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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

SALE OF 29% OF THE ENTIRE ISSUED SHARE CAPITAL OF SPG INVESTMENT XI (BVI) LIMITED

The Directors are pleased to announce that on 27 October 2007, the Seller, the Purchaser (which is owned by a fund advised by Citigroup Property Investors Asia Limited) and the Company entered into the S&P Agreement pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase the Shares and the Company has agreed to guarantee the payment, when due, of all amounts payable by the Seller in connection with certain indemnities provided by the Seller to the Purchaser under the S&P Agreement. Pursuant to the S&P Agreement, the Seller, the Purchaser and SPG XI will enter into the Shareholders' Agreement upon Completion.

Based on the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

A circular containing details of the Transaction will be despatched to the Shareholders as soon as practicable.

The Directors consider that the Transaction is on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole are concerned.

A. S&P AGREEMENT

The major terms of the S&P Agreement are set out below:

- Date: 27 October 2007
- Parties: SPG Investment XII (BVI) Limited as the seller;
Mausica Investment Limited as the purchaser; and
the Company as the guarantor
- Interests to be sold: Subject to the satisfaction of the Conditions, the Seller has agreed to sell and the Purchaser has agreed to purchase the Shares.
- Consideration: US\$55,793,333 (equivalent to approximately HK\$435,187,997) shall be payable by the Purchaser as follows:
- (a) the first installment in the amount of US\$46,448,400 (equivalent to approximately HK\$362,297,520) at Completion; and
 - (b) the further installment in the amount of US\$9,344,933 (equivalent to approximately HK\$72,890,477) (“Second Instalment”) within five Business Days of the Seller confirming in writing to the Purchaser that pre-sales in respect of the first phase of either the Kunming Lake Dian Project or the Kunming Grand City Project has commenced.

The Consideration was arrived at after arm’s length negotiations between the Seller and the Purchaser and was determined on the basis of Net Assets Shanghai of RMB260,885,000 (equivalent to approximately HK\$271,320,400), Shanghai Shareholder Loans of RMB60,168,898 (equivalent to approximately HK\$62,575,654), Net Assets Kunming of RMB442,500,000 (equivalent to approximately HK\$460,200,000) and Total Land Premium of RMB679,378,000 (equivalent to approximately HK\$706,553,120), based on unsold GFA of 784,215 square metres.

Adjustment to
Consideration:

Immediately following Completion, an independent audit firm shall be engaged to determine the Net Assets Shanghai, the Shanghai Shareholder Loans, the Net Assets Kunming and the unsold GFA and corresponding Total Land Premium as at 30 September 2007. Following such determination, the Consideration shall be adjusted as follows:

- (a) if the sum of the Net Assets Shanghai plus the Shanghai Shareholder Loans plus the Net Assets Kunming exceed RMB763,553,898, the Consideration shall be increased by the amount equal to 29% of the amount by which the sum of the Net Assets Shanghai plus the Shanghai Shareholder Loans plus the Net Assets Kunming exceed RMB763,553,898 (equivalent to approximately HK\$794,096,054);
- (b) if the sum of the Net Assets Shanghai plus the Shanghai Shareholder Loans plus the Net Assets Kunming are less than RMB763,553,898, the Consideration shall be reduced by the amount equal to 29% of the amount by which the sum of the Net Assets Shanghai plus the Shanghai Shareholder Loans plus the Net Assets Kunming are less than RMB763,553,898 (equivalent to approximately HK\$794,096,054); and
- (c) if there is a change in the Total Land Premium as a result of an adjustment to the unsold GFA, then the Consideration should be adjusted by 29% of the difference in Total Land Premium, upwards for an increase in Total Land Premium above RMB679,378,000 and downwards for a decrease in Total Land Premium from RMB679,378,000 (equivalent to approximately HK\$706,553,120).

If as a result of such an adjustment:

- (a) the amount of the Consideration is increased, the Second Instalment shall be increased by the amount equal to that increase; but if
- (b) the amount of the Consideration is reduced, the Second Instalment shall be reduced by the amount equal to that reduction.

