

CHAIRMAN'S STATEMENT

INTERIM RESULTS AND DIVIDENDS

The Group's unaudited consolidated turnover and net profit for the six months ended 31st December, 2004 was HK\$2,962.2 million and HK\$1,409.3 million respectively. Net profit of HK\$1,409.3 million for the interim period represents an increase of 132% when compared with HK\$607.0 million for the corresponding period last year. Earnings per share for the period was 32.72 cents.

The Directors have declared an interim dividend of 8.5 cents per share payable on 18th May, 2005 to those shareholders whose names appear on the Register of Members of the Company on 19th April, 2005.

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 20th April, 2005. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 18th May, 2005.

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

BUSINESS ACTIVITIES

(1) Land Bank

During the interim period ended 31st December, 2004, the Group acquired seven plots of land for residential and commercial developments comprising approximately 5.8 million square feet of total attributable gross floor area. 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. Fuk Wing Street/Fuk Wa Street, Sham Shui Po, Kowloon NKIL 6425	Residential/ Commercial	100%	134,044
2. Ma Wo, Tai Po, New Territories TPTL 179	Residential	100%	114,487
3. 256 Hennessy Road, Wan Chai, Hong Kong IL 2769	Commercial	100%	71,862

CHAIRMAN'S STATEMENT (Continued)

BUSINESS ACTIVITIES (Continued)

(1) Land Bank (Continued)

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
4. 305 Castle Peak Road, Kowloon NKIL 939	Residential/ Commercial	100%	64,800
5. 464 – 474 Castle Peak Road, Cheung Sha Wan, Kowloon NKIL 1175 – 1177	Residential/ Commercial	100%	58,037
6. Kwu Tung, New Territories Lot 2596, DD92	Residential	100%	23,638
7. 2004G12, North of Zhangxiang Road, Zhangzhou, Fujian Province, PRC	Residential/ Commercial	100%	5,312,368
			<hr/> <u>5,779,236</u>

As at 31st December, 2004, the Group's land bank, including properties held for sale, properties under development and completed investment properties, amounted to a total gross floor area of approximately 25.5 million square feet comprising a balanced portfolio of properties of which 58% is residential; 24% commercial; 9% industrial; 6% car parks and 3% hotels. The Group will continue to replenish its land bank with quality sites to optimise its earnings potential.

In February 2005, the Group acquired one plot of land in the junction of Sheung Yuet Road and Wang Chiu Road in Kowloon Bay for commercial development. It is anticipated that a total of approximately 609,000 square feet of gross floor area will be developed. With this new acquisition of land, the Group's total land bank has increased to a total of 26.1 million square feet.

CHAIRMAN'S STATEMENT (Continued)

BUSINESS ACTIVITIES (Continued)

(2) Project Completion & Development Activities

During the interim period ended 31st December, 2004, the Group completed the following developments with a total attributable gross floor area of approximately 1.8 million square feet:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. Residence Oasis, TKOTL No. 24, 15 Pui Shing Road, Tseung Kwan O, New Territories	Residential	60%	895,470
2. Oceania Heights, 2 Hoi Chu Road, Tuen Mun, New Territories	Residential/ Retail	100%	341,859
3. The Cairnhill, Route Twisk, TWTL395, Area 40, Tsuen Wan, New Territories	Residential	25%	206,909
4. The Royal Oaks, 8 Kam Tsin South Road, Kam Tsin Lodge, Sheung Shui, New Territories	Residential	100%	166,840
5. Anglers' Bay, 18A Castle Peak Road, Sham Tseng, New Territories	Residential	50%	88,668
6. Caldecott Hill, 2 Caldecott Road, Piper's Hill, Kowloon	Residential	33.3%	25,737
7. Colonnades Court, Hu Li Nan Bu & North of Hai Tian Lu, Xiamen Lot No. 89 – C5, PRC	Residential/ Retail	100%	70,162
			<hr/>
			1,795,645

The Group expects to complete the following project with an aggregate attributable gross floor area of approximately 98,909 square feet in the second half of financial year 2004/2005:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> (Square feet)
1. St Andrews Place, 38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories	Residential	100%	98,909
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			98,909

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES *(Continued)*

(3) Sales Activities

Earnings from property sales for the interim period ended 31st December, 2004 were mainly derived from the sale of residential units from five new developments namely Residence Oasis, Oceania Heights, The Cairnhill, Anglers' Bay and Caldecott Hill. In total, approximately 95% of the units in these projects have been sold. The sale of Parc Palais was encouraging with a total of 83% of the total units sold.

