SPGLAND
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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

Key Accomplishments in 1H 2008

- Revenue up by 26% to RMB708 million
- Net profit up by 48% to RMB128 million
- GFA sold and delivered up by 28% to 62,899 sq.m.
- Contracted sales up by 145% to RMB1,299 million
- Gross profit margin maintained at 34%
- EPS up by 10% to RMB0.089/share

The board of Directors (the "Board") of SPG Land (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008.

CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2008

		Six months ended 30 June	
		2008	2007
		(unaudited)	*(unaudited)*
	Note	***RMB'000***	RMB'000
Revenue	*3*	**707,709**	562,396
Cost of sales		**(467,369)**	(365,676)
Gross profit		**240,340**	196,720
Other operating income		**123,016**	8,044
Selling and marketing costs		**(33,795)**	(18,661)
Administrative expenses		**(84,448)**	(65,779)
Other operating expenses		**(4,825)**	(5,347)
Results from operating activities		**240,288**	114,977
Finance income		**9,939**	28,165
Finance expenses		**(63,124)**	(87,866)
Fair value changes on financial derivatives	*10*	**(15,675)**	(18,264)
Net finance expenses	*5*	**(68,860)**	(77,965)
Share of (loss) of associates		**(4,701)**	(4,089)
Results before revaluation gains on investment properties and income tax		**166,727**	32,923
Revaluation gains on investment properties		**37,000**	110,300
Profit before income tax		**203,727**	143,223
Income tax expense	*6*	**(76,167)**	(57,032)
Profit for the period		**127,560**	86,191
Attributable to:			
Equity holders of the Company		**92,266**	84,442
Minority interests		**35,294**	1,749
Profit for the period		**127,560**	86,191

	Note	Six months ended 30 June **2008** ***(unaudited)*** ***RMB'000***	2007 *(unaudited)* RMB'000
Dividend			
Dividend declared during the period	*7*	**149,549**	—
Earnings per share			
Basic earnings per share *(RMB)*	*8*	**0.089**	0.081
Diluted earnings per share *(RMB)*	*8*	**0.089**	0.081

CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2008

	Note	**30 June 2008** *(unaudited)* *RMB'000*	31 December 2007 *(audited)* RMB'000
Assets			
Property, plant and equipment		**240,395**	246,039
Land use rights		**63,487**	64,173
Properties under development		**3,377,576**	2,356,458
Investment properties		**735,000**	698,000
Interests in associates		**931,194**	982,507
Financial derivatives	*10*	**23,053**	46,171
Deferred tax assets	*6*	**79,447**	73,728
Total non-current assets		**5,450,152**	4,467,076
Properties under development		**640,160**	642,593
Completed properties held for sale		**380,052**	253,976
Inventories		**92**	81
Investments		**1,131**	730
Trade and other receivables	*9*	**1,340,963**	1,079,483
Restricted cash		**378,859**	241,593
Cash and cash equivalents		**680,882**	863,237
Total current assets		**3,422,139**	3,081,693
Total assets		**8,872,291**	7,548,769
Equity			
Share capital		**105,578**	105,571
Share premium		**2,084,893**	2,084,437
Reserves		**696,615**	685,931
Retained earnings		**370,400**	432,656
Total equity attributable to equity holders of the Company		**3,257,486**	3,308,595
Minority interests		**535,958**	304,577
Total equity		**3,793,444**	3,613,172

	Note	**30 June 2008** *(unaudited)* ***RMB'000***	31 December 2007 *(audited)* RMB'000
Liabilities			
Interest bearing loans		**344,220**	372,400
Trade, other payables and advance receipts	*11*	**1,977,879**	1,238,662
Tax payable		**286,762**	332,421
Total current liabilities		**2,608,861**	1,943,483
Interest bearing loans		**999,290**	678,810
Convertible bonds	*10*	**1,032,426**	1,007,549
Financial derivatives	*10*	**84,313**	91,756
Deferred tax liabilities	*6*	**353,957**	213,999
Total non-current liabilities		**2,469,986**	1,992,114
Total liabilities		**5,078,847**	3,935,597
Total equity and liabilities		**8,872,291**	7,548,769
Net current assets		**813,278**	1,138,210
Total assets less current liabilities		**6,263,430**	5,605,286

Notes:

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, "Interim financial reporting" promulgated by the International Accounting Standards Board ("IASB").

