators increasingly use data analytic tools to collect information on consumer behaviour. For example, Wanda Plaza is reportedly adopting indoor positioning technology to monitor and analyse consumers’ movements within the mall. This enables Wanda Plaza to better understand how people shop and identify their favourite tenants, enabling the mall operator to allocate the right retail space to the right tenants and ultimately achieve greater foot traffic.

Conclusions

The rapid development of shopping malls is not without its challenges. Mega shopping centres can provide a one-stop shopping experience to customers. However, unclear market positioning, undifferentiated strategies and too similar tenant mixes have often led to the phenomenon of “ghost malls”, of which there are many. For example, due to poor market positioning, South China Mall, one of the largest shopping malls in Dongguan, Guangdong province with a GFA of 460,000 sqm, reportedly experienced a very severe vacancy rate, as high as 99% in the first few years of operation²⁹. Only after the operator re-positioned and re-branded the shopping mall – by adding more catering and entertainment facilities – did the vacancy rate subside to about 36%³⁰.

It is true that more food and beverage chain stores and entertainment facilities can help increase foot traffic. However, to avoid very similar tenant mixes, operators have to fashion a clear market positioning strategy and come up with a distinct theme for their shopping malls.

Many mall developers put a great deal of effort into the mall construction phase but relatively less into mall operations. They invest considerable capital, time and labour to promote their new shopping mall projects, hoping to attract the most popular tenants. Similar efforts applied to actual mall operations are clearly desirable too. These include improving customer services, providing a comfortable and convenient shopping environment, choosing the appropriate, adjacent tenants, developing and maintaining the mall’s corporate identity, to name but a few.

Appendix: Snapshot of selected key shopping mall players

The following section presents company profiles of selected shopping mall players in China:

1. Wanda Commercial Properties

Wanda Commercial Properties, owned by Wanda Group, was established in 2002 in Dalian. As of August 2014, the company had 95 shopping malls across China under the name Wanda Plaza³¹.

In September 2014, Wanda Commercial Properties filed a listing application with the Hong Kong Stock Exchange. It is expected that the company will raise as much as US\$6 billion by the end of 2014³² or early 2015.

Company profile and footprint in China

Listing info	Unlisted
Location of malls	Beijing, Shanghai, Tianjin, Chongqing Hebei: Langfang, Shijiazhuang, Tangshan Henan: Luoyang, Zhengzhou Liaoning: Shenyang, Dalian, Fushun, Dandong Heilongjiang: Daqing, Harbin Hunan: Changsha Anhui: Hefei, Wuhu, Bengbu Shandong: Jinan, Qingdao, Jining, Huaifang Jiangsu: Changzhou, Jiangyin, Nanjing, Suzhou, Taicang, Taizhou, Wuxi, Taizhou, Zhanjiang, Yixing, Huai'an, Xuzhou, Changzhou Zhejiang: Ningbo, Shaoxing, Wenzhou, Jiaxing, Jihua Jiangxi: Nanchang Hubei: Xiangyang, Yichang, Wuhan Gansu: Lanzhou Shanxi: Taiyuan Inner Mongolia: Baotou, Huhhot, Chifeng, Manzhouli Shaanxi: Xi'an Jilin: Changchun Fujian: Fuzhou, Jinjiang, Ningde, Putian, Quanzhou, Xiamen, Zhangzhou Guangdong: Guangzhou, Dongguan, Foshan Sichuan: Chengdu, Mianyang Ningxia: Yinchuan





