

TSIM SHA TSUI PROPERTIES 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\$1,257,915,723 and HK\$1,836,889 respectively. Earnings per share for the period was 0.13 cent.

In light of the Interim Results, your Directors have resolved not to declare an interim dividend.

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

REVIEW OF OPERATIONS

Land Bank

As at 31st December, 2001, the Company's listed subsidiary, Sino Land, had a total of approximately 14.8 million square feet of attributable gross floor area, comprising a spectrum of properties: commercial (38%); residential (33%); industrial (15%); car parks (10%); and hotels (4%). During the interim period, Sino Land acquired three plots of land for residential and commercial developments as well as a 19% interest in a commercial project in Shanghai named Raffles Square. These sites bring in a total of 461,257 square feet of attributable gross floor area to Sino Land's land bank.

In February 2002, Sino Land further acquired a plot of land with an attributable gross floor area of approximately 358,814 square feet in Tuen Mun. The site will be developed into a residential/commercial property.

During the interim period, Sino Land completed three developments: Central Park, a residential project, Olympian City 2, a 511,287 square feet retail mall, and Futura Plaza, an industrial building with a total attributable gross floor area of approximately 0.9 million square feet.

Property Sales

Steady sales revenue during the interim period derived from the sale of Central Park, Park Avenue and Island Resort. Aside from these residential development projects, Sino Land also sold commercial and residential investment properties, namely, Energy Plaza, Olympian Tower, all units in The Hacienda and several retail shops in Sino Centre. In view of a steady recovery of market sentiment supported by positive financial factors relating to historical low mortgage rates, and incentives such as additional quotas of soft loans provided by the Government during the interim period, Sino Land has rolled out three projects, namely Grand Regentville, Horizon Place and Sky Horizon to the market. Public response to these projects has been satisfactory with the majority of units sold within a short period of time thereby generating steady cash flow to the Group. These three projects are scheduled for completion between 2002 and 2003. In addition, Sino Land plans to launch Ocean View in Ma On Shan in 2002.

Leasing Operation

As at 31st December, 2001, Sino Land's completed investment portfolio increased to approximately 8 million square feet from the previous 7.7 million square feet notwithstanding the sale of commercial and residential projects. The increase was attributable to the addition of Olympian City 2 and Futura Plaza and reflects the composition of the investment portfolio - commercial (49%); industrial (22%); car parks (18%); hotels (8%); and residential (3%), which accounted for approximately 54% of the Sino Land's total land bank. Total gross rental revenue of Sino Land, including the attributable share of its associates, was HK\$558 million.

Finance

As at 31st December, 2001, Sino Land, including the attributable shares of its associates, had cash resources of approximately HK\$5,123 million, consisting of cash in hand of approximately HK\$2,121 million and undrawn facilities of approximately HK\$3,002 million. With steady revenue contributed by rental income, sales of development projects and the disposal of The Olympian Tower, Energy Plaza and The Hacienda, Sino Land'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, Sino Land's total asset value amounted to HK\$39 billion.

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

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

Future Developments

Property development and investments are the foremost business focus of Sino Land 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 Sino Land'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. Sino Land affirms its commitment in building quality properties with value-added product features and services by applying environmentally friendly concepts and initiatives to its existing and new projects. More 'green' features will be incorporated in building design, project management, estate management and office administration.

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 offered to the staff. During the interim period, Sino Land organised various internal and external training programmes which served to maintain their quality attributes, strengthen their professional knowledge and enhance their productivity. A variety of subjects was covered by those training programmes to meet diverse needs including customer service; information technology; self-enhancement initiatives; and environmental protection knowledge in relation to office administration, estate management and project management. Mandarin language training was also offered to all front-line staff to maintain high customer service standards. Over 1,170 employees participated in such training programmes during the interim period and as these continue, new courses will be constantly developed to meet specific career planning needs and corporate strategies.

In addition, Sino Land runs a programme to recognise employees of outstanding performance and significant contributions where ultimately, training is provided to prepare them as future leaders while developing their skills as role models to fellow colleagues. During the period, 28 employees were nominated and 15 of them received the Outstanding Employee Awards.

PROSPECTS

The world economy has been going through a period of economic transformation. The changes coupled with the economic down cycle prompted by the economic downturn in the United States and exacerbated by the events on September 11th have inevitably impacted export-reliant economies. The impact of short-term economic fluctuations on Hong Kong can be mitigated by the domestic economic growth, increasing investment opportunities, rising bilateral flow of capital and development of the financial market in China as Hong Kong is part of China and one of its major trade partners. These factors will be the fundamental sources of economic dynamism for China as well as Hong Kong.

Despite a short-term economic downturn on the domestic front in the second half of 2001, market sentiment shows signs of recovery. Favourable government policies such as increases in tax allowance for mortgage loan interest, a series of housing subsidies such as that of Home Purchase Loan Scheme, and relaxation of restrictions on sale of pre-completed flats are conducive to healthy growth in the property sector. We also welcome government's attempts to review the present housing policy with a view to enhancing efficiency and effectiveness. These measures will facilitate the reinvigoration of the industry as well as the economy. The reduction of interest rates on 11 separate occasions throughout 2001 has increased the affordability to a record high. Combined with attractive mortgage terms offered by banks for home purchasers, this will undoubtedly sustain property sales. The Directors are confident of the prospects of the Group in the coming years.

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