

TSIM SHA TSUI PROPERTIES LIMITED

CHAIRMAN'S STATEMENT

INTERIM RESULTS AND DIVIDEND

The Group's half year unaudited consolidated turnover and net profit attributable to shareholders was HK\$877,025,765 and HK\$151,951,137 respectively. Earnings per share for the period was 11.26 cents.

The Directors have declared an interim dividend of 2 cents per share payable on 22nd May, 2001 to shareholders whose names appear on the Register of Members of the Company on 17th April, 2001.

The interim dividend will be payable in cash but shareholders will be given the option to elect 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 the 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, 2001. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 22nd May, 2001.

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

REVIEW OF OPERATIONS

During the interim period ended 31st December, 2000, Sino Land had successfully acquired four plots of land in Ma On Shan and Tsuen Wan of approximately 1,020,587 square feet of attributable gross floor area. These sites will be predominantly used for residential purpose and will enhance the revenue of the Group for the next few years. Over the same period, Sino Land completed the following three major developments with a total attributable gross floor area of 834,673 square feet, an office tower on the MTRC Olympic Station Site C, a commercial building at 148 Electric Road, The Fullerton Singapore, a prestigious hotel in Singapore and One Fullerton, a commercial building. These projects will further boost income from the portfolio of investment properties.

Three further projects, the Island Resort, a commercial building on Wyndham Street/Arbuthnot Road and the Park Avenue totalling 1,760,136 square feet of attributable gross floor area are expected to be completed in the second half of 2000/2001.

Property Sales

During the last six months ending 31st December, 2000, the private sale of Springdale Villas and Bayview Park of Sino Land was successful and received good response. The sales of Island Harbourview also performed well. Substantial units at Park Avenue (Tower 6-10 of Olympian City Site B) were pre-sold at satisfactory prices. The pre-sale of Island Resort and private sale of Central Park (Tower 1-5 of Olympian City Site B) went favourably with steady response from end-users.

With improving economic conditions such as stronger GDP growth, low mortgage rates, incentives for home purchasers offered by the Government, improved market sentiment and affordability rising to all time high, the Group anticipates a strengthening of the property market. Several development projects are expected to be launched in the second half of the current financial year. The properties at Nos. 35 and 37 Cloud View Road on Hong Kong Island, Fanling Sheung Shui Town Lot No. 195 and Kwai Chung Town Lot No. 480, 100 Kwai Luen Road, Kwai Chung will be offered for pre-sale in the coming months, enhancing the earning prospects of the Group.

Leasing Operation

As at 31st December, 2000, the investment property portfolio of Sino Land reached 7.4 million square feet. During the period, four main projects were added to the portfolio. These are the commercial building at 148 Electric Road, Office Tower at the MTR Olympic Station Site C, the retail shops at Springdale Villas, a 400-room hotel The Fullerton Singapore and One Fullerton, a commercial building.

Total gross rental revenue of Sino Land, including the attributable share of its associated companies, was HK\$579 million for the interim period, a gain of 10% over the corresponding period of last financial year. As a result of improved economic conditions, the major investment properties within the Sino Land portfolio achieved high occupancy and satisfactory rental incomes. The strong growth in recurrent rental income of the Group is assured, underpinned by its diversified portfolio of investment properties and a balanced mix of tenants.

Technology

port88, a community portal providing on-line estate management services and lifestyle information to the tenants and residents of Sino Land, is currently being revamped. The new version shall be launched around April 2001. These services will be extended to all estates of Sino Land in addition to The Hacienda, The Royal Cliff and Pacific Palisades.

Finance

As at 31st December 2000, Sino Land, including the attributable shares of its associated companies, had cash resources of approximately HK\$7,406 million, consisting of cash in hand of approximately HK\$2,193 million and undrawn facilities of about HK\$5,213 million.

With the exception of the redemption of convertible bonds of US\$3.9 million due in October 2000 and a net increase in Singapore dollar borrowings of S\$24 million for the development of The Fullerton Singapore, there were no material changes in the borrowings and capital structure of Sino Land for the half year ended 31st December, 2000. Subsequent to the interim period, Sino Land redeemed convertible bonds of US\$194.7 million due in February 2001 which further reduced the Group's short term liabilities by the same amount as well as lowered the US\$ foreign exchange exposure by a net amount of US\$174.7 million.

In January 2001, Sino Land successfully raised approximately HK\$783 million through a placement of 180 million ordinary shares at HK\$4.35 per share, representing approximately 4.7% of the enlarged issued capital of the Company. The net proceeds were used to finance on-going projects. With a stable recurrent rental income and sales revenue from development projects and after the share placement, the gearing ratio of Sino Land has been maintained at a low level of approximately 26% expressed as a percentage of bank and other borrowings net of cash and bank balances over shareholders' equity.

As at 31st December, 2000, the Group had not recorded any material changes in contingent liabilities since the financial year ended 30th June, 2000.

Future Developments

During the period under review, Sino Land acquired new sites of about one million square feet of attributable gross floor area. These sites are mainly used for residential purpose. The development of the existing land bank will generate value for the Group and help ensure its earning prospects in the coming years. As at 31st December, 2000, in terms of attributable gross floor area, the total size of the land bank was 15.9 million square feet of which development for sale accounted for 43%, development for investment accounted for 5%, completed properties for sale accounted for 5% and completed investment properties was 47%. Sino Land continues to build up its land bank.

In January 2001, Sino Land was granted approval by the Government to convert the usage of Commercial Square from industrial to commercial use thereby enhancing the potential value of the property.

Other than the above mentioned, there were no material changes from the information published in the report and accounts for the year ended 30th June, 2000.

EMPLOYEE PROGRAMMES

As at 31st December, 2000, Sino Land and its subsidiaries had over 4,700 employees. A series of staff benefits such as employee reward programmes and in-house training are being offered to staff. During the period, Sino Land has organized various types of internal and external training programmes for staff to maintain their quality standards, strengthen their knowledge and enhance productivity. Over 2,400 employees have participated in the training programmes and the process is on-going as new courses being developed to meet specific career planning needs.

In addition, Sino Land runs a programme that identifies employees who have contributed an outstanding performance. The aim of the programme is to encourage staff who have made significant contributions to the Group and to identify future leaders so that they can become role models for their fellow colleagues.

PROSPECTS

The economic upturn in most Asian countries and China's impending accession to the World Trade Organization will induce a healthy economic growth in the entire region. Hong Kong, being the gateway to China and with its strong commercial and financial footings, will undoubtedly benefit from the upswing.

Various economic indicators such as GDP growth rate, modest rise in wages and the liquidity in the banking sector, have all been encouraging.

Recent announcement by the Government of a change in its housing policy, falling interest rates and strong economic growth of Hong Kong have strengthened public's buying sentiment and outlook of the property market is positive. The resulting higher level of affordability, together with the accumulated demand that has been built up over past years, will combine to provide the driving force for a healthy growth in Hong Kong's property market. The Directors are confident about the medium and long-term prospects of the Group.

STAFF AND MANAGEMENT

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

Robert Ng Chee Siong
Chairman

Hong Kong, 20th March, 2001