<p>Major malls in the pipeline</p>	<p>Beijing (Beijing Tongzhou Wanda Plaza), Shanghai (Shanghai Jinshan Wanda Plaza), Chongqing (Chongqing BananWanda Plaza) Henan: Anyang (Anyang Wanda Plaza), Zhengzhou (Zhengzhou Wanda Plaza) Yunan: Kunming(Kunming CBD Wanda Plaza) Liaoning: Yingkou (Yingkou Wanda Plaza), Dalian (Dalian Jinzhou Wanda Plaza) Heilongjiang: Qiqihaer (Qiqihaer Wanda Plaza), Jixi (Jixi Wanda Plaza), Jiamusi (Jiamusi Wanda Plaza) Hunan: Xiangtan (Xiangtan Wanda Plaza) Anhui: Ma'anshan (Ma'anshan Wanda Plaza), Fuyang (Fuyang Wanda Plaza), Haozhou (Haozhou Wanda Plaza) Shandong: Dongying (Dongying Wanda Plaza), Tai'an (Tai'an Wanda Plaza), Dezhou (Dezhou Wanda Plaza), Yantai (Yantai Chefoo Wanda Plaza) Jiangsu: Suzhou (Suzhou Wuzhong Wanda Plaza), Nantong (Nantong Wanda Plaza) Zhejiang: Jiaxing (Jiaxing Wanda Plaza), Wenzhou (Wenzhou Wanda Plaza), Hangzhou (Hangzhou Hongshu Wanda Plaza), Taizhou (Taizhou Wanda Plaza) Hubei: Wuhan (Wanhan Central Wanda Plaza, Wanhan Hanjie Wanda Plaza), Jinzhou (Jinzhou Wanda Plaza), Jinmen (Jinmen Wanda Plaza), Huangshi (Huangshi Wanda Plaza) Gansu: Lanzhou (Lanzhou Chengguan Wanda Plaza) Shanxi: Taiyuan (Taiyuan Longhu Wanda Plaza) Inner Mongolia: Wuhai (Wuhai Wanda Plaza), Tongliao (Tongliao Wanda Plaza) Shaanxi: Huainan (Huainan Wanda Plaza) Jilin: Siping (Siping Wanda Plaza), Changbaishan (Changbaishan Wanda Plaza) Fujian: Longyan (Longyan Wanda Plaza), Fuqing (Fuqing Wanda Plaza), Zhangzhou (Zhangzhou Wanda Plaza) Guangdong: Guangzhou (Guangzhou Luogang Wanda Plaza), Jiangmen (Jiangmen Wanda Plaza), Zhanjiang (Zhanjiang Wanda Plaza), Dongguan (Dongguan Houjie Wanda Plaza) Sichuan: Guangyuan (Guangyuan Wanda Plaza), Neijiang (Neijiang Wanda Plaza), Mianyang (Mianyang CBD Wanda Plaza) Guangxi: Nanning (Nanning Qingxiu Wanda Plaza), Liuzhou (Liuzhou Chengzhong Wanda Plaza), Nanning (Nanning Anji Wanda Plaza) Ningxia: Yinchuan (Yinchuan Wanda Plaza)</p>
<p>Future plans/ strategies</p>	<ul style="list-style-type: none"> • Planning to expand its shopping mall portfolio to 110 by the end of 2014 • Continuing to enter and expand in tier 3 and 4 cities

Source: Company website and Internet resources

2. CapitaMalls Asia (China)

CapitaMalls Asia (China) is one of the largest listed shopping mall developers, owners and managers in Asia. As of 31 December, 2013, the company had 62 shopping malls across 37 cities in China. Some 51 of these shopping malls are operational and 11 are under development³³. Landmark shopping malls include CapitaMalls Wangfujing in Beijing, CapitaMall Jinniu in Chengdu, Raffles City Beijing and Raffles City Shanghai.

Company profile and footprint in China

Listing info	Singapore Stock Exchange and Hong Kong Stock Exchange
Location of malls	Beijing, Chongqing, Tianjin, Shanghai Heilongjiang: Harbin Inner Mongolia: Huhhot Liaoning: Dalian Shandong: Zibo, Anyang, Xinxiang Jiangsu: Yangzhou, Suzhou, Kunshan, Yangzhou Henan: Zhengzhou Shanxi: Xi'an Hubei: Wuhan Hunan: Yiyang, Changsha Zhejiang: Hangzhou, Wuhu, Ningbo Jiangxi: Nanchang Guangdong: Guangzhou, Foshan, Zhaoqing, Dongguan, Zhanjiang, Maoming Fujian: Quanzhou, Zhangzhou
Major malls in the pipeline	Shanghai (Changning Raffles City), Chongqing (Raffles City) Zhejiang: Hangzhou (Raffles City) Guangdong: Shenzhen (Raffles City)
Future plans/ strategies	<ul style="list-style-type: none"> • Building for scale in key regions and cities, including Beijing, Shanghai, Chengdu, Chongqing, Wuhan and Guangzhou • Establishing a presence in strategic locations in core commercial centres • Targeting to open two malls in 2014 and nine malls in 2015 and beyond, with an expectation to bring its total number of shopping malls in China to 62

Source: CapitaMall Asia Annual Report 2013



3. YangGuang Co. Ltd.

YangGuang Co., Ltd. (Yangguang) develops, sells and manages shopping malls, urban complexes and residential properties in China. As of 31 December, 2013, Yangguang manages and owns 34 commercial projects in China³⁴. Major shopping malls include Yangguang Life Square, Shine City and Yangguang Centre.