Conditions Precedent: The sale and purchase of the Shares is conditional upon fulfillment of the Conditions, including:

- (a) the execution of the Shareholders' Agreement by the parties named therein; and
- (b) a valid and binding land use rights grant contract has been executed between the Kunming Land and Resource Bureau and Kunming Grand City in respect of plot J2007-006, Kunming Grand City has paid in full the land grant premium under the grant contract.

The Seller shall use reasonable endeavours to procure that the Conditions are satisfied on or before 10 Business Days after execution of the S&P Agreement. If any of the Conditions is not fulfilled or waived on or before that date, the S&P Agreement shall automatically terminate with immediate effect.

Completion: Completion shall take place on the third Business Day after the date on which the last of the Conditions has been satisfied or waived or at such other time and on such other date as the Seller and the Purchaser may agree.

Prior to Completion, SPG XI is wholly-owned by the Company. Upon Completion, SPG XI will remain as a subsidiary of the Company and it will be held as to 71% by the Company and 29% by the Purchaser.

Obligations of the Seller: As soon as practicable upon signing of the S&P Agreement, the Seller shall procure that two Hong Kong registered companies are inserted into the corporate structure of the Group Companies such that SPG II becomes the sole shareholder in a Hong Kong company that in turns becomes the registered investor in Kunming Land, and SPG III becomes the sole shareholder in another Hong Kong company that in turn becomes the registered investor in Kunming Grand City.

Immediately after Completion, the Seller shall submit to the relevant authorities in China, all documents necessary to complete the appointment of a director appointed by the Purchaser to each of Kunming Land, Kunming Grand City and Shanghai Zhujia so that the respective board of directors of Kunming Land, Kunming Grand City and Shanghai Zhujia will consist of four directors of whom three will be nominated by the Seller and one will be nominated by the Purchaser, and to obtain approval of the changes to the articles of association of each of Kunming Land, Kunming Grand City and Shanghai Zhujia necessary to conform them to the provisions of the Shareholders' Agreement.

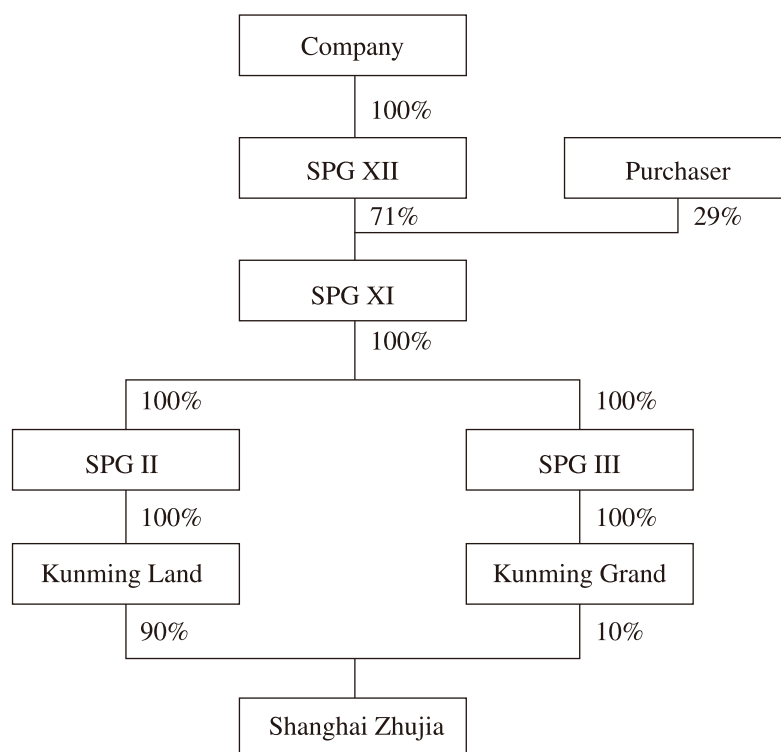
Guarantee:

The Company has guaranteed, by way of continuing guarantee to the Purchaser, the payment when due, of all amount payable by the Seller in connection with certain indemnities provided by the Seller to the Purchaser in the S&P Agreement including:

- (a) any breach or non-fulfilment of any warranty (save as disclosed in the disclosure schedule of the S&P Agreement or expressly waived by the Purchaser at Completion), covenant or obligation of the Seller contained in the S&P Agreement;
- (b) the ownership by Shanghai Zhujia before Completion of three Subsidiaries, namely Shanghai Cambridge Construction Consulting Co., Ltd., Shanghai Lishui Greenery Ecology Engineering Co., Ltd. and Shanghai Zhuxi Investment Enterprise Co., Ltd. and the disposal by Shanghai Zhujia of its equity investment in such companies before Completion;
- (c) the failure to complete development of Shanghai Watertown Project by the date specified in the land use right grant contract dated 28 August 2003;
- (d) the breach of any pre-sale contract that has been entered into by any of the Group Companies before Completion in respect of units being sold in the Initial Projects;

- (e) any aspect of the acquisition by Kunming Land and Kunming Grand City of the equity of Shanghai Zhujia being declared illegal or incomplete resulting in (i) fines, penalties, administrative action or other disciplinary action being taken against any of Kunming Land, Kunming Grand City or Shanghai Zhujia, or (ii) any of those companies being unable to remit its distributable profits to its immediate shareholder(s) and subsequently to SPG XI and then to the Purchaser and the Seller;
- (f) the failure of Kunming Land and Kunming Grand City to make any required filing with or seek approval from the Bureau of Commerce of Kunming, Yunnan Province, which supervises both of these companies, in respect of their respective investments in Shanghai Zhujia;
- (g) the failure of Kunming Grand City to obtain a Land Use Right Certificate in respect of plot J2007-006 within six months of the date of the S&P Agreement; and
- (h) the failure of Kunming Grand City to obtain vacant delivery of plot J2007-006 from the relevant land bureau within six months of the date of the S&P Agreement.

B. STRUCTURE UPON COMPLETION



C. SHAREHOLDERS' AGREEMENT

Pursuant to the S&P Agreement, the Seller, the Purchaser and SPG XI will enter into the Shareholders' Agreement as a condition of the sale and purchase of the Shares. The major terms of the Shareholders' Agreement are set out below:

Parties: The Seller;
the Purchaser; and
SPG XI

Business: The business of SPG XI shall be the investment in SPG II and SPG III through them in the Asset Companies to develop, manage and otherwise deal in the real estate development projects being developed or to be developed on the properties (as described in the Shareholders' Agreement) by the Asset Companies.

Share Capital: The authorized share capital of SPG XI is US\$50,000 divided into 50,000 shares with a par value of US\$1.00 of which 100 shares have been issued and fully paid up.

Funding Obligations: Neither shareholder shall be obliged to contribute further funds or participate in any guarantee or similar undertaking for the benefit of SPG XI or any of its subsidiaries.

Board Composition: The board of directors of SPG XI shall consist of four directors of whom three shall be directors nominated by the Seller from time to time and one shall be nominated by the Purchaser from time to time.

Shareholder Reserved Matters: Neither SPG XI or any of its subsidiaries shall take certain actions without the prior written approval of both shareholders of SPG XI (“Shareholder Reserved Matters”), including:

- (a) alter its name;
- (b) alter its articles of association;
- (c) create, issue, purchase, redeem or other reorganize its share or loan capital;
- (d) change its auditors or alter its accounting reference date/ financial year end;
- (e) declare, pay or make any distribution other than the declaration and payment of a cash dividend;
- (f) reorganize or change the material nature or scope of its business, form any subsidiary or acquire share or stock in any company or participate in, or terminate any participation in, any partnership or joint venture; or
- (g) acquire any further development project or land.

