SPG LAND
盛高置地

SPG LAND (HOLDINGS) LIMITED
盛高置地（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 337)

2007 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

Key financial results

- Revenue: RMB1,715 million.
- Net profit: up 31% to RMB523 million.
- Gross profit margin: up from 31% to 37%.
- Basic earnings per share: RMB0.481.
- Net gearing: 26.4%.

Key accomplishments

- Sold and delivered GFA 147,925 sq.m..
- Acquired 7 new projects in Kunming, Huangshan, Changshu, Wuxi and Suzhou.
- Post-IPO land bank replenishment of approximately 2.1 million sq.m..
- Successfully issued USD Settled Zero Coupon Convertible Bonds in the aggregate principal amount of RMB1,158 million on 27 April 2007.

The Board of Directors (the "Board") of SPG Land (Holdings) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

	Note	**Year ended 31 December** **2007** ***RMB'000***	2006 *RMB'000*
Revenue	*2*	**1,714,507**	1,887,458
Cost of sales		**(1,072,298)**	(1,307,483)
Gross profit		**642,209**	579,975
Other operating income	*3*	**9,237**	15,858
Selling and marketing costs		**(65,592)**	(28,281)
Administrative expenses		**(151,743)**	(81,546)
Other operating expenses	*3*	**(9,115)**	(213)
Net gain on disposal of equity interest in subsidiaries	*5*	**193,112**	—
Results from operating activities		**618,108**	485,793
Finance income		**46,359**	23,092
Finance expenses		**(155,560)**	(36,640)
Fair value changes on financial derivatives	*12*	**4,440**	—
Net finance expenses	*6*	**(104,761)**	(13,548)
Share of loss of associates		**(8,239)**	(318)
Profit before revaluation gains on investment properties and income tax		**505,108**	471,927
Revaluation gains on investment properties		**269,626**	39,882
Profit before income tax		**774,734**	511,809
Income tax expenses	*7*	**(251,580)**	(112,799)
Profit for the year		**523,154**	399,010
Attributable to:			
Equity holders of the Company		**498,498**	390,818
Minority interests		**24,656**	8,192
Profit for the year		**523,154**	399,010

	Note	Year ended 31 December 2007 RMB'000	2006 RMB'000
Dividends payable to equity holders of the Company attributable to the year	9		
Dividends declared during the year		**—**	90,056
Dividends proposed after the balance sheet date		**149,549**	—
Earnings per share (RMB)			
— Basic	8	**0.481**	0.480
— Diluted	8	**0.462**	0.479

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2007 RMB'000	2006 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**246,039**	226,856
Land use rights		**64,173**	74,280
Properties under development		**2,356,458**	758,434
Investment properties		**698,000**	333,700
Investment properties under development		**—**	40,907
Interests in associates		**982,507**	944,134
Financial derivatives	12	**46,171**	—
Deferred tax assets		**73,728**	64,148
Total non-current assets		**4,467,076**	2,442,459
Current assets			
Properties under development		**642,593**	505,290
Completed properties held for sale		**253,976**	387,533
Inventories		**81**	2,108
Investments		**730**	3,319
Trade, other receivables and advance deposits	10	**1,079,483**	647,901
Restricted cash		**241,593**	841,717
Cash and cash equivalents		**863,237**	818,974
Total current assets		**3,081,693**	3,206,842
Total assets		**7,548,769**	5,649,301

		As at 31 December	
		2007	2006
	Note	***RMB'000***	*RMB'000*
EQUITY			
Share capital		**105,571**	105,571
Share premium		**2,084,437**	2,084,437
Reserves		**685,931**	549,831
Retained earnings		**432,656**	(65,233)
Total equity attributable to equity holders of the Company		**3,308,595**	2,674,606
Minority interests		**304,577**	15,830
Total equity		**3,613,172**	2,690,436
LIABILITIES			
Non-current liabilities			
Interest bearing loans		**678,810**	789,470
Covertible bonds	*12*	**1,007,549**	—
Financial derivatives	*12*	**91,756**	—
Deferred tax liabilities		**213,999**	24,045
Total non-current liabilities		**1,992,114**	813,515
Current liabilities			
Interest bearing loans		**372,400**	1,111,390
Trade, other payables and advance receipts	*11*	**1,238,662**	848,026
Tax payable		**332,421**	185,934
Total current liabilities		**1,943,483**	2,145,350
Total liabilities		**3,935,597**	2,958,865
Total equity and liabilities		**7,548,769**	5,649,301
Net current assets		**1,138,210**	1,061,492
Total assets less current liabilities		**5,605,286**	3,503,951

Notes:

1. BASIS OF PREPARATION

The Group is regarded as a continuing entity resulting from a reorganisation of the entities under common control. The consolidated financial statements have been prepared on the basis that the Company was the holding company of the Group for both years presented, rather than from the date of the reorganisation. Accordingly, the consolidated results of the Group for the years ended 31 December 2006 and 2007 include the results of the Company and its subsidiaries from 1 January 2006, or their respective dates of incorporation or at the date the common control was established, if later, as if the current group structure had been in existence throughout the two years presented. The consolidated balance sheets at 31 December 2006 and 2007 are a consolidation of the balance sheets of the Company and its subsidiaries at the respective balance sheet dates. All material intra-group transactions and balances have been eliminated on consolidation. In the opinion of the directors, the consolidated financial statements prepared on this basis present fairly the results of operations and the state of affairs of the Group as a whole.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

These consolidated financial statements are presented in Renminbi ("RMB"), which is the Group's functional currency. All financial information presented in Renminbi has been rounded to the nearest thousand.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2007, and have not been applied in preparing these consolidated financial statements:

	Effective for accounting period beginning on or after
IFRIC 11, IFRS 2 — Group and treasury share transaction	1 March 2007
IFRIC 12, Service concession arrangements	1 January 2008
IFRIC 14, IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
IFRIC 13, Customer loyalty programmes	1 July 2008
IFRS 8, Operating Segments	1 January 2009
Revised IAS 23 — Borrowing costs	1 January 2009
Revised IAS 1, Presentation of financial statements	1 January 2009
Amendments to IFRS 2, Share-based payment — Vesting condition and cancellations	1 January 2009
Amendments to IAS 32, Financial instruments: Presentation of financial statements — Puttable financial instruments and obligation arising on liquidations	1 January 2009
Revised IFRS 3, Business combinations and amendments to IAS 27, Consolidated and separate financial statements	1 July 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. Up to the date of issuance of these financial statements, the Group believes that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Changes in accounting policies

A number of new and revised standards and interpretations are first effective or available for early adoption for the current accounting year of the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of IFRS 7, *Financial instruments: Disclosures* and the amendments to IFRS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of IFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risk arising from these instruments, compared with the information previously required to be disclosed by IFRS 32, *Financial instruments: Disclosure and presentation*. These disclosures are provided throughout these financial statements, in particular in notes to the financial statements.

The amendment to IFRS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's objectives, policies and processed for managing capital.

Both IFRS 7 and the amendment to IFRS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

2. REVENUE AND SEGMENT INFORMATION

As at 31 December 2007, the Group was organised into four business segments:

(1) Sales of property

(2) Lease of property

(3) Property management and other related services

(4) Education

The segment results for the year ended 31 December 2007 are as follows:

	Sales of property *RMB'000*	Lease of property *RMB'000*	Property management and related services *RMB'000*	Education *RMB'000*	Group *RMB'000*
Revenue	**1,606,718**	**29,585**	**27,243**	**50,961**	**1,714,507**
Segment results	**397,775**	**21,230**	**930**	**5,061**	**424,996**
Net gain on disposal of equity interest in subsidiaries	**193,112**	**—**	**—**	**—**	**193,112**
Net finance expense	**(106,276)**	**(611)**	**1,954**	**(4,268)**	**(109,201)**
Fair value change on embedded derivatives	**4,440**	**—**	**—**	**—**	**4,440**
Share of loss of associates	**(8,239)**	**—**	**—**	**—**	**(8,239)**
Revaluation gains on investment properties	**—**	**269,626**	**—**	**—**	**269,626**
Profit before income tax	**480,812**	**290,245**	**2,884**	**793**	**774,734**
Income tax expense	**(150,972)**	**(98,889)**	**(1,719)**	**—**	**(251,580)**
Profit for the year	**329,840**	**191,356**	**1,165**	**793**	**523,154**

The segment results for the year ended 31 December 2006 are as follows:

	Sales of property *RMB'000*	Lease of property *RMB'000*	Property management and related services *RMB'000*	Education *RMB'000*	Group *RMB'000*
Revenue	1,791,755	32,427	22,801	40,475	1,887,458
Segment results	473,735	12,321	(5,751)	5,488	485,793
Net financing expense	(8,356)	(442)	(188)	(4,562)	(13,548)
Share of loss of associates	(318)	—	—	—	(318)
Revaluation gains on investment properties	—	39,882	—	—	39,882
Profit/(loss) before income tax	465,061	51,761	(5,939)	926	511,809
Income tax expense	(102,315)	(9,441)	(1,043)	—	(112,799)
Profit/(loss) for the year	362,746	42,320	(6,982)	926	399,010

3. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

Other operating income

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Gains on acquisition of interests in subsidiaries from minority interest	**1,131**	—
Government grants	**1,852**	12,703
Gains on transfer of rights and obligations in a trust agreement	**—**	2,385
Compensations and forfeited deposits from contractors	**5,784**	—
Others	**470**	770
Total	**9,237**	15,858

Other operating expenses

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**—**	106
Donations	**3,664**	30
Compensations to contractors	**5,087**	—
Others	**364**	77
Total	**9,115**	213

4. EXPENSES BY NATURE

Items included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Depreciation	**23,254**	23,801
Amortisation of land use rights	**1,440**	1,487
Reversal of impairments of receivables	**(200)**	(16,191)
Personnel expenses	**101,851**	61,164
Advertising costs	**31,307**	13,259
Cost of properties and land use rights sold		
Land use rights	**207,212**	291,424
Finance cost capitalised in cost of properties	**58,090**	30,951
Development cost	**621,467**	808,266
Other cost	**39,757**	12,884
Cost of goods sold and rendering service	**2,234**	6,090
Cost of property management	**13,728**	12,162
Cost of education	**25,739**	22,155
Cost of leasing	**3,845**	11,029
Business taxes and other levies	**87,789**	96,326
Office expenses	**9,623**	7,150
Auditor's remuneration	**2,916**	1,600
Consulting expenses	**12,798**	12,742
Commission fee	**28,808**	7,426
Rental	**9,699**	6,806
Others	**8,276**	6,779
	1,289,633	1,417,310

5. GAIN ON DISPOSAL OF EQUITY INTEREST IN SUBSIDIARIES

On 27 October 2007, SPG Investment XII (BVI) Limited ("SPG XII") (which is wholly owned by the Company), Mausica Investment Limited ("the Purchaser") (which is wholly owned by a fund advised by Citigroup Property Investors Asia Limited) and the Company entered into a sale and purchase agreement ("S&P Agreement"). Pursuant to the S&P Agreement, SPG XII sold 29% of the entire issued share capital of SPG Investment XI (BVI) Limited ("SPG XI") to the Purchaser. The Company had agreed to guarantee the payment, when due, of all amounts payable by SPG XII in connection with certain indemnities provided by SPG XII to the Purchaser.