Company profile and footprint in China

Listing info	Shenzhen Stock Exchange
Location of malls	Beijing, Tianjin, Shanghai Liaoning: Shenyang Shanxi: Xi'an Sichuan: Chengdu Henan: Zhengzhou Hebei: Shijiazhuang Shandong: Qingdao
Major malls in the pipeline	Shandong: Qingdao (Hefei road urban complexes project) ³⁵
Future plans/ strategies	<ul style="list-style-type: none"> • Aiming to develop and own more commercial properties • Integrating online and offline channels in its shopping malls and improving customer experience

Source: Company website and Yangguang Co. Ltd. Annual Report 2013; Internet resources

4. Bailian Group Co., Ltd

Listed on the Hong Kong Stock Exchange, Bailian Group Co., Ltd (Bailian) is a state-owned enterprise based in Shanghai. The company operates department stores, shopping malls, supermarkets and outlets. As of August 2014, Bailian has 15 shopping malls in China and 14 of them are located in Shanghai. But the company is seeking to expand further in the Yangtze River Delta region.

Company profile and footprint in China

Listing info	Shanghai Stock Exchange
Location of malls	Shanghai Liaoning: Shenyang
Major malls in the pipeline	Jiangsu: Nanjing, Jiangyin (Bailian Jiangyin Mall) Fujian: Taizhou
Future plans/ strategies	<ul style="list-style-type: none"> • Planning to further expand in the Yangtze River Delta region • Opening around eight shopping malls in the coming 3-5 years • Creating a unique shopping environment and attract more high-end consumers

Source: Bailian Group Co., Ltd Annual Report 2013 and internet resources

5. SZITIC Commercial Property (Group) Co., Ltd

SZITIC Commercial Property (Group) Co., Ltd (SCP Group) invests, develops and operates commercial properties in China. The company was incorporated in Shenzhen in 2003. As of August 2014, SCP Group owns and manages 20 shopping malls³⁶ in China. Most are located in the Pearl River Delta region, the Yangtze River Delta region and the Bohai Economic Rim. Landmark shopping malls include In City, One City and SCP Plaza.

Company profile and footprint in China

Listing info	Unlisted
Location of malls	Beijing, Tianjin Hubei: Wuhan Zhejiang: Hangzhou, Suzhou, Ningbo, Shanxi: Xi'an Jiangsu: Nantong, Wuxi, Nanjing Guangdong: Foshan, Shenzhen, Huizhou, Anhui: Ma'anshan
Major malls in the pipeline	Zhejiang: Hangzhou (Hangzhou Jinsha In City), Suzhou (Suzou Chengxi urban complexes project)
Future plans/ strategies	Seeking to acquire high quality commercial land for future development

Source: Company website and Internet resources



6. China Resources Land Ltd.

China Resources Land Ltd. (CR Land), owned by China Resources Group, develops and manages residential and commercial properties in China. As of 31 December, 2013, CR Land had six shopping malls in operation in China, including five MIXc shopping malls and one Hi5 shopping centre (previously known as Rainbow City Shopping Centre)³⁷. MIXc shopping malls target mid-to-high-end customers, while Hi5 shopping centre targets the mass market.

CR Land has been rapidly expanding its commercial property business. Most of the company's shopping malls under construction will be completed and start operation over the next few years, with 2014 and 2015 comprising the peak period for new completions.