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

The unaudited interim financial report was authorised for issuance on 12 September 2008.

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

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 nearest thousand.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the unaudited interim financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2007.

New standards and interpretations

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB which are effective for annual accounting periods beginning on 1 January 2008. The adoption of the new IFRSs had no material effect on how the results for the current or prior accounting periods were prepared and presented. Accordingly, no prior period adjustment was required.

	Effective for annual 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 requirement and their interaction	1 January 2008

Up to the date of issuance of this interim financial report, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the six months ended 30 June 2008 and which have not been adopted in this interim financial report:

	Effective for annual accounting period beginning on or after
IFRIC 13, Customer loyalty programmes	1 July 2008
IFRIC 16, Hedges of a net investment in a foreign transaction	1 October 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 obligations arising on liquidations	1 January 2009
Amendments to IFRS 1, First time adoption of International Financial Reporting Standards and IAS 27, Consolidated and separate financial statements — Cost of an investment in a subsidiary, jointly-controlled entity or associate	1 January 2009
Improvements to IFRSs 2008 in general, with exception of amendments to IFRS 5	1 January 2009
IFRIC 15, Agreements for the construction of real estate	1 January 2009
Revised IFRS 3, Business combinations and amended 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 this interim financial report, 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.

3. SEGMENT REPORTING

Business segments

The Group comprises the following main business segments:

- Sales of property
- Lease of property
- Property management and other related services
- Education

	Sales of property *RMB'000*	Lease of property *RMB'000*	Property management and related services *RMB'000*	Education *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
For the six months ended 30 June 2008						
Segment revenue	**646,874**	**14,005**	**41,067**	**27,707**	**(21,944)**	**707,709**
Segment result	**90,055**	**30,718**	**21,712**	**901**	**(15,826)**	**127,560**
For the six months ended 30 June 2007						
Segment revenue	514,428	15,214	30,963	19,316	(17,525)	562,396
Segment result	26,583	69,048	6,737	(8,332)	(7,845)	86,191

4. EXPENSE BY NATURE

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Depreciation	**12,512**	11,873
Amortisation of land use rights	**686**	743
Reversal of impairment	**(3,046)**	—
Personnel expenses	**64,150**	40,330
Advertising costs	**18,897**	8,494
Cost of properties and land use rights sold		
Land use rights	**92,320**	68,472
Finance cost capitalised in cost of properties	**17,365**	17,550
Development cost	**262,555**	211,743
Other cost	**21,617**	10,051
Cost of goods sold and rendering service	**1,588**	173
Cost of property management	**3,612**	4,831
Cost of education	**6,436**	7,150
Cost of leasing	**930**	1,491
Business taxes and other levies	**37,084**	28,764
Office expenses	**8,418**	7,130
Auditor's remuneration	**822**	935
Consulting expenses	**10,622**	7,906
Commission fee	**13,515**	6,908
Rental	**6,820**	3,916
Travelling and transportation	**8,135**	6,095
Others	**574**	5,561
	585,612	450,116

5. NET FINANCE EXPENSES

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Finance (income) and expenses		
Interest income on bank deposits	**(9,939)**	(21,094)
Net change in fair value of financial assets at fair value through profit or loss	**—**	(7,071)
Finance income	**(9,939)**	(28,165)
Interest expenses on bank loans	**70,280**	57,953
Less: interest capitalized	**(51,934)**	(26,672)
Net interest expenses on bank loans	**18,346**	31,281
Interest expenses on financial liabilities measured at amortised cost *(note 10)*	**24,877**	9,385
Net change in fair value of financial assets at fair value through profit or loss	**467**	—
Net foreign exchange loss	**19,434**	47,200
Finance expenses	**63,124**	87,866
Fair value changes on financial derivatives *(note 10)*	**15,675**	18,264
Net finance expenses	**68,860**	77,965

6. INCOME TAX EXPENSE

Income tax in the consolidated interim income statements represents:

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Current tax		
Provision for PRC enterprise income tax for the period	**28,495**	4,962
Provision for PRC land appreciation tax for the period	**6,859**	10,205
	35,354	15,167
Deferred tax		
Origination and reversal of temporary differences	**10,900**	11,727
Benefit of tax losses recognized	**(10,934)**	(5,451)
Revaluation of investment properties	**10,055**	17,257
Effect of change in future enactive tax rate	**—**	5,285
Deferred PRC land appreciation tax	**30,792**	13,047
	40,813	41,865
Total income tax expense in income statement	**76,167**	57,032

Enterprise income tax

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the six months ended 30 June 2008 and 2007. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the Corporate Income Tax Law ("new tax law") of the PRC passed by Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007 and took effect on 1 January 2008, subsidiaries of the Group in the PRC are subject to PRC income tax at 25%.

Withholding tax

Pursuant to the new PRC Corporate Income Tax Law which took effect from 1 January 2008, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investor. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax. As at 30 June 2008, no deferred withholding tax is accrued for as it is not expected that the Group will pay any dividend out of the recognised but undistributed profits of the Group's PRC subsidiaries from 1 January 2008 to 30 June 2008 within the next twelve months.

Land appreciation tax

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 RMB37,651,000 is included in income tax in the income statement for the six months ended 30 June 2008 (2007: RMB23,252,000).

Deferred tax assets/liabilities

The movements in deferred tax assets and liabilities during the six months ended 30 June 2008 are as follows:

	Deferred tax assets	**Deferred tax liabilities**
	RMB'000	*RMB'000*
At 1 January 2008	73,728	213,999
Additions	18,546	25,084
Charged to consolidated interim income statement	(12,827)	(9,344)
Arising from acquisition of subsidiary *(note 13(i))*	—	124,218
At 30 June 2008	79,447	353,957

7. DIVIDENDS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Dividend declared of RMB0.144 (2007: nil) per ordinary share	**149,549**	—

At a meeting held on 26 March 2008, the Company's board of directors proposed a final dividend of RMB0.144 per ordinary share for the year ended 31 December 2007, which was paid on 27 May 2008, and has been reflected as an appropriation of retained earnings for the six months ended 30 June 2008.

The Company's board of directors has resolved not to declare any interim dividend in respect of the six months ended 30 June 2008.

8. EARNINGS PER SHARE (BASIC AND DILUTED)

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2008	2007
Profit attributable to equity holders of the Company *(RMB'000)*	**92,266**	84,442
Weighted average number of ordinary shares in issue *('000)* (basic)	**1,037,569**	1,037,500
Earnings per share (basic) *(RMB)*	**0.089**	0.081
Weighted average number of ordinary shares in issue *('000)* (diluted)	**1,037,966**	1,039,678
Earnings per share (diluted) *(RMB)*	**0.089**	0.081

9. TRADE AND OTHER RECEIVABLES

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
Receivables due from related parties	**8,995**	15,258
Trade receivables due from third parties	**5,839**	3,517
Advance payments to contractors	**30,158**	29,184
Advance deposits for acquisition of land use rights	**998,897**	847,429
Receivable related to disposal of equity interest in subsidiaries *(note 12)*	**28,350**	65,568
Non-trade receivables	**128,392**	52,974
Tax prepayments	**140,332**	65,553
Total	**1,340,963**	1,079,483

The receivables due from related parties are unsecured, non-interest bearing and repayable on demand.

Non-trade receivable balances, including deposits and advances to third parties, are expected to be settled or recovered within one year.

Tax prepayments mainly represent prepayment of business tax during the pre-sale stage of certain properties under development.

The ageing analysis of trade receivables at each balance sheet date is as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
Within 90 days	**3,221**	1,417
Over 90 days and within 180 days	**—**	499
Over 180 days and within 365 days	**1,722**	732
Over 365 days	**896**	869
	5,839	3,517

10. 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 details of the principal terms of the Convertible Bonds are set out in the Company's 2007 annual report.