Board Reserved Matter: Neither SPG XI nor any of its subsidiaries shall take certain actions without the prior approval of that company’s board of directors, which approval must be unanimous, including:

- (a) any of the Shareholder Reserved Matters;

- (b) give any guarantee or indemnity or create or redeem any mortgage, charge, debenture or other security except for any customary guarantee, indemnity, mortgage, charge, debenture or other security given to a bank or other funder in respect of the company's own borrowings, or any customary pre-sale guarantees given by the company in respect of the pre-sale of incomplete units in that company's project or any other customary guarantees given in respect of the sale of completed units in such a project;
- (c) transfer or dispose of or grant any lease or third party rights in respect of its property except in its ordinary course of business;
- (d) assign, licence, transfer, dispose of or create any security interest over, or otherwise deal with any of its intellectual property; and
- (e) acquire or dispose of any shares or other investment other than in the ordinary course of business.

D. DIVIDEND POLICY

SPG XI shall, on receipt of any dividends distributed from an Asset Company or any intermediate holding company:

- (a) repay any third party debt due;
- (b) repay any shareholder loans, if any; and finally
- (c) pay to the Purchaser 25.288% of and to the Seller 74.712% of the balance of the dividends.

E. INFORMATION ON THE SELLER, SPG XI AND THE PURCHASER

The Seller is the owner of the entire issued share capital of SPG XI. Through SPG II and SPG III, the Seller owns three real estate development projects in the PRC, namely the Kunming Lake Dian Project, the Kunming Grand City Project and the Shanghai Watertown Project. The sole business of SPG XI is the investment holding of SPG II and SPG III.

The Kunming Lake Dian Project is a real estate project developed by Kunming Land on various pieces of land located at Resident Committee of Ma Jia Community, Office of Yong Chang Street, Xishan District, Kunming with an aggregate area of approximately 107,800 square metres.

The Kunming Grand City Project is a real estate project developed by Kunming Grand City on a piece of land located at the intersection of Dian Chi Road and Nan Er Huan Road, Xishan District, Kunming with an area of approximately 63,000 square metres.

The Shanghai Watertown Project is a real estate project developed by Shanghai Zhujia on various pieces of land located at 12/8 Qiu, 12/4 Qiu, 12/11 Qiu, 12/1 Qiu, 12/17 Qiu, 12/12 Qiu, 12/18 Qiu and 12/5 Qiu, Block 12, Zhujiajiao Town, Qingpu District, Shanghai with an aggregate area of approximately 304,000 square metres.

Kunming Land and Kunming Grand City did not have any profit or loss for the two financial years immediately preceding the Transaction.

Shanghai Zhujia made a loss of RMB3,972,305.64 (equivalent to approximately HK\$4,131,198) and RMB14,713,522.26 (equivalent to approximately HK\$15,302,063) respectively for each of the two financial years immediately preceding the Transaction.

The Purchaser, which is wholly-owned by a fund advised by Citigroup Property Investors Asia Limited, is an investment holding company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

F. REASONS FOR TRANSACTION

The Group is principally engaged in property and hotel development in various cities in the PRC including Shanghai, Kunming, Huangshan and Jiangsu. The Seller and the Purchaser wish to jointly develop the Initial Projects.

The Directors consider that the Transaction will have a positive effect on the future growth of the Group and its overall business expansion in various ways. The Transaction will enhance the Group's cash flow position, enable an earlier partial realisation of profits under the Initial Projects, lower its gearing ratio and also strengthen its ability to increase its land bank. Apart from that, the Directors also consider it opportune to the Group to have a co-investor like the Purchaser (which is owned by a fund advised by Citigroup Property Investors Asia Limited) to participate in its existing development projects in Shanghai and Kunming.

G. DISCLOSEABLE TRANSACTION

Based on the relevant percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules, the Transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Directors consider that the terms of the S&P Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole are concerned.

H. GENERAL

Circular containing details of the Transaction will be dispatched to the Shareholders as soon as practicable.