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	<p>MIXc shopping malls: Shanghai Guangdong: Shenzhen Sichuan: Chengdu Liaoning: Shenyang Guangxi: Nanning</p> <p>Hi5 shopping centre: Beijing</p>
Major malls in the pipeline	Chongqing (Chongqing MIXc), Shanghai (Shanghai MIXc, Shanghai Central Park Hi5), Beijing (Beijing Miyun Hi5) Henan: Zhengzhou (Zhengzhou MIXc) Jiangsu: Wuxi (Wuxi MIXc), Ningbo (Ningbo Yuyao Hi5) Shandong: Qingdao (Qingdao MIXc), Zibo (Zibo Hi5), Rizhao (Rizhao Hi5), Yantai (Yantai Hi5) Anhui: Hefei (Hefei MIXc, Hefei Shushan Hi5, Hefei Luyang Hi5) Jiangxi: Ganzhou (Ganzhou MIXc) Zhejiang: Wenzhou (Wenzhou MIXc) Guangdong: Shenzhen (Shenzhen MIXc Deluxe, Shenzhen MIXc World) Hunan: Changsha (Changsha Hi5) Shanxi: Xi'an (Xi'an Hi5)
Future plans/ strategies	<ul style="list-style-type: none"> Focusing more on commercial property business and continuing to look for high quality commercial land

Source: CR Land Annual Review 2013

7. Century Golden Resources Group

Founded in 1991 in Fujian³⁸, Century Golden Resources Group (CGR Group) develops and manages hotels, residential and commercial properties in China. Additionally, the company also engages in a finance operation. As of August 2014, CGR Group had six shopping malls in China.

Company profile and footprint in China

Listing info	Unlisted
Location of malls	Beijing, Chongqing Yunan: Kunming Hunan: Changsha Guizhou: Guiyang Anhui: Hefei
Major malls in the pipeline	Hubei: Xiangyang (Dongjin Century Shopping Mall)
Future plans/ strategies	<ul style="list-style-type: none"> • Acquiring high quality residential and commercial land

Source: Company website and Internet resources

8. Longfor Properties Co., Ltd.

Founded in Chongqing in 1993 and listed on the Hong Kong Stock Exchange in 2009, Longfor Properties Co., Ltd. (Longfor) develops and manages residential and commercial properties in China. Currently, Longfor operates three types of shopping mall, including its Paradise Walk series, which is positioned as a group of regional malls targeting the middle-class; its Starry Street series, which comprise community shopping malls targeting families and the mass market; and its MOCO series, which consists of mid-to-high-end household and lifestyle shopping centres. As of August 2014, Longfor operated nine shopping malls in China³⁹. Major malls include Chongqing Paradise Walk and Chengdu Time Paradise Walk.

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	Beijing, Chongqing Sichuan: Chengdu
Major malls in the pipeline	Beijing (Beijing Time Paradise Walk), Chongqing (Crystal Magic) Sichuan: Chengdu (Time Paradise Walk, Jingyang Paradise Walk, North Paradise Walk) Zhejiang: Hangzhou (Hangzhou Time Paradise Walk)
Future plans/ strategies	<ul style="list-style-type: none"> • Integrating online and offline businesses; actively interacting with customers online to create value for the shopping malls

Source: Longfor Properties Co., Ltd. Annual Report 2013



9. Hang Lung Properties Ltd.

Hang Lung Properties Ltd. (Hang Lung Properties), owned by Hang Lung Group, is a Hong Kong-based real estate developer. The company builds, owns and manages commercial complexes in Hong Kong and on the Chinese mainland.

Hang Lung Properties has all its shopping malls under the “66” brand. As of 31 December, 2013, Hang Lung Properties Ltd. had 10 shopping malls in eight cities in China: Six are in operation and four are under construction⁴⁰. Landmark retail properties include Grand Gateway 66 and Plaza 66 in Shanghai

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	Shanghai Liaoning: Shenyang Jiangsu: Wuxi Yunan: Jinan
Major malls in the pipeline	Tianjin (Riverside 66) Hubei: Wuhan (Heartland 66) Liaoning: Dalian (Olympia 66) Yunan: Kunming (Spring City 66)
Future plans/ strategies	<ul style="list-style-type: none"> Periodically refining tenant mix, upgrading properties and running regular promotional campaigns to maintain the attractiveness and profitability of properties Enhancing customer experience through adopting new technologies (e.g. the company has recently instituted an in-house programme, EST, which stands for Experience, Service and Technology)

Source: Company website and Hang Lung Properties Ltd. Annual Report 2013

10. COFCO Land Holdings Ltd.

COFCO Land Holdings Ltd., (COFCO Land), is owned and managed by its parent company, COFCO Corporation. It was listed on the Hong Kong Stock Exchange in December 2013. The company focuses on developing, operating, managing, selling and leasing mixed use complexes and commercial properties. As of August 2014, COFCO Land had seven shopping malls in operation in China under the brand name “Joy City” and “COFCO Plaza”⁴¹. These malls are located in tier 1 and 2 cities. Joy City targets young and trendy customers while COFCO Plaza promotes its shopping malls as centres for luxury furniture.