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 30 June 2008 and 31 December 2007 were as follows:

	(a) Call option of the Company		**(b) Put option of bondholders**	
	30 June 2008	31 December 2007	**30 June 2008**	31 December 2007
Stock Price	**HK$3.74**	HK$6.98	**N/A**	N/A
Exercise Price	**HK$7.77**	HK$8.1165	**RMB106,943**	RMB106,943
Risk-free rate	**3.071%**	2.989%	**3.510%–4.09%**	3.78%–4.24%
Expected life	**46 months**	52 months	**2 years**	2 years
Volatility	**53.14%**	52.60%	**11.95% per annum**	12.05% per annum

(a) The stock prices were as at 31 December 2007 and 30 June 2008 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 the Company.

(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 31 December 2007 and 30 June 2008 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 used in 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 *RMB'000*	Put option of bondholder *RMB'000*	Call option of the Company *RMB'000*	Equity component *RMB'000*	Total *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 period ended 30 June 2007 *(note 5)*	9,385	—	—	—	9,385
Changes in fair value *(note 5)*	—	13,640	4,624	—	18,264
As at 30 June 2007	983,550	89,112	(20,823)	110,623	1,162,462
As at 1 January 2008	**1,007,549**	**91,756**	**(46,171)**	**110,623**	**1,163,757**
Interest charged during the period ended 30 June 2008 *(note 5)*	**24,877**	**—**	**—**	**—**	**24,877**
Changes in fair value *(note 5)*	**—**	**(7,443)**	**23,118**	**—**	**15,675**
As at 30 June 2008	**1,032,426**	**84,313**	**(23,053)**	**110,623**	**1,204,309**

No conversion of the Convertible Bonds has taken place up to 30 June 2008.

The changes in the fair value of the embedded derivatives from 1 January 2008 to 30 June 2008 resulted in a fair value loss of RMB15,675,000 (2007: RMB18,264,000), which has been recorded as "Fair value changes on embedded financial derivatives" in the consolidated interim income statement for the period ended 30 June 2008.

11. TRADE, OTHER PAYABLES AND ADVANCE RECEIPTS

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
Payables due to related parties:		
Trade related	**12,930**	15,952
Non-trade related:		
— Dividends payable	**9,173**	9,173
— Other related parties	**41,101**	11,101
	63,204	36,226
Trade payables	**493,986**	390,497
Advance receipts from customers	**1,052,730**	445,378
Other taxes payable	**13,884**	36,778
Non-trade payables and accrued expenses	**352,554**	329,783
Dividends payable	**1,521**	—
Total	**1,977,879**	1,238,662

The payables due to related parties are unsecured, non-interest bearing and repayable on demand.

The ageing analysis of trade payables at each balance sheet date is as follows:

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
Within 90 days	**248,586**	136,259
Over 90 days and within 180 days	**127,319**	86,792
Over 180 days and within 365 days	**55,181**	89,768
Over 365 days and within 3 years	**75,830**	93,630
	506,916	406,449

12. DISPOSAL OF EQUITY INTEREST IN SUBSIDIARIES

On 28 May 2008, SPG Investment XIV (BVI) Limited ("SPG XIV") (which is wholly-owned by the Company) and HCP Suzhou Newton Co., Ltd. ("the Purchaser") entered into a share purchase agreement ("Purchase Agreement"). Pursuant to the Purchase Agreement, SPG XIV sold 40% of the entire issued share capital of SPG Investment XIII (BVI) Limited ("SPG XIII") to the Purchaser for RMB283,500,000.

SPG XIII owns all of the issued shares of Power Spread Group Limited ("the HKSPV"), which owns all of the registered capital of Shanghai Shikang Property Consulting Co., Ltd. ("the WFOE"). Through the WFOE, SPG XIII owns 100% of equity interest in Suzhou Runjian Zhi Ye Company Limited ("the Project Company"). The sole business of SPG XIII, the HKSPV and the WFOE is investment holding, and the Project Company is undertaking the development of a multi-purpose property complex currently known as the Suzhou Global Project in Suzhou.

