Shanghai Land Holdings Limited
上海地產控股有限公司
(Incorporated in Hong Kong with limited liability)

Interim Results for the six months ended 31 December 2002

INTERIM RESULTS

The board of directors (the "Board") of Shanghai Land Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2002 as follows:

The Group's profit attributable to shareholders was HK$2,288,000 as compared to loss attributable to shareholders in the amount of HK$39,368,000 for the corresponding period last year.

The consolidated shareholders' funds of the Group amounted to HK$2,356,512,000 as at 31 December 2002, representing a net asset value per share of HK$0.77.

CONSOLIDATED INCOME STATEMENT – UNAUDITED

(Expressed in Hong Kong dollars)

		Six months ended 31 December	
	Note	**2002**	2001
		$'000	*$'000*
Turnover	*2*	**744**	11,954
Direct expenses		**(153)**	(603)
		591	11,351
Other revenue	*3*	**17,402**	30,938
Other net income/(expense)	*3*	**276**	(622)
Administrative expenses		**(15,779)**	(21,398)
Other operating expenses		**–**	(309)
Profit from operations	*4*	**2,490**	19,960
Loss on disposal of subsidiaries		**–**	(40,297)
Impairment losses on investments in securities		**–**	(18,467)
Profit/(loss) from ordinary activities before taxation		**2,490**	(38,804)
Taxation	*5*	**(202)**	(564)
Profit/(loss) attributable to shareholders		**2,288**	(39,368)
		Cents	*Cents*
Earnings/(loss) per share			
Basic and diluted	*6*	**0.07**	(1.29)

Notes to the consolidated income statement – unaudited

(Expressed in Hong Kong dollars)

1 Basis of preparation

The consolidated income statement is extracted from the Group's interim financial report which is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA").

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the HKSA.

2 Segmental information

Business segments

Business segment analysis is chosen as the primary reporting format as the Group's operating results during the current and previous interim periods were principally affected by the wireless technology investment and property investment activities.

	Six months ended 31 December					
	Wireless technology investment		Property investment		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue	**–**	–	**744**	11,954	**744**	11,954
Segment results	**(1,045)**	(11,060)	**(1,822)**	8,655	**(2,867)**	(2,405)
Interest income					**17,153**	30,783
Management fee income					**166**	–
Unallocated administrative expenses net of other income					**(11,962)**	(8,418)
Profit from operations					2,490	19,960
Loss on disposal of subsidiaries	**–**	–	**–**	(40,297)	**–**	(40,297)
Impairment losses on investments in securities	**–**	(18,467)	**–**	–	**–**	(18,467)
Taxation	**–**	–	**(202)**	(564)	**(202)**	(564)
Profit/(loss) attributable to shareholders					**2,288**	(39,368)

Subsequent to 31 December 2002, the Company announced that on 17 February 2003, the Board elected to exercise a put option to dispose of all the Group's unlisted equity and debt securities at an aggregate consideration of US$13,037,500 (equivalent to approximately $101,692,500), subject to approval by independent shareholders at an extraordinary general meeting to be held at a later stage.

The exercise of the put option represents a disposal of the entire assets of the Group's wireless technology investment segment, which constitutes a discontinuing operation. This segment did not generate any revenue (2001: $Nil) nor cash flow (2001: net cash outflow of $38,723,000) to the Group during the interim period.

Geographical segment

All property investment activities during the six months ended 31 December 2002 were carried out in The People's Republic of China ("PRC"), whereas all property investment activities during the six months ended 31 December 2001 were carried out in Hong Kong. The segment results of the wireless technology investment segment represent operating costs incurred in Hong Kong during the current and prior financial periods.

