

SINO LAND COMPANY LIMITED

CHAIRMAN'S STATEMENT

INTERIM RESULTS AND DIVIDEND

The Group's unaudited consolidated turnover and net profit attributable to shareholders for the six months ended 31st December, 2001 was HK\$1,233,197,462 and HK\$195,529,507 respectively. Earnings per share for the period was 5.08 cents.

The Directors have declared an interim dividend of 2 cents per share payable on 21st May, 2002 to shareholders whose names appear on the Register of Members of the Company on 17th April, 2002.

The interim dividend will be payable in cash but shareholders will be given the option of electing to receive the interim dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

A circular containing details of the scrip dividend scheme will be despatched to shareholders together with the form of election for scrip dividend on or about 18th April, 2002. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 21st May, 2002.

The unaudited interim results have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu.

BUSINESS ACTIVITIES

(1) Land Bank

During the six months ended 31st December, 2001, the Group acquired three plots of land mainly for residential development and a 19% interest in a commercial project in Shanghai named Raffles Square. These sites contribute in aggregate approximately 461,257 square feet of attributable gross floor area to the Group. Details of these acquisitions are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Lot No. 2052 in Demarcation District No. 121, Ping Shan, Yuen Long, New Territories	Residential/ Commercial	100%	72,065
2. Lot No. 2051 in Demarcation District No. 121, Ping Shan, Yuen Long, New Territories	Residential/ Commercial	100%	107,478
3. New Kowloon Inland Lot No. 6378 2 and 4 Caldecott Road, Piper's Hill, Kowloon	Residential	33.3%	25,737
4. Raffles Square, Plot 105 A & B, 228 Xizang Road Central, Huangpu District, Shanghai	Commercial/ Office	19%	255,977
			<hr/> 461,257 <hr/>

As at 31st December, 2001, the Group's land bank, including properties held for sale, properties under development and completed properties, consists of a total gross floor area of approximately 14.8 million square feet and comprises a balanced portfolio of properties: commercial (38%); residential (33%); industrial (15%); car parks (10%); and hotels (4%). Together with the newly acquired sites during the interim period, the Group has a total of 14 projects currently under development in Hong Kong with a total attributable gross floor area of approximately 3.1 million square feet, which are expected to be completed over a 4-year period.

The Group continues to replenish its land bank to optimize its growth potential. On 4th February, 2002, subsequent to the interim period, the Group acquired an additional piece of land in Tuen Mun mainly for residential/commercial development. On completion, it shall provide approximately 358,814 square feet of gross floor area.

(2) **Project Completion & Development Activities**

In the first half of financial year 2001/2002, the Group completed the following developments with a total attributable gross floor area of approximately 909,149 square feet:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Central Park 18 Hoi Ting Road, MTR Olympic Station Site B, Kowloon KIL 11090	Residential	42.5%	466,456
2. Olympian City 2 MTR Olympic Station Site B, Kowloon KIL 11090	Commercial (Shopping Mall)	42.5%	217,297
3. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon KTIL 705	Industrial	100%	225,396
			909,149

(3) Sales Activities

During the six-month period ended 31st December, 2001, property sales revenue, including share of revenue from associates, was mainly contributed by the sales of residential units in Central Park (Tower 1 – 5 of Olympian City Site B), Park Avenue (Tower 6 – 10 of Olympian City Site B), Island Resort and disposal of existing investment properties including two commercial buildings namely Energy Plaza and Olympian Tower, a residential development – The Hacienda and several retail shops in Sino Centre.

The Group has offered Grand Regentville, Horizon Place and Sky Horizon for sale during the interim period. Market response has been satisfactory with the majority of units being sold within a short period of time. The projects are scheduled for completion between 2002 and 2003. The Group also plans to market Ocean View in Ma On Shan in 2002.

(4) Rental Activities

The Group's completed investment portfolio of an approximate 8 million square feet gross floor area comprises a balanced variety of properties: commercial (49%); industrial (22%); car parks (18%); hotels (8%); and residential (3%) accounting for 54% of the Group's total land bank of 14.8 million square feet. During the period under review, the Group's rental portfolio maintained a steady overall occupancy rate. With China's accession to the World Trade Organisation, we are beginning to receive more enquires and are confident that the steady cash flow will underpin our Group's growth.

During the interim period, the Group completed two projects, Olympian City 2 and Futura Plaza. The half million square feet shopping mall Olympian City 2, a landmark in itself, houses more than 200 retail shops and is equipped with state-of-the-art display systems including a large outdoor LED screen and projector screens that deliver non-stop infotainment to customers and visitors.