The net assets of the subsidiaries as at 28 May 2008 were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	1,710
Properties under development	716,776
Trade and other receivables	35,167
Cash and cash equivalents	2,830
Deferred tax liabilities	(107,874)
Trade and other payables	(92,710)
	555,899
Disposal of 40% equity interest to the Purchaser	222,360
Gain on disposal of equity interest in subsidiaries	61,140
Total consideration, to be satisfied in cash	283,500
Net cash inflow arising on disposal	
— Cash consideration received	255,150
— Receivable due from the Purchaser *(note 9)*	28,350

In May 2008, the first instalment of US$36 million (equivalent to RMB255,150,000) was paid to the Group by the Purchaser pursuant to the Purchase Agreement. The remaining balance of equivalent RMB28,350,000 was received by the Group in July 2008.

13. ACQUISITION OF SUBSIDIARIES

(i) Hainan Jianqiao Real Estate Co., Ltd. ("Hainan Jianqiao")

On 4 January 2008, Shanghai Oriental Cambridge Property Development Co., Ltd., a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Shanghai Newgench Enterprise Group Co., Ltd. (上海新建橋企業集團有限公司) ("Shanghai Newgench") to acquire from Shanghai Newgench the entire equity interest in Hainan Jianqiao at a total consideration of RMB405,150,000. Hainan Jianqiao is engaged in the development of one property project, namely the Project Florea, located in Hainan province.

Hainan Jianqiao owns 100% equity interest in Hainan Jianqiao Property Management, which is engaged in property management of the Project Florea.

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

In RMB'000	**Pre-acquisition carrying amounts**	**Fair value adjustments**	**Recognised value on acquisition**
Property, plant and equipment	1,135	—	1,135
Properties under development	243,128	496,872	740,000
Trade and other receivables	87,547	—	87,547
Cash and cash equivalents	70,220	—	70,220
Loans and borrowings	(122,000)	—	(122,000)
Trade and other payables	(187,418)	—	(187,418)
Deferred tax liabilities	—	(124,218)	(124,218)
Net identifiable assets and liabilities	92,612	372,654	465,266
Total consideration for acquisition			405,150
Excess of acquirer's interest at fair value over costs			60,116
Consideration paid, satisfied in cash			405,150
Cash acquired			(70,220)
			334,930
Net cash outflow arising on acquisition:			
— Cash paid during the period			159,780
— Amount due to Shanghai Newgench as at 30 June 2008			175,150

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 Hainan Jianqiao by the Group was based on the net book value of Hainan Jianqiao 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.

(ii) Wuxi Guosheng Property Development Co., Ltd. ("Wuxi Guosheng") and Wuxi Shenglian Property Development Co., Ltd. ("Wuxi Shenglian")

Wuxi Guosheng and Wuxi Shenglian were joint venture companies established on 2 November 2007 for the purpose of acquiring land from Wuxi Guolian Development Co., Ltd. (無錫國聯發展有限公司) ("Wuxi Guolian").

The two joint venture companies were 49% and 51% owned by the Group and Wuxi Guolian respectively as at 31 December 2007.

On 25 June 2008, the Group paid additional capital contribution of RMB66,966,000 (equivalent to HK$76,128,000) in each of Wuxi Guosheng and Wuxi Shenglian. As a result, the interests held by the Group in Wuxi Guosheng and Wuxi Shenglian increased from 49% to 79.78%. Therefore, the financial statements of Wuxi Guosheng and Wuxi Shenglian were consolidated by the Group as at 30 June 2008.

Wuxi Guosheng and Wuxi Shenglian did not contribute any revenue to the Group for the period from 25 June 2008 to 30 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Results and Dividends

For the six months ended 30 June 2008, the Group recorded a total income of approximately RMB707,709,000 a year-on-year 26% increase (1H2007: RMB562,396,000). Net profit of the Group reached RMB127,560,000 a year-on-year 48% increase (1H2007: RMB86,191,000). Net profit attributable to equity holders of the Company was approximately RMB92,266,000 (1H2007: RMB84,442,000). Basic and diluted earnings per share attributable to equity holders of the Company amounted to RMB8.9 cents (1H2007: RMB8.1 cents) for the six months ended 30 June 2008. The Board has resolved not to declare any interim dividend for the period.

Property Sales Results

The total area sold and delivered for the period ended 30 June 2008 amounted to 62,899 sq.m. (1H2007: 49,270 sq.m.), while the revenue from property sales amounted to RMB646,874,000 (1H2007: RMB514,428,000), a 26% increase from the corresponding period last year. A major part of the properties under construction, including Cambridge Watertown, Cambridge Waters and Haikou project, are to be delivered in the second half of the year, and will therefore provide corresponding contributions to both revenue and delivered areas for the whole year.