(4) Rental Activities

As at 31st December, 2004, the Group had 9.2 million square feet of attributable gross floor area of completed investment properties. The portfolio comprises diversified properties: 51% commercial developments; 23% industrial developments; 17% car parks; 7% hotels; and the balance of 2% being residential.

Our asset enhancement programme which is being implemented in some of the key properties continues to have an impact. The programme involves the renovation of retail malls emphasizing on user-friendly layouts and higher visibility for the shops to attract more traffic; adjustment of tenant mix to satisfy changing customer needs; and re-alignment of use of space in order to enhance rental income.

During the period under review, the retail sector experienced strong growth in shopper traffic and business mainly due to the strength of the local economy, improved consumer confidence, increasing consumption and the growing number of tourists. Our flagship retail malls namely Tuen Mun Town Plaza Phase I, Olympian City shopping malls, and China Hong Kong City enjoyed favourable growth in rental rates with high level of occupancy.

The Group's office portfolio has also shown rental increases due to increasing business activity. Tsim Sha Tsui Centre benefited from the opening of the KCR East Tsim Sha Tsui Station and its fully air-conditioned subway links with convenient travellers. The Skyline Tower, completed in the financial year 2003/2004, is now over 90% let. Raffles City Shanghai, in which Sino Land has 19% interest, completed in the same financial year, also enjoyed high occupancy.

The gross rental revenue of the Group, including the attributable share of its associates, increased by 4.6% to HK\$570 million for the interim period ended 31st December, 2004 compared with HK\$545 million in the previous interim period with satisfactory overall occupancy and improved rental rates in general. The Group's strategy of building its developments in favourable locations and with diverse themes, is the significant contributing factor which ensures solid recurrent earnings.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS ACTIVITIES *(Continued)*

(5) Finance

As at 31st December, 2004, the Group's gearing was 18.5%, expressed as a percentage of bank and other borrowings net of cash and bank balance over shareholders' equity. Of the total borrowings, 15% was repayable within one year, 22% repayable between one and two years and 63% repayable between two and five years. The Group, including the attributable shares of its associates, had cash resources of approximately HK\$12,864 million, comprising cash on hand of approximately HK\$4,248 million together with committed undrawn facilities of approximately HK\$8,616 million. Total asset and shareholders' fund of the Group amounted to HK\$47 billion and HK\$33 billion respectively.

In November 2004, the Company, through its wholly-owned subsidiary, Getsmart Finance Limited, issued HK\$2,500,000,000 1.625% Guaranteed Convertible Bonds due 2009. The transaction received an overwhelming response from a wide spectrum of investors and, as a result, the 'Green Shoe' was exercised. Fund raised on this transaction was for general corporate purpose. The new Convertible Bonds are denominated in Hong Kong dollars, the financing will not pose any additional foreign exchange risk to the Group.

There was no material change in foreign currency borrowings and the capital structure of the Group for the interim period ended 31st December, 2004. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates except for the Convertible Bonds due 2009.

(6) Future Developments

The principal focus of the Group lies in property development and investments, with its land bank being continuously and selectively replenished in order to optimise future earnings potential. As at 31st December, 2004, the Group had approximately 15.4 million attributable square feet of gross floor area of development land bank, of which approximately 90% is designated for residential projects to be developed over the next five years.

The Group re-affirms its commitment to building premium properties, and wherever possible to incorporate environmentally friendly and contemporary design concepts and features in its new developments and property management to provide better quality housing and yet higher standards of service, resulting in an improved lifestyle for its customers. Management continues to conduct regular reviews of its properties and where necessary makes improvements, to maintain its reputation for the highest standards of quality and service.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2004.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group places great significance on corporate integrity, business ethics and good governance while acknowledging its corporate responsibilities to society. We believe that the interests of long-term shareholders can best be optimised by conducting our business in a socially responsible manner and by adopting, where possible, environmentally friendly practices in our daily operations and business development.