SPG XII was the owner of the entire issued share capital of SPG XI. Through SPG Investment II (BVI) Limited ("SPG II") and SPG Investment III (BVI) Limited ("SPG III"), SPG XI owns three real estate development projects in the PRC, namely the Kunming Lake Dian Project developed by Kunming SPG Land Development Co., Ltd. ("Kunming SPG Land"), the Kunming Grand City Project developed by Kunming SPG Grand City Development Co., Ltd. ("Kunming SPG Grand City") and the Shanghai Watertown Project developed by Shanghai Zhujia Cambridge Property Development Co., Ltd. ("Shanghai Zhujia"). The sole business of SPG XI is the investment holding of SPG II and SPG III.

The total consideration was approximately RMB412,806,000, which was determined based on the aggregate net assets of Kunming SPG Land, Kunming SPG Grand City and Shanghai Zhujia and the loans due and owing by Shanghai Zhujia to two subsidiaries of the Company as at 30 September 2007, and the land premium agreed by the Purchaser and the Group.

The aggregate net assets of Kunming SPG Land, Kunming SPG Grand City and Shanghai Zhujia as at 30 September 2007 were as follows:

Net asset disposed of	*RMB'000*
Property, plant and equipment	1,307
Properties under development	1,531,690
Deferred tax assets	9,228
Completed properties held for sale	106,047
Trade and other receivables	11,381
Restricted cash	15,507
Cash and cash equivalents	18,308
Trade and other payables	(584,547)
Tax payable	(355)
Interest bearing loans	(351,000)
	757,566
Disposal of 29% equity interest to the Purchaser	219,694
Gain on disposal of 29% equity interest in the Kunming SPG Land, Kunming SPG Grand City and ShanghaiZhujia	193,112
Total consideration, to be satisfied by cash	412,806
Net cash inflow arising on disposal:	
— Cash consideration received	347,238
— Receivable due from the Purchaser	65,568

6. NET FINANCE EXPENSES

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Interest expenses on bank loans	**102,171**	88,249
Less: Amount capitalised in properties under development, properties under development for sale with capitalisation rate of 6.93% (2006: 6.02%)	**(59,962)**	(60,000)
	42,209	28,249
Interest expenses on financial liabilities measured at amortised cost	**33,384**	—
Interest income on bank deposits	**(37,674)**	(19,916)
Net change in fair value of financial assets at fair value through profit or loss	**(8,685)**	(3,176)
Net foreign exchange loss	**79,967**	8,391
Fair value changes on financial derivatives	**(4,440)**	—
Total	**104,761**	13,548

7. INCOME TAX EXPENSES

Change in classification

During the year ended 31 December 2007 the Group modified the income statement classification of PRC land appreciation tax from cost of sales to income tax expenses. PRC Land appreciation tax is in substance a form of capital gains tax, which therefore falls within the scope of IAS 12, Income taxes. As a result, deferred and current PRC land appreciation tax charges should be recognised as a component of the income tax expenses. The change in classification reflects more appropriately the income tax expenses. Comparative amounts were reclassified for consistency, which result in RMB23,406,000 being reclassified from cost of sales to income tax expenses.

Income tax in the consolidated income statements represents:

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Current tax		
Provision for PRC enterprise income tax for the year	**56,612**	16,280
Provision for PRC land appreciation tax for the year	**30,700**	6,080
Deferred tax		
Origination and reversal of temporary differences	**(7,409)**	77,419
Benefit of tax losses recognised	**17,366**	(15,360)
Revaluation of investment properties	**48,632**	11,054
Effect of change in future enactive tax rate	**11,945**	—
Deferred PRC land appreciation tax	**93,734**	17,326
Total	**251,580**	112,799

No provision for Hong Kong profits tax has been made as the Group had no assessable profits in Hong Kong for the year ended 31 December 2007 (2006: Nil). PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate ranges from 15% to 33% (2006: 15% to 33%).

PRC land appreciation tax is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all property development expenditures. Land appreciation tax of RMB124,434,000 was included in income tax expenses in the income statement for the year ended 31 December 2007 (2006: RMB23,406,000).

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which took effect on 1 January 2008. As a result of the new tax law, it is expected that the income tax rate applicable to the Group's subsidiaries in the PRC will be changed to 25% from 1 January 2008. The new income tax rates were used to measure the Group's deferred tax assets and deferred tax liabilities as at 31 December 2007. As a result, the Group's deferred tax assets and deferred tax liabilities increased by RMB19,537,000 and RMB31,482,000 respectively as at 31 December 2007. The enactment of the new tax law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable.

8. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	Year ended 31 December	
	2007	2006
Profit attributable to equity holders of the Company (basic) (RMB'000)	**498,498**	390,818
Weighted average number of shares in issue (thousands) (basic)	**1,037,500**	814,658
Earnings per share (basic) (RMB)	**0.481**	0.480
Profit attributable to equity holders of the Company (diluted) (RMB'000)	**527,442**	390,818
Weighted average number of shares in issue (thousands) (diluted)	**1,141,541**	816,198
Earnings per share (diluted) (RMB)	**0.462**	0.479

9. DIVIDENDS

Pursuant to the resolutions passed at the board of directors' meeting held by certain subsidiaries, the following dividends were declared to equity holders.

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
(i) Dividends proposed after the balance sheet date	**149,549**	—
(ii) Dividends declared during the year	**—**	90,056

(i) The board of directors has resolved to declare dividends of RMB149,549,000 (RMB14.4 cents per ordinary share) in respect of the year ended 31 December 2007. The dividends proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. The final dividend is expected to be paid on Friday, 6 June 2008 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 23 May 2008 subject to the approval of shareholders at the annual general meeting to be held on Friday, 23 May 2008.

The board of directors had resolved not to declare any dividends in respect of the year ended 31 December 2006.

(ii) Amounts represent the dividends which were declared and paid by the subsidiaries of the Group to their then equity holders during the year ended 31 December 2006 prior to the listing of the shares of the Company on the Hong Kong Stock Exchange.