Due to the Central Government's austerity measures, the property market showed significant signs of adjustment. However, the Group believes that the implementation of such measures is conducive to a healthier development of the real estate industry. Although property price in Shanghai remained stable in general, the number of transactions has shrunken in the first half of 2008. Owing to the Company's well-established brand name and successful marketing strategy, the total contracted sales area of the Group amounted to approximately 132,098 sq.m. during the period under review, an increase of 172%

from approximately 48,367 sq.m. recorded in the corresponding period of last year. Contribution from Cambridge Watertown accounted for the largest share of the total sales revenue amongst other contribution of the sales of residential units in the Haikou project and other Shanghai projects.

Leveraging on the Group's well-established brand name and discerning customers' demand for quality properties, the directors are confident about the Group's long-term development. The Group has continued to maintain its pricing premium in residential projects like Cambridge Watertown (Oriental Garden) and Kunming project. However, in light of the cautious market sentiment, the Group will adopt flexible sales and marketing strategies to tap the market demand.

Strategic Cooperation

In May 2008, the Group reached an agreement to cooperate with HCP Suzhou Newton Co. Ltd ("HCP"), a fund managed by Harvest Capital Partners Limited, by selling 40% of the entire issued share capital of a subsidiary of the Group for an approximate consideration of RMB283.5 million, making HCP a co-investor of the Group's Suzhou project. The transaction contributed approximately RMB61.1 million profit to the Group during the period under review and also strengthened the cash position of the Group.

Land Bank Replenishment

It is the Group's strategy to maintain a portfolio of land bank that is sufficient to support the Group's development pipeline for the next four to five years. The Group continues to develop large-scale and multi-phase residential projects in the Yangtze River Delta and in provincial capitals with regional economic importance, targeting middle to upper-income customers. Up to the date of this announcement, the Group had a quality land bank with a total GFA of approximately 3.57 million sq.m., of which approximately 88% of the land bank will be used for the development of mid to high-end residential projects, approximately 6% for commercial property development, and the remaining 6% for hotel and recreational development.

During the six months ended 30 June 2008, the Group has acquired approximately 443,000 sq.m. of GFA in new development projects, enlarging the size of its land bank portfolio from 3.2 million sq.m. as at 31 December 2007 by 12% to about 3.57 million sq.m excluding those constructed and sold areas. Capital expenditures on land acquisitions amounted to approximately RMB466 million for the review period.

The Group has successfully expanded its land bank through various acquisitions during the interim period:

- *Haikou City, Hainan Province*

  In January 2008, the Group acquired the entire equity interest of a project company in Haikou at a consideration of RMB405 million. The acquired project has a site area of 292,435 sq.m. and a GFA of 287,023 sq.m., comprising residential and hotel developments. The acquisition has provided a great opportunity to the Group in Hainan's property market, one of the most popular resort destinations in China, and is also in line with the Group's strategy to develop projects in provincial capitals.

- *Huangshan City, Anhui Province*

  In June 2008, the Group has acquired through listing-for-sale a site in the northern part of Huangshan District which near the legendary scenic Tai Ping Lake. The acquired land, being the fourth successive addition to the Group's multi-phase Huangshan project, has increased the aggregate site area of the project to approximately 2.28 million sq.m. with an aggregate floor area reaching 1.14 million sq.m..

The Group will continue to adopt an optimistic yet selective approach with regard to future land acquisitions, with focus on the opportunities offered by 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 invested in hotel properties and cooperated with reputable names in the industry, such as the Peninsula Group and the Inter Continental Hotel Group. Currently, the Group's hotel projects include the ultra-luxurious Peninsula Hotel on the Bund, a crown jewel site in Shanghai, of which the hotel supstructure topped out in March 2008; the Holiday Inn Hotel complex project in Pudong/Nanhui area; and the Crowne Plaza Hotel at Huangshan's world-renowned scenic area of Tai Ping Lake. All three hotel development projects of the Group are under construction and are expected to commence operations between late 2009 and early 2010. In addition, the Group also plans to develop its second luxurious resort hotel project, the Chedi Resort in Tai Ping Lake, in collaboration with GHM hotel management group, a prestigious luxurious resort operator.