3 Other revenue/other net income/(expense)

	Six months ended 31 December	
	2002	2001
	$'000	*$'000*
Other revenue		
Interest income	**17,153**	30,783
Management fee income	**166**	–
Sundry income	**83**	155
	17,402	30,938
Other net income/(expense)		
Net foreign exchange gain/(loss)	**276**	(622)

4 Profit from operations

Profit from operations is arrived at after charging:

	Six months ended 31 December	
	2002	2001
	$'000	*$'000*
Depreciation	**561**	616
Loss on disposal of fixed assets	**–**	433

5 Taxation

Taxation in the consolidated income statement represents:

	Six months ended 31 December	
	2002	2001
	$'000	*$'000*
Hong Kong taxation	**–**	564
Overseas taxation	**202**	–
	202	564

Taxation in the consolidated income statement for the six months ended 31 December 2002 represents income tax payable by an overseas subsidiary in respect of rental income earned in the PRC, which is charged at the appropriate current rates of taxation ruling in the PRC. Taxation for the six months ended 31 December 2001 represents provision for Hong Kong profits tax, calculated at 16% of the estimated assessable profits for the period. The Group did not earn assessable profits subject to Hong Kong profits tax during the six months ended 31 December 2002.

6 **Earnings/(loss) per share**

The calculation of earnings/(loss) per share is based on the profit attributable to shareholders of $2,288,000 (2001: loss of $39,368,000) and 3,051,438,765 shares (2001: 3,051,438,765 shares) in issue during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wireless Technology Investments

NESS Display Corporation Limited

NESS Display Corporation Limited was established in 1998 as a research and development organisation in Korea specialising in the development of Organic Light-Emitting Displays (OLED) technologies.

IP Infusion Inc.

IP Infusion Inc. was established in 1999 as a provider of advanced network software for the support of Internet core, edge, and access equipment.

InfoTalk Corporation Limited

InfoTalk Corporation Limited was established in 1996 as a supplier of speech recognition technology in Asia.

China Greens Limited

China Greens Limited was established in 2000 as a provider of information technology (IT) security and intrusion detection solutions.

iSilk.com, Inc.

iSilk.com, Inc. was established in 2000 as a provider of nature language processing and knowledge management products.

The Board announced on 17 February 2003 that the Company elected to exercise its rights under a put option agreement entered into with Investor Investment imGO Limited ("Investor imGO") (the "Put Option") whereby the Company was conferred rights to require Investor imGO to purchase all of the Company's interests in the above wireless technology related minority investments in NESS Display Corporation Limited, IP Infusion Inc., InfoTalk Corporation Limited, iSilk.com, Inc., and China Greens Limited (collectively, "Investments"), at an aggregate amount of US$13,037,500 (equivalent to approximately HK$101,692,500).

The exercise of the Put Option is subject to the approval of independent shareholders of the Company at an extraordinary general meeting of the Company to be held on 25 March 2003.

Property Investments

Jun Ling Plaza

On November 2002, the Group acquired 15 office units on various levels and 45 carpark spaces on basement level in Jun Ling Plaza at a consideration of approximately HK$33.3 million for rental purposes. Jun Ling Plaza is a 38-storey office building located at No. 500 Cheng Du Bei Road, Shanghai, the PRC. The gross floor area of the property occupied by the Group in Jun Ling Plaza is approximately 4,465.21 square meters. Jun Ling Plaza is located within Huang Pu District in Shanghai, accessibility to Jun Ling Plaza is convenient as Cheng Du Bei Road acts as a main artery in this area, connecting the property to the other parts of the city.

Wu Zhong Lu

On February 2003, the Group acquired a parcel of land located at Wu Zhong Road, Hong Qiao Town in Shanghai, the PRC, at a consideration of approximately HK$330.8 million for development purposes. This parcel of land is located at one of the prime locations in Shanghai with a site area of approximately 96,317 square metres. With a plot ratio of 1.1 times, it is expected that the building to be constructed would have a buildable gross floor area of approximately 105,950 square metres for high class residential and commercial purposes. The building complex is expected to be completed in 2005 and sales are expected to commence in 2004.