10. TRADE, OTHER RECEIVABLES AND ADVANCE DEPOSITS

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Receivables due from related parties:		
— Chairman of the board	**270**	—
— Other related parties	**14,988**	18,636
	15,258	18,636
Trade receivables due from third parties	**3,517**	2,373
Advance payments to contractors	**29,184**	4,542
Advance deposits for acquisition of land use rights	**847,429**	498,853
Non-trade receivables	**52,974**	93,104
Tax prepayments	**65,553**	30,393
Receivable related to disposal of equity interest in subsidiaries	**65,568**	—
Total	**1,079,483**	647,901

Trade receivables are mainly arisen from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sales and purchase agreements or lease agreements. The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Within three months	**1,417**	1,141
Over three months and within half a year	**499**	—
Over half a year and within one year	**732**	399
Over one year	**869**	833
	3,517	2,373

11. TRADE, OTHER PAYABLES AND ADVANCE RECEIPTS

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Trade payables	**406,449**	305,024
Advances from customers	**445,378**	366,424
Other taxes payable	**36,778**	7,935
Non-trade payables and accrued expenses	**329,783**	148,369
Non-trade payables due to related parties	**20,274**	20,274
Total	**1,238,662**	848,026

The ageing analysis of trade payables is as follows:

	As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Within half a year	**223,051**	266,842
Over half a year and within one year	**89,768**	26,623
Over one year	**93,630**	11,559
	406,449	305,024

12. CONVERTIBLE BONDS

On 27 April 2007, the Company issued USD Settled Zero Coupon Convertible Bonds due 2012 in the aggregate principal amount of RMB1,158,000,000 (the "Convertible Bonds" or "the Bonds"). The subscription amount payable in respect of each RMB100,000 principal amount of Bonds is approximately US$12,952. The Convertible Bonds are listed on Singapore Exchange Securities Trading Limited.

The principal terms of the Convertible Bonds are as follows:

(i) Optional conversion

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 7 June 2007 up to and including the 14th day prior to 27 April 2012 into fully paid ordinary shares with a par value of HK$0.10 each of the Company (the "Shares") at an initial conversion price (the "Conversion Price") of HK$8.1165 per Share with a fixed exchange rate of HK$1.00 to RMB0.98887. The Conversion Price is subject to adjustment in certain circumstances. Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed on 27 April 2012 at an amount equal to the US Dollar equivalent of their RMB principal amount multiplied by 111.837 per cent.

(ii) Redemption

Redemption at the option of the Company

At any time after 27 April 2010 and prior to 27 April 2012, the Company may redeem all or some only of the Bonds for the time being outstanding at a redemption price equal to the US Dollar equivalent of their Early Redemption Amount (as defined below) as at the date fixed for redemption on the redemption date if the closing price of the Shares translated into RMB at the prevailing applicable to the relevant day when the Stock Exchange, or as the case may be an Alternative Stock Exchange is open for dealing business ("Trading Day") for each of 20 consecutive Trading Days, where the last day of such period occurs not more than 30 days prior to the date upon which notice of such redemption is published, was at least 130 per cent. of the Early Redemption Amount divided by the Conversion Ratio (which is equal to the RMB principal amount of each Bond divided by the Conversion Price).

The Early Redemption Amount, for each RMB100,000 principal amount of the Bonds, is determined so that it represents for the bondholder a gross yield of 2.25% per annum, calculated on a semi-annual basis. The Early Redemption Amount is set out in the table below, assuming that the date fixed for redemption is the Semi-annual Date:

Semi-annual Date	Early Redemption Amount *RMB*
27 October 2007	101,125.00
27 April 2008	102,262.66
27 October 2008	103,413.11
27 April 2009	104,576.51
27 October 2009	105,752.99
27 April 2010	106,942.72
27 October 2010	108,145.82
27 April 2011	109,362.46
27 October 2011	110,592.79

The Company may at any time prior to 27 April 2012 redeem all and not some only of the Bonds for the time being outstanding at a redemption price equal to the US Dollar equivalent of their Early Redemption Amount on the redemption date if at any time at least 90 per cent. in principal amount of the Bonds has already been converted, redeemed or purchased and cancelled.

Redemption at the option of the bondholder

The Company will, at the option of the bondholder, redeem all or some only of such Bonds on 27 April 2010 at the US Dollar equivalent of their Early Redemption Amount as at the relevant date fixed for redemption upon the bondholder depositing a put notice. A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Company's consent. No fewer than 30 nor more than 45 days' notice of the commencement of the period in which the put option can be exercised shall be given to the bondholders.

The bondholders will have the right to require the Company to redeem all or some of the Bonds on the 14th day after the expiry of such period of 60 days at the US Dollar equivalent of their Early Redemption Amount, when the Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or, if applicable, an Alternative Stock Exchange, or when there is a change of control of the Company.

As the functional currency of the Group is RMB, the conversion of the Convertible Bonds denominated in RMB will result in settlement by exchange of a fixed amount of cash in RMB, the functional currency of the Group, for a fixed number of the Company's Shares. In accordance with the requirements of IAS 39 *Financial Instruments — Recognition and Measurement*, the bond contract must be separated into a liability component consisting of the straight debt element of the Bonds, a number of embedded financial derivatives consisting of redemption options and an equity component representing the conversion option of the bondholders to convert the Bonds into equity. The proceeds received from the issue of the Convertible Bonds have been split as below:

(i) Liability component represents the present value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of 5.41% to the liability component since the Convertible Bonds were issued.

(ii) Embedded derivatives comprise:

- The fair value of the call option of the Company to require the bondholders to redeem the Convertible Bonds; and

- The fair value of the put option of the bondholders to require the Company to redeem the Convertible Bonds.