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	Beijing, Tianjin, Shanghai Shandong: Yantai Liaoning: Shenyang
Major malls in the pipeline	Sichuan: Chengdu (Chengdu Joy City)
Future plans/ strategies	<ul style="list-style-type: none"> • Providing high quality, green living spaces and services; leading a trend for fashionable lifestyles • Actively seeking opportunities to increase land reserves from the open and private markets

Source: COFCO Land Holdings Ltd. Annual Report 2013

11. Shui On Land Ltd.

Headquartered in Shanghai, Shui On Land Ltd. is the property development company for the Shui On Group on the Chinese mainland. The company was established in 2004 and listed on the Hong Kong Stock Exchange in 2006. Shui On Land Ltd., develops residential, office, retail, entertainment and cultural properties in China. In May 2012, the company announced its plan to spin-off the company’s interest in China Xintiandi, a wholly owned subsidiary of Shui On Land Ltd., and submitted a listing application to the Hong Kong Stock Exchange for the spin-off. As part of this process, China Xintiandi started operating as a separately managed, wholly-owned subsidiary of Shui On Land Ltd., in March 2013. China Xintiandi owns, manages, sells and promotes the commercial properties of Shui On Land Ltd., across major Chinese cities.

As of 31 December, 2013, the company had six commercial properties in operation in China⁴², three located in Shanghai. Landmark commercial properties include Shanghai Xintiandi and Shui On Plaza.

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	Shanghai, Chongqing Guangdong: Foshan
Major malls in the pipeline	Shanghai (the HUB) Hubei: Wuhan (Wuhan Tiandi)
Future plans/ strategies	<ul style="list-style-type: none"> • China Xintiandi to be listed on the Hong Kong Stock Exchange in 2H15 • Planning to wholly own and hold landmark properties for the long term • Creating commercial communities rather than single, big box, mixed-use properties

Source: Shui On Land Ltd. Annual Report 2013

12. Sun Hung Kei Properties Ltd.

Sun Hung Kei Properties Ltd. (SHK), is one of the largest property developers in Hong Kong. The company develops, sells and manages residential projects, offices and shopping centres in Hong Kong and on the Chinese mainland. SHK also engages in related businesses including hotels, property management, construction and insurance. As of August 2014, SHK had 16 commercial property projects in China⁴³. Key commercial properties in China include Beijing APM, Shanghai IAPM and Shanghai IFC.

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	Beijing, Shanghai, Guangzhou Sichuan: Chengdu Zhejiang: Hangzhou Jiangsu: Wuxi
Major malls in the pipeline	Guangzhou (Hong Cheng project, Tianhui Plaza), Shanghai (Xiujiahui Centre, Minghang project),
Future plans/ strategies	<ul style="list-style-type: none"> Investing and partially holding commercial properties in prime areas; holding existing shopping malls as long-term investment Continuing to strengthen the market position and competitiveness of SHK's rental portfolio through constant renovation, tenant-mix refinement, market re-positioning and further expansion of the scale and network of shopping malls

Source: Sun Hung Kei Properties Ltd. Interim Report 2013/2014

13. Swire Properties Ltd.

Swire Properties Ltd. (Swire), a Hong Kong-based property developer, designs, develops and manages mixed-use commercial projects in Hong Kong, the Chinese mainland, the U.S. and the U.K. As of June 2014, Swire had six commercial property projects in China: four are operational and two are under development. Its landmark commercial property projects include Taikoo Li Sanlitun in Beijing, INDIGO in Beijing and TaiKoo Hui in Guangzhou .

Company profile and footprint in China

Listing info	Hong Kong Stock Exchange
Location of malls	Beijing, Guangzhou
Major malls in the pipeline	Shanghai (Dazhongli Project) Sichuan: Chengdu (Daci Temple Project)
Future plans/ strategies	<ul style="list-style-type: none"> Continuing to focus on developing large-scale, mixed-use projects

Source: Swire Properties Ltd. Interim Report 2014 and Swire Properties Ltd. Annual Report 2013

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