The gross rental revenue of the Group, including the attributable share of its associates was HK\$558 million. On the whole, the highly diversified nature and favourable location of the Group's investment properties have always been the contributing factors to stable recurrent earnings.

(5) Finance

With a stable recurrent rental income, coupled with sales revenue from development projects and the disposal of The Hacienda, Energy Plaza and Olympian Tower, the Group's gearing ratio has been maintained at approximately 26%, expressed as a percentage of bank and other borrowings net of cash and bank balance over shareholders' equity. Of the total borrowings, 21% was repayable within one year, 12% repayable between one and two years and 67% repayable between two and five years. As at 31st December, 2001, the Group's total asset value amounted to HK\$39 billion. The Group, including the attributable shares of its associates, had cash resources of approximately HK\$5,123 million, comprising cash on hand of approximately HK\$2,121 million together with committed undrawn facilities of approximately HK\$3,002 million. As at 31st December, 2001, the unaudited shareholders' fund and net asset value per share of the Group was HK\$27 billion and HK\$7.07 respectively.

There was no material change in the foreign currency borrowings and the capital structure of the Group for the interim period ended 31st December, 2001. Foreign exchange exposure is kept at a minimal level. Most of the Group's borrowings are subject to floating interest rates except for certain project loans and the convertible bonds.

As at 31st December, 2001, the Group did not record any material changes in contingent liabilities since the previous financial year ended 30th June, 2001.

(6) Future Developments

Property development and investments are the foremost business focus of the Group with the land bank being continuously replenished to optimize earning prospects. During the interim period and in February 2002, new sites with a total attributable gross floor area of about 0.8 million square feet were acquired. As at 31st December, 2001, of the Group's total land bank of approximately 14.8 million square feet; completed investment properties, properties under development for sale, completed properties held for sale and development for investment amounted to approximately 8 million square feet, 4.6 million square feet, 1.4 million square feet and 0.8 million square feet respectively.

The Group is committed to building premium properties and incorporating environmentally friendly concepts and features in its new developments. In January 2002, Sino Estates Management Limited, our wholly-owned subsidiary, received a Gold Award under the category of Green Property Management (Private Housing) and a Certificate of Merit under the category of Green Office in the 2001 Eco-Business Awards. This demonstrates recognition from both the public and commercial sectors for the Group's active participation in environmental protection. We shall continue to promote 'green' living concepts and endeavour to implement professional practices that are in compliance with environmental protection principles in our projects and working environment.

Other than the above mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2001.

EMPLOYEE PROGRAMMES

A series of staff benefits such as employee reward programmes and in-house training are being organised for the staff. During the interim period, the Group hosted various internal and external training programmes to maintain their quality attributes, strengthen their professional knowledge and enhance their productivity. Training areas include customer relations, information technology, self-enhancement initiatives and knowledge of environmental protection in respect to office administration, property management and project management. Mandarin language training was offered to all front-line staff to maintain the standard of customer service. Over 1,170 employees participated in training programmes during the interim period and the process is on-going as new courses will be developed continuously to meet corporate and specific career planning needs.

The Group runs a programme to identify employees of outstanding performance and who contribute significantly; recognising them as future leaders while developing their skills to ensure they become role models for fellow colleagues. During the period, 28 employees were nominated and 15 of them received the Outstanding Employee Awards.

PROSPECTS

The global economy has been undergoing an economic transformation and is anticipated to give rise to cyclical economic fluctuations and consolidations.

The economic down cycle we are encountering was triggered by an economic downturn in the United States and the events on September 11th which had an adverse impact on the global economy. However, the impact on Hong Kong, as part of and one of the major trade partners with China, will be mitigated by the domestic economic growth, increasing investment opportunities, rising bilateral flow of capital and development of the financial market in China.

Despite a tough economic environment, there have been indications that market sentiment in the residential property sector has been steadily improving. The reduction of interest rates on 11 separate occasions resulting in rental yield surpassing mortgage rates; favourable government housing subsidies such as that of Home Purchase Loan Scheme; tax allowance on mortgage loan interest; relaxation of restrictions on sale of pre-completed flats; and attractive mortgage terms continue to be the major contributing factors for stable growth in the sector. In the last three years, the Group has replenished its land bank with an additional 3.1 million square feet acquired at fair prices which will provide stable earning prospects in the years ahead. The Directors are confident of the prospects of the Group in the medium to long term.

STAFF AND MANAGEMENT

On behalf of the Board, I would like to take this opportunity to express my appreciation and thanks to all staff for their commitment and contribution. I would also like to express my gratitude to my fellow directors for their support.

Robert Ng Chee Siong
Chairman

Hong Kong, 19th March, 2002