Investment Properties and Ancillary Services

To generate stable and recurrent income, the Group also holds some of its properties for leasing. As at 30 June 2008, the Group leased an aggregate GFA of approximately 91,420 sq.m. Coupled with the educational entities being operated by the Group, it constituted a relatively small but stable operation of the Group, contributing about 6% of the Group's total revenue for the six months ended 30 June 2008.

Property Management and Related Services

During the period under review, Shanghai New Independence House, a subsidiary of the Group, which is engaged in the provision of property management services, generated property management and related services income of approximately RMB11 million, representing an increase of 17% compared to the previous period. As at 30 June 2008, the Group managed a total floor area of around 1,191,000 sq.m (1H2007: 1,042,000 sq.m).

Outlook

Looking ahead, we remain optimistic about the long-term growth prospect of the property industry and are in a solid position to expand into various regions where there are more room to expand and excel. The topping-out of the Peninsula Hotel on the Bund marked one of our major business transformations — to move from a pure residential developer to a versatile developer. Our leisure and tourism resort projects are also in good development progress, which is in line with our operational strategy to broaden the income base. While the property market remains challenging in the second half of 2008 due to the economic fluctuations and tightened monetary policy. In this challenging operation environment, given the Group's prudent land acquisition strategy, proven execution capabilities and professional management team, we will strive to generate satisfactory returns for our shareholders and develop more quality properties for our customers.

Financial Performance

Revenue

	1H 2008	1H 2007
	RMB'000	*RMB'000*
Sales of property	**646,874**	514,428
Lease of property	**13,285**	15,214
Property management & related services	**19,843**	13,438
Education	**27,707**	19,316
Total	**707,709**	562,396

Total Group revenue increased from approximately RMB562 million for the period ended 30 June 2007 to approximately RMB708 million or by 26% for the period ended 30 June 2008, which was mainly contributed by sales of property. Sales of property remain the Group's core business activity, representing 91% of the Group's total revenue.

Due to the rise in the areas delivered, revenue from property sales amounted to approximately RMB647 million (1H2007: RMB514 million), increased by about RMB133 million, or 26% as compared with the corresponding period last year.

The leasing business decreased by 13% to RMB13 million for the six months ended 30 June 2008. The decrease was due to the disposal of Trinity Village in April 2007, which generated rental income for the six months ended 30 June 2007. Income derived from property management and related services grew by 48% to approximately RMB20 million (1H2007: RMB13 million) for the six months ended 30 June 2008. Revenue for education was approximately RMB28 million (1H2007: RMB19 million), representing an increase of 43% over the same period of 2007.

Cost of sales

The cost of sales mainly comprised land costs, construction costs, capitalized finance costs and sales tax. Costs of sales increased 28% to approximately RMB467 million, which was in line with the increase of revenue.

Gross profit and margin

Gross profit increased to RMB240 million from RMB197 million or by 22%, while gross profit margin maintained at a stable level of about 34% for the two corresponding periods.

Other operating income

Other operating income increased from RMB8 million in the first half of 2007 to RMB123 million in the first half of 2008, mainly resulting from the net gain of RMB61 million on the disposal of equity interest in the Group's Suzhou project, and the net fair value gain of RMB60 million on a subsidiary's acquisition of Haikou project.

Operating expenses

Administrative expenses increased to RMB84 million in the first half of 2008 from RMB66 million in the first half of 2007 due to the Group's enlarged business scope with more project staff being recruited for property development projects outside of Shanghai city and therefore increased traveling expenses.

Selling and marketing costs also experienced a rise of 81% as more promotional activities were launched to promote our corporate image and the brand awareness in the locality of the projects.

Net Finance Expenses

The net finance expenses of approximately RMB69 million in first half of 2008 decreased by 12% compared to the net finance expenses of approximately RMB78 million in first half of 2007. This decrease over the corresponding period last year was mainly attributable to the exchange losses of foreign currency assets and the decline in fair value of financial derivatives attached to the convertible bonds issued by the Company in April 2007.