Hotel Investment

Hotel Longbai Shanghai

On January 2003, the Group announced the proposed acquisition of Hotel Yihe Longbai Shanghai ("Hotel Longbai"), a four star hotel in Shanghai at a consideration of approximately HK$381 million. Hotel Longbai is situated at Hong Qiao Road within Hong Qiao District, Shanghai, the PRC. It takes approximately 5 minutes to drive to Hong Qiao Airport and approximately 40 minutes to Shanghai Putong International Airport. It is erected on a site with an area of approximately 21,992 square metres with a total gross floor area of approximately 31,365 square metres. Hotel Longbai comprises six buildings, one of which is the main building that is occupied as a hotel with the other five buildings housing ancillary facilities. The main building is a 11-storey four-star hotel with 385 rooms of a total gross floor area of approximately

31,214 square metres. Hotel Longbai also has various other facilities including banquet halls, fitness centre, tennis courts, swimming pool, golf range and business centre, etc. Hotel Longbai has been granted the Certificate of Four Star Hotel issued by the National Tourism Administration of the PRC in February 1991. The acquisition of Longbai Hotel was completed in early March 2003.

OUTLOOK

As the global information technology markets remained sluggish and business growth was slower-than-expected in 2002, the Board expects the wireless technology investments and the technology-related market to remain uncertain and underperformed. As such, the Board is of the view that the divestment of the wireless technology business through the exercise of the Put Option will prevent the Company from making any further potential provision as a result of the uncertain technology-related market.

The Board considers that there is tremendous growth potential in the return from hotel operations in the PRC, in particular Shanghai. Following the PRC's entry into the World Trade Organization, the scheduled opening of Shanghai Universal Studios in 2006 and the successful bid for the PRC's World Expo in Shanghai, the Board expects that the number of exhibitions, conventions, forums and international events to be held in Shanghai and number of business travelers and tourists will substantially increase, leading to a huge demand for high quality hotel accommodation and services.

The Board believes that the acquisition of Hotel Longbai represents a good opportunity for the Group to diversify itself in hotel investment and operation and to strengthen its position as one of the leading property investors and developers in Shanghai. In addition, the Board believes that Hotel Longbai will bring a recurring income to strengthen the profitability and cash flow of the Group.

Following PRC's accession to the World Trade Organisation and Shanghai's bid to host the International Fair in 2010, global capital may be invested in the PRC through various channels. Playing a pivotal role in the Chinese economy, multinational companies continue to relocate regional and national headquarters of their business to Shanghai. This is likely to stimulate an increase in demand for high-end residential and office buildings. Government policies (10th Five-year plan) are to maintain stable supply and demand in the property market in Shanghai. The Group will take advantage of favourable elements, such as housing mortgage policies which have raised the purchasing power of the ordinary people and an increasingly active market for second-hand housing, to develop its property business in Shanghai. To be achieved through the investment of high-end and luxurious housing, redevelopment of the old-city districts and construction of high-end 'smart' office buildings.

The strategy of the Company is to standardise development, internationalise operations and popularise its trademark to gradually consolidate its position in Shanghai and become one of the leading property developers in Shanghai. Furthermore, through continuous efforts and value creation, the Company endeavours to bring favourable returns to its shareholders.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of an interim dividend.

Financial Position

The Group's cash holdings decreased to HK$2,215 million at end of December 2002 after the payment of HK$33.3 million for the acquisition of Jun Ling Plaza.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 December 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2002, the Group has 29 employees in Hong Kong. To accommodate the continuous growth of the Group, we will recruit talented individuals with high qualifications, expertise and international experience to join our workforce.

The Group recruits and promotes individuals based on their competencies, merit and development potential and remunerates its employees largely based on the prevailing industry practice. Remuneration packages are structured to reward and motivate individual performance and contribution to the Group. Review of remuneration policies are conducted on a regular basis.

AUDIT COMMITTEE

The audit committee comprises two independent non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any time during the period for the six months ended 31 December 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except that the non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association of the Company.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All information of the Group's results for the period as required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

APPRECIATION

I would like to take this opportunity to express my thanks to the Directors and all staff for their contributions to the Group and shareholders for their support of the Company. All your unwavering support will remain the principal propelling force in the growth of the Group's earnings.

By order of the Board
Chau Ching Ngai
Chairman

Hong Kong, 21 March 2003

Please also refer to the published version of this announcement in The Standard.