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HONG KONG RESEARCH
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SINO LAND COMPANY LIMITED (信和置業)

Sector	:	Properties	Chairman	:	Robert Ng Chee Siong
HKSE Code	:	0083			
Market Price	:	HK$16.40 (18/03/2008)			
HSI	:	21,384.61 (18/03/2008)			
Shares Issued	:	4,857.41 million			
Market Cap.	:	HK$79,661.53 million			
52-week Hi / Lo	:	HK$29.80 / HK$13.98			

SUMMARY OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER 2007

Interim Results Highlights

	1H FY2008 HK$ million	1H FY2007 HK$ million	*Change*
• Turnover	4,569.81.	1,147.96	298.08%
• **Increase in fair value of investment properties**	**2,433.82**	**710.80**	**242.41%**
• Share of results of associates	920.67	503.80	82.75%
• **Profit attributable to shareholders**	**4,729.64**	**1,519.14**	**211.34%**
	HK¢	HK¢	
• EPS	100.26	34.68	189.10%
• DPS – Interim	10.00	8.5	17.65%

- Sino Land posted a 211.34% jump in first-half net profit to HK$4.72 billion mainly due to a revaluation surplus on investment properties of HK$2.4 billion. Underlying profit also jumped 178% to HK$2.32 billion, mainly driven by property sales in Hong Kong and Guangzhou. However, the result was below market expectations between HK$2.6 billion and HK$2.8 billion.
- Turnover rose 298.08% y-o-y to HK$4.57 billion. Meanwhile, share of profit from associates was up by 82.75% y-o-y to HK$920.67 million in 1H FY2008.
- EPS increased 189.10% y-o-y to HK¢100.26. The Group recommended an interim DPS of HK¢10.00, an increase of 17.65% y-o-y.
- As at 31st Dec 2007, Sino Land has a land bank of approximately 44.9 million sq. ft. of attributable GFA of which 65% is residential; 25% commercial; 5% industrial; 3% car parks and 2% hotels. The breakdown of the land bank is 34.2 million sq. ft. properties under development, 9.8 million sq. ft. properties for investment or own use and 0.9 million sq. ft. held for sale. The Group acquired 5 plots of land for property development during the period, which accounted for over 19 million sq. ft.
- As at 31st Dec 2007, gearing of the Group was 22.3%. The drop in gearing compared with that as at 30th June 2007 was mainly due to the receipt of the sales proceeds from the sale of residential units in Vision City, One SilverSea and sale of houses from St. Andrews Place, as well as a share placement of 220 million new ordinary shares at HK$19.57 per share on 24th September 2007. Meanwhile, as of 31st Dec 2007, Sino Land had cash resources of approximately HK$13.606 billion.

Business highlights

- Breakdown of turnover

(HK$ million)	1H FY2008	%	1H FY2007	%	y-o-y change
Property rental	638.01	13.96%	559.89	48.77%	13.95%
Property sales	3,359.01	73.50%	92.87	8.09%	3,516.89%
Hotel operations	231.49	5.07%	197.50	17.20%	17.21%
Management services	284.37	6.22%	260.78	22.72%	9.05%
Share investment and dealing	51.44	1.13%	28.58	2.49%	79.99%
Financing	5.49	0.12%	8.34	0.73%	-34.17%
Total	4,569.81	100.00%	1,147.96	100.00%	298.08%

- **In 1H FY2008, Property sales** reached HK$3.35 billion from HK$92.86 million. The sales were mainly from two new projects - the 132-unit One New York in West Kowloon and the 238-unit Greenfields in Guangzhou, which were 71% and 99% sold, respectively. During the same period, Sino Land completed two new residential projects, final phase of the One HoneyLake in Shenzhen and one phase of the Chengdu International Community in Chengdu, which have a total attributable gross floor area of approximately 0.8 million sq. ft.
- **Land Bank** As at 31st Dec 2007, Sino Land has a land bank of 44.9 million sq. ft. of attributable gross floor area comprising a balanced portfolio of properties of which 65% is residential; 25% commercial; 5% industrial; 3% car parks and 2% hotels. In 1H FY2008, Sino Land acquired 5 plots of land for property development with total attributable gross floor area of over 19 million sq. ft.
- **Gross rental income,** including the share of associates, rose 13.95% to HK$638.01 million from HK$559.89 million, due to lease renewals, new leases in the existing rental portfolio and high occupancy in all sectors of the portfolios. After series of acquisitions, Sino Land now owns 100% equity of interest in both development companies of Olympian City 1 and 2.
- The Fullerton Hotel in Singapore performed strongly, with profit contribution rising 33%.

Outlook & Prospects

- ***Rental portfolio*** As at 31st Dec 2007, Sino Land had 9.8 million sq. ft. of attributable gross floor area of malls. Of this portfolio, commercial developments (retail and office) account for 60%, industrial developments 17%, car parks 14%, hotels 6%, and residential 3%. The Group expects to complete a total of approximately 5.4 million sq ft of attributable gross floor area of investment properties in the next few years, which should help increase its recurrent income base.
- ***Property Development*** Sino Land expects to complete the development project with an attributable gross floor area of 64,791 sq.ft for One Madison in Castle Peak Road in 2H FY2008, after obtaining the occupation permit for One Madison on 28th Feb 2008. Meanwhile, market expects that over the next 12-18 months, Sino Land should be able to launch six residential projects with about 4,600 units for pre-sale. The projects include *The Palazzo in Shatin, Lake W in Ma On Shan, One Madison in Cheung Sha Wan, 53 Conduit Road at Mid-Levels, Vision City II in Tsuen Wan, and KIL11167 & 11168 in West Kowloon*.
- ***Attractive valuation*** With the recent share price correction, the stock is now trading at some 26% discount to its FY2008E NAV of HK$21.72 per share and at a more reasonable PER of 17.4X on its FY2009E earnings.

Recommendation: Buy on Weakness

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