(iii) Equity component represents the option to convert the Convertible Bonds into the Shares, which is determined by deducting the fair value of the liability component and financial derivatives from the proceeds of issue of the compound financial instrument as a whole.

The fair value of the embedded derivatives of the Convertible Bonds was calculated using certain valuation models. The major inputs used in the models as at 27 April 2007 and 31 December 2007 were as follows:

	(a) Call option of the Company		**(b) Put option of bondholders**	
	27 April 2007	**31 December 2007**	**27 April 2007**	**31 December 2007**
Stock price (a)	HK$5.67	HK$6.98		
Exercise price (b)	HK$8.1165	HK$8.1165	RMB106,943 (c)	RMB106,943
Risk-free rate	4.136%	2.989%	2.38%–3.24%	3.78%–4.24%
Expected life	60 months	52 months	3 years	2 years
Volatility	39.27%	52.60%	10.92% per annum	12.05% per annum

(a) The stock prices were as at 27 April 2007 and 31 December 2007 respectively. The risk-free rates were determined with reference to the Hong Kong Exchange Fund Notes Yields as extracted from Bloomberg. The expected lives were estimated based on the terms of the Convertible Bonds. The volatilities were determined based on the historical price volatilities of comparable companies under the same periods as the expected lives.

(b) The exercise prices were the Early Redemption Amount as at the expected maturity date of the option outlined in the terms of the Convertible Bonds. The risk-free rates were determined with reference to the China Government Bond Yields as extracted from Bloomberg. The expected lives were estimated based on the terms of the Convertible Bonds. The volatilities were determined based on the historical interest rate volatilities per annum as at 27 April 2007 and 31 December 2007 respectively.

(c) The exercise prices for the put option of bondholders is stated at for each RMB100,000 principal amount of the Bonds.

Any changes in the major inputs into the model will result in changes in the fair value of the embedded derivatives. The variables and assumptions used in calculating the fair value of the embedded derivatives are based on the directors' best estimates.

The movement of the liability component and embedded derivatives of the Convertible Bonds for the period is set out below:

	Liability component	**Put option of bondholders**	**Call option of the Company**	**Equity component**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Convertible Bonds issued on 27 April 2007	995,142	75,472	(25,447)	112,833	1,158,000
Transaction costs	(20,977)	—	—	(2,210)	(23,187)
Interest charged during the year ended 31 December 2007	33,384	—	—	—	33,384
Changes in fair value	—	16,284	(20,724)	—	(4,440)
As at 31 December 2007	1,007,549	91,756	(46,171)	110,623	1,163,757

No conversion of the Convertible Bonds has occurred up to 31 December 2007.

The changes in the fair value of the embedded derivatives from 27 April 2007 to 31 December 2007 resulted in a fair value gain of RMB4,440,000, which has been recorded as "Fair value changes on embedded financial derivatives" in the consolidated income statement for the year ended 31 December 2007.

13. ACQUISITION OF SUBSIDIARIES

Subsidiary acquired in 2007

On 28 September 2007, the Group entered into an equity transfer agreement with Run Di Li Property Development Investment Holdings Co., Ltd. ("Run Di Li"), Suzhou Run Di Li Construction Development Co., Ltd., Jiangsu Zhong Qi Investment Co., Ltd. and Mr. Wu Jian Ping (collectively referred to as "the Sellers") to acquire the entire equity interest in Suzhou Runjian Zhi Ye Co., Ltd. ("Suzhou Runjian") from the Sellers.

On 31 August 2006, Run Di Li acquired a piece of land with a site area of 14,893 square metres at a price of RMB223,500,000 through listing-for-sale organized by Suzhou Property Bureau. Suzhou Runjian was established on 17 October 2006 with a business scope of real estate development. Up to the end of 2007, Suzhou Runjian had not carried out any business.

The total consideration payable by the Group for the acquisition of Suzhou Runjian is RMB555,284,000. Pursuant to the equity transfer agreement, the Sellers transferred 90% equity interests to the Group in October 2007 and as at 31 December 2007 Suzhou Runjian is owned by the Group as to 90% and Run Di Li as to 10%. Upon Suzhou Runjian obtaining the State-owned Land Use Right Certificate (國有土地使用權証), Construction Land Use Planning Permit (建設用地規劃許可証), Construction Engineering Planning Permit (建設工程規劃許可証) and Construction Engineering Implementation Permit (建築工程施工許可証), Run Di Li shall transfer the remaining 10% equity interest in Suzhou Runjian to the Group, which is expected to take place in 2008.

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Pre-acquisition carrying amounts *RMB'000*	**Fair value adjustments** *RMB'000*	**Recognised value on acquisition** *RMB'000*
Property, plant and equipment	932	—	932
Properties under development	238,361	439,360	677,721
Trade and other receivables	14,082	—	14,082
Cash and cash equivalents	880	—	880
Loans and borrowings	(15,000)	—	(15,000)
Trade and other payables	(13,491)	—	(13,491)
Deferred tax liabilities	—	(109,840)	(109,840)
	225,764	329,520	555,284
Minority interests	(22,576)	(32,952)	(55,528)
Net identifiable assets and liabilities	203,188	296,568	499,756
Consideration paid, satisfied in cash			499,756
Cash acquired			(880)
			498,876
Net cash outflow arising on acquisition:			
— Cash paid during the year			329,115
— Amount due to Run Di Li as at 31 December 2007			169,761

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values. The consideration for the acquisition of the equity interest in Suzhou Runjian by the Group was based on the net book value of Suzhou Runjian as at the date of acquisition with fair value adjustments according to a property valuation report prepared by DTZ Debenham Tie Leung Limited ("DTZ"), an independent valuer.

The acquisition has been accounted for using the purchase method of accounting.