The Group has a strong commitment to corporate citizenship. The Community Care Committee (the "Committee") which was set up in the financial year 2003/2004 is responsible for promoting environmental protection initiatives, organizing social community services and charitable events. The Committee has organized a series of activities. In September 2004, the Committee co-organised with Hong Chi Association the 'Hong Chi Climathon' to raise fund for the Association. In the same month, it held the annual event of 'Mooncake Speaks for My Heart' which entered its fifth year. Staff volunteer team members and residents of the Group's properties visited five hundred senior citizens at three elderly homes. Another one hundred senior citizens were invited to a moon-viewing dinner reception at the Apex in Central Plaza. In October 2004, the Committee joined hands with Hong Kong Cancer Fund to promote the awareness of breast cancer. In December 2004, the Committee also raised funds for Po Leung Kuk children in the 'Po Leung Kuk • Sino Group Charity Duck Race'.

During the period under review, the Group joined hands with various green organisations to hold a series of activities for its staff, residents and Sino Club members to participate, with a view to enhancing public awareness towards the importance of environmental protection. In August 2004, the Group and Green Power co-organised a beach cleaning activity called 'Clean Up Marine Park 2004', combined with a Pink Dolphin watching tour, to educate the participants on waste reduction and how by conserving our natural environment can help to provide a better habitat for marine lives. The Group also supported Friends of the Earth during Mid-Autumn Festival to promote its 'Mooncake Tin Boxes Recycling Programme' throughout Sino Group's properties in an attempt to reduce pressure on our landfills. A 'Used Clothes Recycling Campaign for the Needy' was also started from 1st December, 2004 to support the Salvation Army's effort in old clothes distribution for the needy in Hong Kong.

During the interim period, the Group's wholly-owned property management arm, Sino Estates Management Limited ("SEML"), received a number of awards from various organisations in recognition of its quality of service, management capability, contributions in community and charity services, and promotion of environmental protection.

In December 2004, SEML won a number of prizes for its service standard and quality in the Quality Building Management Competition in many districts namely Yau Tsim Mong District, Kowloon City District, Shatin District, Tuen Mun District, Tai Po District, Kwai Ching District and Yuen Long District organized by District Councils of the HK Government. SEML will continue to improve its service in its relentless pursuit of better lifestyle for its customers.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY *(Continued)*

In the pursuit of healthy living and a better quality of life, SEML has made strenuous efforts to keep high standard of hygiene. As a result, a number of projects that are under SEML's management have been awarded certificates under the Fresh Water Plumbing Quality Maintenance Recognition Scheme by Water Supplies Department of the HK Government in addition to the sixty-four projects that were awarded the certificates last financial year. Among the projects are Sky Horizon, 38 Repulse Bay Road, Haddon Court, Hong Kong Gold Coast, Windsor Heights, Long Beach Gardens, Majestic Park, Sea Crest Terrace, Waterside Plaza, 148 Electric Road, Tsim Sha Tsui Centre, Empire Centre, Shatin Galleria, Marina House and Chai Wan Industrial City Phase I. The Centrium, a commercial development located in Central, has received the Indoor Air Quality Certificate from the Indoor Air Quality Information Centre. In the Competition on Occupational Safety and Health organized by Working Group on Occupational Safety and Health of Tuen Mun District, it won the award of Champion (Industrial & Commercial Division). Eight projects including Island Resort, Pacific Palisades and Grand Dynasty View received the Certificate of Merit for Promoting Good Housekeeping by Occupational Safety and Health Council. In addition, eight projects including Grand Palisades, Windsor Heights, Shatin Galleria, Corporation Park and Leader Industrial Centre were awarded the Workplace Hygiene Charter by both Occupational Safety & Health Council and the Labour Department.

On the environmental protection side, SEML received the Wastewi\$e Logo for one project and Gold Wastewi\$e Logo for another five projects from the Environmental Protection Department in addition to the twelve projects that were given the Wastewi\$e Logo and one project that was granted Gold Wastewi\$e Logo in the financial year 2003/2004. Furthermore, about 20 projects were accorded the Registration Certificate under The Hong Kong Energy Efficiency Registration Scheme for Buildings by the Electrical and Mechanical Services Department.