Share of Loss/Profit of Associates

The Group continued to suffer a net loss from its share of operating results of associates in the first half of 2008 which amounted to RMB4.7 million as compared to a net loss of RMB4.09 million in the corresponding period last year. The loss was mainly attributable to the loss incurred by the Peninsula Waitan project which is currently under development.

Revaluation Gains on Investment Properties

The Group recorded revaluation gains of approximately RMB37,000,000 in the first half of 2008, which were mainly attributable to the RT Mart and the British International School.

Income Tax

Income tax increased by 34% from RMB57 million in the first half of 2007 to RMB76 million in the first half of 2008, which was mainly due to the increase of land appreciation tax levied on properties developed and sold at Cambridge Watertown, while effective tax rate remained stable at about 23%–24% for the two corresponding periods.

Profit Attributable to Equity Holders of the Company

The Group achieved a profit attributable to equity holders of RMB92,266,000 (1H2007: 84,442,000), up RMB7,824,000 or 9% over the corresponding period last year. Earnings per share rose by 10% to RMB8.9 cents for the period under review.

Net profit margin including minority interest reached 18% in the first half of 2008 (1H2007: 15%), while net profit margin excluding minority interest decreased to 13% in the first half of 2008 from 15% of the corresponding period last year due to the minority interest of the company's main strategic cooperation with Mausic Investment Limited since October 2007.

Financial Position

Shareholders' funds attributable to equity holders of the Company reached RMB3,257 million as at 30 June 2008 (31 December 2007: RMB3,309 million). Total assets amounted to RMB8,872 million (31 December 2007: 7,549 million) and total liabilities equaled RMB5,079 million (31 December 2007: RMB3,936 million). Current ratio dropped to 1.31 as at 30 June 2008 from 1.59 as at 31 December 2007.

Liquidity and Financial Resources

The Group's sources of funds were derived primarily from income generated from business operations, bank borrowings and cash proceeds raised from the issuance of the convertible bonds in 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 healthy level of 35% as at 30 June 2008. The Group had total cash and cash equivalents (including restricted cash) of RMB1,060 million, total borrowings of approximately RMB2,376 million and a strong equity base of RMB3,793 million as at 30 June 2008 (31 December 2007: RMB3,613 million).

Credit Policy

Trade receivables mainly arose 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 the lease agreements.

The maturity profile of the total borrowings as at 30 June 2008 is as follows:

	RMB'000
Bank borrowing	
Within 1 year	344,220
Between 1 and 2 years	452,000
Between 2 and 5 years	419,290
Over 5 years	128,000
Subtotal	1,343,510
Convertible bonds due 2012	1,032,426
Total	2,375,936

Pledge of Assets

As at 30 June 2008, the Group pledged properties and land use rights with carrying amount of RMB2,041 million to secure bank facilities granted to the Group. The total secured loan balance outstanding as at 30 June 2008 amounted to RMB1,339 million.

Financial Guarantees

As at 30 June 2008, the Group provided guarantees to banks for:

	As at 30 June 2008 ***RMB'000***	As at 31 December 2007 *RMB'000*
Mortgage facilities granted to purchasers of the Group's property units	**253,713**	266,038

Capital Commitment

	As at 30 June 2008	As at 31 December 2007
	RMB'000	*RMB'000*
Property development activities:		
— Contracted but not provided for	**4,253,573**	3,872,228
— Authorized but not contracted for	**3,987,377**	3,618,948
Total	**8,240,950**	7,491,176

Significant Acquisitions or Disposals

Save as disclosed in notes 12 and 13 of this announcement, for the 6 months ended 30 June 2008, the Group did not conduct any other substantial acquisitions or disposals of subsidiaries or associated companies.

Human Resources

As at 30 June 2008, the Group employed 1,092 employees (31 December 2007: 731). 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 skill 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 review period 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 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.

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 throughout the review period.

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 review period.

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 interim results for the six months ended 30 June 2008 with the management of the Company.

INTERIM REPORT

The 2008 interim report containing all the information required by the Listing Rules will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.spgland.com).

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 and 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, 12 September 2008