The losses attributable to Suzhou Runjian amounted to RMB2,816,000 to the Group's profit for the period between the date of acquisition and 31 December 2007. If the acquisitions had been completed on 1 January 2007, the Group's revenue would have remained unchanged and the impact on the Group's profit for the year ended 31 December 2007 is not material as Suzhou Runjian has not carried out any business during the period from the date of establishment to the date of acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Results and Dividends

During the year under review, the Group recorded total revenue of approximately RMB1,714,507,000 (2006: RMB1,887,458,000). Net profit amounted to RMB523,154,000 (2006: RMB399,010,000) and the portion attributable to equity holders of the Company was approximately RMB498,498,000 (2006: RMB390,818,000). Basic and diluted earnings per share attributable to equity holders of the Company amounted to RMB0.481 and RMB0.462 (2006: RMB0.480 and RMB0.479) respectively for the twelve months ended 31 December 2007. The Board has recommended the payment of a final dividend of RMB14.4 cents per share.

Property Development

During the year, the Group completed and delivered various phases of the three development projects in Shanghai with a total GFA of 147,925 sq.m. (2006: 309,598 sq.m.) as highlighted in the following table.

		Development Projects Completed and Delivered in 2007	
Project	**Type**	**Approximate GFA Completed** *(sq.m.)*	**Approximate GFA Sold & Delivered** *(sq.m.)*
Cambridge Forest Newtown — Phase VC	Apartment	—	16,211
Cambridge Forest Newtown — Phase VD	Townhouse	9,262	7,481
Cambridge Forest Newtown — Phase VE	Villa	15,119	12,046
Cambridge Forest Newtown — Trinity Village	Villa	—	17,665
Cambridge Waters — Phase I	Apartment	—	882
Cambridge Waters — Phase II	Apartment	70,592	67,889
Cambridge Watertown — Lot 2 & 3	Villa	22,117	19,901
Cambridge Watertown — Lot 2	Townhouse	—	5,850
Total		117,090	147,925

Property Sales Performance

With regard to the property sales results, the Group performed satisfactorily during the year under review. This was particularly reflected in the significant increase in the revenue generated from the sales of residential projects during the second half of 2007. Of the aggregate sales, the main growth driver of the Group was still represented by its three primary residential projects in Shanghai, namely, Cambridge Forest Newtown, Cambridge Waters and Cambridge Watertown, as highlighted in the following table.

Project	**Approximate area sold and delivered in 2007** *(sq.m.)*	**Approximate sales recognized in 2007** *(RMB'000)*	**Average selling price** *(RMB/sq.m.)*
Cambridge Forest Newtown — Phase VC	16,211	87,075	5,371
Cambridge Forest Newtown — Phase VD	7,481	131,090	17,523
Cambridge Forest Newtown — Phase VE	12,046	254,253	21,106
Cambridge Forest Newtown — Trinity Village	17,665	313,560	17,750
Cambridge Waters — Phase I	882	5,519	6,263
Cambridge Waters — Phase II	67,889	487,041	7,174
Cambridge Watertown — Lot 2 & 3	25,751	328,180	12,744
Total	147,925	1,606,718	

In terms of square metres, the total area sold and delivered for the year ended 31 December 2007 decreased by 52% to 147,925 sq.m. from 309,598 sq.m. in the previous year. Revenue from property sales amounted to RMB1,606,718,000 (2006: RMB1,791,755,000). The revenue from property sales was satisfactory as a result of the general market improvement and the resulting increase in the gross profit in the second half of 2007.

During the year under review, the total contracted sales area of the Group amounted to approximately 169,043 sq.m. (2006: 96,723 sq.m.), while total contracted sales value amounted to RMB2,079,330,000 (2006: RMB549,139,000).

Land Bank Replenishment

The Group's strategy is to maintain a quality portfolio of land bank that is sufficient to support the Group's development pipeline for four to five years. The Group is continuing to develop large-scale and multi-phase residential projects in Yangtze River Delta and in provincial capitals with regional economic importance, targeting the middle to upper-income groups. As of 31 December 2007, the Group's land bank had a total GFA of approximately 3.2 million sq.m., of which approximately 86%

will be used for the development of mid to high-end residential projects, approximately 7% will be used for commercial property development and the remaining 7% will be used for hotel and recreational development.

During the twelve months ended 31 December 2007, the Group acquired approximately 1.7 million sq.m. of GFA in new development projects, augmenting its land bank portfolio from approximately 1.5 million sq.m. as at the end of 2006 by 113% to about 3.2 million sq.m.. Capital expenditure on land acquisition amounted to approximately RMB4,366 million. The successful expansion of the Group's land bank during the period under review included the acquisitions of one Kunming site, two Huangshan sites, two Changshu sites, one Suzhou site and one Wuxi site.

The Group's strategy with regard to future land acquisitions will continue to focus on the opportunities that arise in cities of regional importance that have developing infrastructure, reasonable land prices and good growth potential.

Hotel Development

With a view to generating long-term recurrent income, the Group has substantially invested in hotel properties while having tied-up with reputable names in the hotel industry like the Peninsula Group, the InterContinental Hotel Group and the Singapore-based Amanresorts Group. Currently, the Group's hotel projects include the ultra-luxurious Peninsula Hotel on the Bund, a crown jewel site in Shanghai; the Holiday Inn Hotel complex project in Shanghai's Pudong/Nanhui area; and the Crowne Plaza Hotel at Huangshan's world-renowned scenic area of Tai Ping Lake. Besides these projects, all of which are under construction and expected to commence operations in late 2009 and early 2010, the Group will also develop the Group's second landmark hotel project on the Bund, the Aman.