Best Result Cleaning Services Limited, a wholly-owned subsidiary of the Company specializing in cleaning, pest control, grease and water tank cleaning, can rightly be proud of the fact that ten properties under their cleaning management won awards in three major cleaning competitions namely 2004 Kwun Tong Cleaning Competition, 2004 Best Cleaning Estate Competition and 2004 Kowloon City District Private Buildings Cleansing Competition.

Sino Security Services Limited, a wholly-owned subsidiary of the Company, has continued to donate its used-uniforms to the Salvation Army on a regular basis since 2004. The Youth Pre-employment Training Programme, first began in 2001, will continue as an on-going programme to assist young people who are interested in gaining more on-the-job training and experience.

EMPLOYEE PROGRAMMES

As at 31st December, 2004, the Group employed approximately 5,800 staff. During the interim period, the Group held various internal and external training programmes for its employees. These programmes are designed, amongst other things, to improve service standards, language proficiency, professional knowledge and management know-how as well as enhancing productivity. Course contents covered language skills; customer relations and customer service; information technology; self-enhancement initiatives and environmental conservation in respect of office administration, property management and project management. New courses will continually be developed to meet corporate and specific career planning needs. The aim is to improve the enthusiasm, commitment, sense of belonging and learning of staff to achieve the "Best Consistent Service in Hong Kong".

As the economic and social ties between the Mainland and Hong Kong strengthen, the Group continues its efforts in promoting the use of Putonghua amongst staff by providing courses for various levels on a regular basis. It is the Group's policy that all staff, in particular those in front-line positions, must uphold meticulous standards in customer service.

CHAIRMAN'S STATEMENT *(Continued)*

EMPLOYEE PROGRAMMES *(Continued)*

The Group has always laid particular emphasis on promoting good team-work as an essential element in the efficient and effective use of human resources, internal procedures and systems. Teamwork serves to focus individual achievement upon the objectives of the Group, which results in better quality of products and services. During the period under review, several workshops and seminars on team-building and leadership were organised in order to promote the spirit and skills of teamwork.

PROSPECTS

2004 found Hong Kong achieving sustainable economic growth, supported by CEPA, which has enabled Hong Kong enterprises to take advantage of a wide range of Mainland business opportunities thereby generating income in Hong Kong. The "Going Global" development strategy and measures jointly formulated by the PRC Government and HK Government to streamline the administration procedures to allow PRC state-owned and private enterprises to set up their businesses and offices in Hong Kong have had positive effect on the Hong Kong economy. On-going improvements to cross-border infrastructure will strengthen the link with Hong Kong, and the continuing economic development of the Pearl River Delta region will foster bilateral trade. Hong Kong, being a financial, services and transportation hub with well established infrastructure and strong human capital, is well positioned to gain.

Last year provided several encouraging economic indicators for Hong Kong's future. GDP growth achieved 8.1% last year. The unemployment rate which had seen a steady decline for eighteen consecutive months recorded a low of 6.4%. There are consistent signs of a mild inflation after some sixty-eight months of deflationary pressure. Mortgage rates and terms continued favourable, underpinned by strong liquidity in the banking sector. The continued high affordability of mortgage payments is conducive to growth in the property market, in particular the residential sector.

Given positive economic outlook, the Group is set for further growth over the next few years due to its land bank of 25.5 million square feet (including completed investment properties and properties held for sales). The Group will continue its policy of selectively replenishing its land bank to optimise earnings and of improving the quality of its products and services so as to enhance the lifestyle of its customers. The Directors are confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

I would like to extend a warm welcome to Dr. Allan Zeman who joined the Board as an Independent Non-executive Director with effect from 30th September, 2004. Subsequent to the period ended 31st December, 2004, Mr. Albert Yeung Pak-Hin resigned as Executive Director of the Company with effect from 10th March, 2005, further details of Mr. Yeung's resignation was announced by the Company dated 11th March, 2005.

Sino Land was awarded "Overall Most Improved Company for Best-Management Practices 2004" by Asiamoney and I would like to thank those who have supported us over the years. The Group shall continue to review and improve the quality of its products and services in order to achieve the highest standards that the Group has set for itself.

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to all staff for their commitment, dedication and continuing support. I would also like to express my gratitude to my fellow Directors for their guidance and wise counsel.

Robert NG Chee Siong
Chairman

Hong Kong, 17th March, 2005