I. DIRECTORS

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

J. TERMS USED IN THIS ANNOUNCEMENT

“Asset Companies”	Kunming Land, Kunming Grand City and Shanghai Zhujia and any other company designated as such by the shareholders of SPG XI
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Business Day”	a day (excluding a Saturday or a Sunday) on which banks are generally open for a full range of business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	SPG Land (Holdings) Limited, a company incorporated in Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Shares in accordance with the S&P Agreement
“Completion Balance Sheet”	the Completion Balance Sheet to be prepared, and as finalised, in accordance with the S&P Agreement
“Conditions”	the conditions precedent to the sale and purchase of the Shares set out in the S&P Agreement
“Consideration”	the consideration for the sale of the Shares by the Seller
“Directors”	the directors of the Company
“GFA”	gross floor area
“Group Companies”	after Completion, the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Initial Projects”	the Kunming Lake Dian Project, the Kunming Grand City Project and the Shanghai Watertown Project
“Kunming Grand City”	Kunming SPG Grand City Development Co., Ltd., a company established under the laws of the PRC and a wholly-owned subsidiary of SPG III
“Kunming Grand City Project”	the real estate project being developed by Kunming Grand City
“Kunming Lake Dian Project”	the real estate project being developed by Kunming Land
“Kunming Land”	Kunming SPG Land Development Co., Ltd., a company established under the laws of the PRC and a wholly-owned subsidiary of SPG II
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Assets Kunming”	the aggregate amount of the assets less the aggregate amount of the liabilities of Kunming Grand City and Kunming Land prepared on a consolidated, accruals basis under China GAAP as at 30 September 2007 as shown in the Completion Balance Sheet (as may be adjusted in accordance with the S&P Agreement)
“Net Asset Shanghai”	the aggregate amount of the assets less the aggregate amount of the liabilities of Shanghai Zhujia prepared on an accruals basis under China GAAP as at 30 September 2007 as shown in the Completion Balance Sheet (as may be adjusted in accordance with the S&P Agreement)
“PRC” or “China”	the People’s Republic of China
“Purchaser”	Mausica Investment Limited, a company incorporated in the BVI and an independent third party not connected with the Directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Company and its subsidiaries or any of their respective associates
“S&P Agreement”	the agreement dated 27 October 2007 entered into between the Seller, the Purchaser and the Company in relation to the sale and purchase of the Shares

“Seller”	SPG Investment XII (BVI) Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Shanghai Shareholder Loans”	the loans of RMB60,168,898 due and owing by Shanghai Zhujia to two subsidiaries of the Company as at 30 September 2007
“Shanghai Watertown Project”	the real estate project being developed by Shanghai Zhujia
“Shanghai Zhujia”	Shanghai Zhujia Cambridge Property Development Co., Ltd., a limited liability joint venture company established under the laws of the PRC and is owned as to 90% by Kunming Land and 10% by Kunming Grand City
“Shares”	29 shares of US\$1.00 each representing 29% of the entire issued share capital of SPG XI
“Shareholders”	shareholders of the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Seller, the Purchaser and SPG XI relating to SPG XI upon Completion
“SPG II”	SPG Investments II (BVI) Limited, a company incorporated in the BVI and a wholly-owned subsidiary of SPG XI
“SPG III”	SPG Investments III (BVI) Limited, a company incorporated in the BVI and a wholly-owned subsidiary of SPG XI
“SPG XI”	SPG Investment XI (BVI) Limited, a company incorporated in the BVI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise

“Total Land Premium”	the aggregate amount calculated by multiplying the unsold GFA of each of the Shanghai Watertown Project, the Kunming Lake Dian Project and the Kunming Grand City Project with their respective land premium as shown in the Completion Balance Sheet (as may be adjusted in accordance with the S&P Agreement)
“Transaction”	the transactions contemplated under the S&P Agreement
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“US\$”	United States of America dollars
“%”	per cent.

For illustrative purpose of this announcement, RMB1.00 = HK\$1.04, US\$1.00 = HK\$7.8

By Order of the Board
Wang Weixian
Chairman

Hong Kong, 31 October, 2007