Investment Properties and Ancillary Services

To generate stable and recurrent income, the Group also holds some of its properties for leasing through its own leasing team and property agents. As at 31 December 2007, the Group leased out an aggregate GFA of approximately 91,420 sq.m. In addition, the Group operates a post-secondary college (上海思博職業技術學院 Shanghai Sipo Polytechnic) and a training centre (上海思博職業技術培訓中心 Shanghai Sipo Vocational Technical Training Centre). During the year, the Group also operated one of the most prestigious kindergarten in Shanghai, (中福會康橋幼兒園, The China Welfare Institute Kindergarten), supplementing the Group's developments with quality educational facilities. Such investment properties and ancillary educational business constitutes a minor but stable operation of the Group, representing 5% of the Group's total revenue for the year under review.

Property Management and Related Services

During the year under review, Shanghai New Independence House, a subsidiary of the Group providing property management services, generated property management and related services income, after intra-group elimination, amounted to approximately RMB27 million, representing an increase of 19.5% as compared the previous year. As at 31 December 2007, the Group was managing a total floor area of around 1.45 million sq.m.

Strategic Cooperation

SPG Investment XII (BVI) Limited, the Company's subsidiary, sold 29% of the entire issued share capital of SPG Investment XI (BVI) Limited, a wholly owned subsidiary, to Mausica Investment Limited, a company owned by a fund advised by Citigroup Property Investors Asia Limited, in October 2007 for an approximate consideration of RMB413 million. Mausica Investment Limited becomes a co-investor in the Group's two Kunming projects and Shanghai Watertown project. The transaction reinforced the Group's cash flow position and contributed approximately RMB193 million profit to the Group during the year under review.

Financial Analysis

Revenue

The total revenue for the Group for the year 2007 was RMB1,715 million. In terms of the overall unit selling price and volume of transactions, a table of analysis on the sales of properties is provided as follows:

	2007			2006	
Type	**GFA sold & delivered** ***(sq.m.)***	**Average selling price** ***(RMB/ sq.m.)***	Average selling price change %	GFA sold & delivered *(sq.m.)*	Average selling price *(RMB/ sq.m.)*
Villas	49,613	17,033	99%↑	8,862	8,566
Apartments and townhouses	98,312	7,748	36%↑	300,736	5,705
Total	147,925	10,862	88%↑	309,598	5,787

In 2007, the Group successfully completed the development and delivered residential units in Phase V of Cambridge Forest Newtown, Phase IIB and IIC of Cambridge Waters and Lots 2 and 3 of Cambridge Watertown. Therefore, the total GFA delivered reached 147,925 sq.m. (2006: 309,598 sq.m.). The increase in average selling price was mainly due to the sales and marketing decision at the beginning of the year to schedule most of the Group's sales launches in the second half of the year under review so as to take full advantage of the improving market conditions.

Segmental Information

The Group's business is currently categorized into four operating segments — sales of property, lease of property, property management and other related services, and education. An analysis of the Group's revenue is as follows:

Revenue Stream	Year ended 31 December **2007** *RMB'000*	2006 *RMB'000*	Change
Sales of property	**1,606,718**	1,791,755	(185,037)
Lease of property	**29,585**	32,427	(2,842)
Property management & other related services	**27,243**	22,801	4,442
Education	**50,961**	40,475	10,486
Total	**1,714,507**	1,887,458	

Sales of property remains the Group's core business activity representing 93.7% of the total revenue in 2007 while the growths in both the property management and related services (up 19.5% yoy) and education (up 26% yoy) segments were improved over 2006.

Rental income decreased by 9% from RMB32 million to RMB30 million. The decrease was due to the disposal of Trinity Village in April 2007, a completed villa project located in Cambridge Forest Newtown, which generated rental income in 2006.

Cost of Sales

Total cost of sales in 2007 decreased significantly by 18% from RMB1,307 million to RMB1,072 million, being in line with the decrease in revenue.

Gross Profit and Margin

Gross profit increased by 11% from RMB580 million in 2006 to RMB642 million in 2007. Gross profit margin for the full year rose from 31% in 2006 to 37% in 2007, which was mainly attributable to the established brandname of the group, our successful marketing strategy and price movement of projects, particularly during the second half of the year and high gross profit margin generated from the disposal of Trinity Village in Cambridge Forest Newtown.

Other Operating Income

In 2007, other operating income decreased by 42% to RMB9.2 million attributable to the reduction of government grants due to a change in policy.

Operating Expenses

In 2007, the selling and marketing costs increased to RMB66 million from RMB28 million in 2006. In order to improve the sales, substantial vigorous marketing campaigns were launched and professional property agents were appointed in year 2007.

Administrative expenses increased from RMB82 million to RMB152 million, representing a rise of 85% over the year 2006. The reason being the recruitment of more project staff and increased expenses to cope with the cross-district expansion of Group's projects.

The increase in other operating expenses was mainly attributable to the RMB3.6 million donations made and a compensation to contractors of RMB5.1 million.

Net Finance Expenses

The net finance expenses of RMB105 million in 2007 compared to net finance expenses of RMB14 million in 2006. This significant increase over the previous year was mainly attributable to the exchange losses of foreign currency assets and the interest expenses on the convertible bonds issued by the Company in April, 2007.

Share of Loss of Associates

The Group continued to suffer a net loss from share of operating results of associates in 2007 that amounted to RMB8.2 million as compared to a net loss of RMB0.3 million in 2006 from the associates. This loss was mainly attributable to the loss arose from the Peninsula Waitan project which is currently under development.

Revaluation Gains on Investment Properties

The Group recorded a revaluation gain of RMB270 million for 2007. The increase was mainly due to the general appreciation of market prices of the Group's investment properties during the year under review, as well as addition of retail properties in Cambridge Waters and the British School Phase III in Cambridge Forest Newtown into the Group's portfolio of investment properties.

