

**SPG LAND (HOLDINGS) LTD:
THIS COULD BE A MAJOR FORCE
IN THE SHANGHAI PROPERTY MARKET IN YEARS TO COME**

If it is correct to state that the market value of property is the backbone of an economy, then, SPG Land (Holdings) Ltd (()) (Code: 337, Main Board, The Stock Exchange of Hongkong Ltd) must, surely, be one of the barometers to the strength or weakness of the economy of Shanghai, one of the world's largest cities and, certainly, the largest city of the People's Republic of China (PRC).

SPG Land went public on the Main Board of The Stock Exchange of Hongkong Ltd, the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the PRC, on September 26, 2006, when it pitched a Global Offering of 250 million, 10-cent Shares at an Offer Price of \$HK4.78 per Share.

Of the Global Offering, 100 million Shares were designated as HKSAR Offer Shares with 150 million, being Offered to international investors.

The HKSAR share tranche was over-subscribed 89 times (2,228,737,000 Shares), it was announced on October 9, 2006, while the International Share tranche was said to have been '*very significantly over-subscribed.*'

On October 17, 2006, the Company announced that DBS Asia Capital Ltd () had exercised its 37.50-million, Over-Allotment Option of Shares in full.

That brought in another \$HK174 million in cash, in addition to the \$HK1,132 million from the Initial Public Offering (IPO).

All in all, with \$HK1,306 million in extra cash, topping up the coffers of this property cum hotel-owning company, things must be looking very pretty for SPG Land.

The money, raised in the IPO, is to be used, according to Page 173 of the Global Offering Prospectus and the announcement in respect of the Over-Allotment Option of October 17, 2006, for the following purposes:

1. About \$HK195.90 million for financing the Company's properties, held for future development;
2. About \$HK783.60 million to buy more land or companies, owning land;
3. About \$HK195.90 million to retire some of the Company's bank borrowings; and,
4. About \$HK130.60 million to be used as additional Working Capital.

SPG Land, as its name implies, is in the business of developing properties and has, in the past, concentrated on developing properties in Shanghai, a sprawling city of about 10 million people.

Shanghai, historically, has been one of the main centres of business and industry of the Middle Kingdom.

Page 71 of the Prospectus explains the business of SPG Land in some detail as follows:

'The Group is principally engaged in the development and sale of quality private residential properties in Shanghai. As the business of the Group develops, the Group also plans to develop properties in other cities of the PRC. During the Relevant Periods, the Group has obtained several sales awards in respect of its property developments. The Group has

obtained over 10 awards in recognition of its residential community design, landscape and environmental design, product innovation and sales. In addition, the Group was awarded “18 (Top 10 Foreign Property Developer in Shanghai in 18 Years)” in 2005. In 2006, Cambridge Watertown () received the BusinessWeek Architectural Record China Awards 2006.

‘Most of the Group’s property developments are large-scale property projects comprising multiple phases. Since its establishment, the Group has successfully developed various phases of three large-scale property projects, namely Cambridge Forest Newtown (), Cambridge Waters () and Cambridge Watertown (). The primary target customers of the Group’s residential property developments are middle to upper class purchasers such as entrepreneurs, middle to senior management in large enterprises and young professionals.

‘In addition to developing residential properties, the Group develops commercial properties, such as retail shops, as an ancillary part of its residential property projects.

‘With a view to generating long-term recurrent income, the Group also plans to diversify its business to develop hotels in the PRC including the Holiday Inn hotel development project at Cambridge Forest Newtown and the investment in the hotel development project of The Peninsula Shanghai.

‘The Group has developed or is developing six development projects in Shanghai and one in Huangshan. As at 31 July 2006, these seven projects had an aggregate site area of approximately 3.0 million sq.m., with a total planned GFA of approximately 2.46 million sq.m.

‘For each of the three years ended 31 December 2003, 2004 and 2005 and the six months ended 30 June 2006, the Group sold a total GFA of approximately 181,883 sq.m., 131,800 sq.m., 168,430 sq.m. and 190,385 sq.m., respectively, and recognized a revenue from property developments of approximately RMB774.3 million, RMB689.0 million, RMB1,100.2 million and RMB1,107.7 million, respectively.’ ... [CLICK TO ORDER FULL ARTICLE](#)

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