Financing Activities

The Group captured the opportunities in the international capital market in April 2007, it went ahead with the issuance of RMB denominated US Dollar Settled Zero Coupon Convertible Bonds, with Morgan Stanley & Co. International plc and DBS Bank Limited as the Joint Lead Managers. The Bonds are due in 2012 with an aggregate amount of RMB1,158 million and the majority of the issue's net proceeds was used to finance the Company's acquisition of property development projects.

Income Tax

Income tax increased by 1.2 times from RMB113 million in 2006 to RMB252 million in 2007, while the effective tax rate remain the same at 18% in 2007 which was in line with that in 2006. The increases in tax amount mainly because PRC land appreciation tax of RMB101 million was levied on properties developed and sold at Cambridge Forest Newtown phase VD & VE and Cambridge Watertown during the year.

Profit Attributable to Equity Holders of the Company

The Group achieved a profit attributable to equity holders of RMB498 million (2006: RMB391 million), up RMB107 million or 27% over the previous year. Earnings per share rose by 0.2% to RMB0.481 from RMB0.480 in 2006.

Net profit margin for the year under review rose from 21% in 2006 to 31% in 2007, which was mainly attributable to the Group's successful market strategy and price improvement of projects and high gross profit margin generated from the disposal of Trinity Village.

Liquidity and Financial Resources

The Group derived its sources of fund primarily from income generated from business operations, bank borrowings and cash proceeds raised from the issuance of the convertible bonds in late April 2007, which were used to finance its business operations and investment in development projects.

Net gearing (total borrowings less cash and cash equivalents including restricted cash over total equity) stood at a level of 26.4% as at 31 December 2007. The Group had total cash and cash equivalents of RMB1,105 million, total borrowings of RMB2,059 million and the stronger equity base of RMB3,613 million as at 31 December 2007 (2006: RMB2,690 million). All borrowings were in RMB. Of the total, RMB372 million was repayable within one year while RMB1,687 million was repayable after more than one year. The effective interest rate for 2007 was 6.93% (2006: 6.02%).

Credit Policy

Trade receivables mainly arisen from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sales and purchase agreements or lease agreements.

Pledge of Assets

As at 31 December 2007, the Group pledged properties and land use rights with carrying amount of RMB1,772,617,000 and cash equivalents of RMB68,357,000 to secure bank facilities granted to the Group. The total secured loan balance outstanding as at 31 December 2007 amounted to RMB1,046,210,000.

Financial Guarantees

As at 31 December 2007, the Group provided guarantees to banks for:

	As at 31 December 2007 RMB'000	As at 31 December 2006 RMB'000
Mortgage facilities granted to purchasers of property units	**266,038**	145,405

Capital Commitment

	As at 31 December 2007 RMB'000	As at 31 December 2006 RMB'000
Property development activities:		
— Contracted but not provided for	**3,872,228**	818,708
— Authorized but not contracted for	**3,618,948**	1,407,707
Total	**7,491,176**	2,226,415

Business Forecast

The Board of the Company is optimistic with regard to the long-term development of China's property market and the Group's future prospects. The Group will launch a number of sizeable projects in 2008 that will take full advantage of its fast-growing presence in the Yangtze River Delta area and in provincial capitals or hubs of economic zones of the southwest region with higher GDP growth than the national average.

In this respect, pre-marketing activities of the Group's Kunming projects have already been progressing well since the beginning of 2008. At the same time, the Hainan project, which the Group acquired in January 2008, will make an immediate contribution to the Company. Furthermore, the Group is scheduling for the timely launch of the Changshu and Suzhou project by the end of 2008.

Besides these property development projects in the pipeline, the Board believes that the 2010 World Expo in Shanghai will provide a stellar opportunity for the hotel industry in the city. With the Group's hotel properties in Shanghai expected to be completed by late 2009 and early 2010, the Group is well-positioned to capture the opportunities of the 2010 World Expo while strengthening the recurrent earnings contribution of the Company.

USE OF PROCEEDS FROM THE IPO AND THE ISSUANCE OF CONVERTIBLE BONDS (CB)

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 10th October 2006, and the Group raised net proceeds of approximately RMB1,322 million from the IPO ("IPO Proceeds"). In April 2007, the Group raised net proceeds of approximately RMB1,134 million from the issue of the convertible bonds ("CB Proceeds"). The company had applied both the proceeds into the existing development projects, land acquisition as well as the repayment of borrowing, which are in compliance with the intended use of proceeds.

HUMAN RESOURCES

As at 31 December 2007, the Group employed a total 731 employees (2006: 502 employees). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses will be offered to those staff with outstanding performance. Share option schemes were adopted to attract and retain talents to contribute to the Group. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2007 except for Code provision A.4.2 with respect to the election by shareholders of all directors appointed to fill a casual vacancy at the first general meeting after their appointment. Pursuant to the Company's Articles of Association, any person appointed as a Director by the Board shall stand for re-election at the next following Annual General Meeting of the Company. Such arrangement is considered appropriate in light of the requirement of paragraph 4(2) of the Appendix 3 to the Listing Rules which requires that any person appointed by the directors to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on 23 May 2008. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

The register of members of the Company will be closed from Wednesday, 21 May 2008 to Friday, 23 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to the proposed final dividend and to attend the annual general meeting of the Company to be held on 23 May 2008, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 20 May 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2007.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the four independent non-executive Directors of the Company.

The audit committee has reviewed the annual results for the year ended 31 December 2007 with the management of the Company.

DIRECTORS

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Weixian, Mr. Tse Sai Tung, Stones, Mr. Lai Kin, Jerome, Ms. Wang Xuling, Mr. Tam Lai Ling and the independent non-executive Directors are Mr. Cheong Ying Chew, Henry, Mr. Fong Wo, Felix, *JP,* Mr. Jiang Simon X. and Mr. Kwan Kai Cheong.

By order of the Board
SPG Land (Holdings) Limited
WANG WEIXIAN
Chairman

Hong Kong, 26 March 2008