

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, 2003 was HK\$3,420 million and HK\$510 million respectively. Net profit per share for the period was 37.29 cents.

The Directors have declared an interim dividend of 5 cents per share payable on 19th May, 2004 to those shareholders whose names appear on the Register of Members of the Company on 19th April, 2004.

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, 2004. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 19th May, 2004.

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

REVIEW OF OPERATIONS

The operations under Sino Land represent a substantial portion of the operations of the Group as a whole. As at 29th February, 2004, Tsim Sha Tsui Properties Limited (the "Company") had 52.33% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Land Bank

As at 31st December, 2003, the Company's listed subsidiary, Sino Land, had an approximate total of 17.7 million square feet of attributable gross floor area. The land bank encompasses a range of properties: 40% residential; 34% commercial; 14% industrial; 9% car parks; and 3% hotels.

During the interim period, Sino Land obtained occupation permits for three residential and two commercial developments: Ocean View in Ma On Shan, Imperial Villas Phase I and II in Yuen Long and The Cliveden in Tsuen Wan, Skyline Tower in Kowloon Bay and Raffles City Shanghai in Shanghai with a total attributable gross floor area of approximately 1.6 million square feet.

Property Sales

Revenue received by Sino Land during the interim period was derived principally from the sale of Ocean View, Imperial Villas Phase I and II and The Cliveden. Capitalising on the economic recovery backed by economic fundamentals and improved property sentiment, the interim period recorded strong property sales. Property prices in the primary market have recorded double-digit growth. Parc Palais, in which Sino Land has a 30% interest, will benefit from the strong pick-up in the property market. The Cairnhill, which Sino Land is jointly developing with Cheung Kong and K. Wah, has also seen solid growth both in take-up and prices in the past few months. The second phase of the project was launched in January and all of the units have now been sold. The sale of Anglers' Bay in Sham Tseng has also been progressing well with approximately 81% of the units already sold by end of February 2004.

Sino Land launched two residential projects for pre-sale during the interim period. Oceania Heights in Tuen Mun was marketed in July 2003 whereas a selected number of units in Residence Oasis over the MTR Hang Hau Station in Tseung Kwan O were rolled out to market in November 2003. Both projects were well received by home purchasers. The projects are scheduled for completion in the financial year 2004/2005. Management shall continue to review, monitor and control our marketing strategy in the light of prevailing market conditions so as to optimise our earnings.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Leasing Operations

As at 31st December, 2003, Sino Land had 9.2 million square feet of attributable gross floor area of completed investment properties, an increase from 8.6 million square feet as at 30th June, 2003. The increase in 0.6 million square feet was mainly attributable to the completion of Skyline Tower in Kowloon Bay and Raffles City Shanghai during the interim period. The leasing of the two new properties has been progressing well. The portfolio of completed investment properties comprises diversified properties: 50% commercial; 24% industrial; 17% car parks; 7% hotels and 2% residential.

During the interim period, Sino Land achieved high occupancy rates in all categories of its completed investment properties. As the economic activities are strengthened and the liberalisation of the "Individual Visit Scheme" for Mainland Chinese Travellers takes effect, the demand for retail space has increased favourably, thereby pushing up retail rental income. The Group continues to carry out effective promotional activities in its shopping malls to increase both traffic flow and enhance customer loyalty, thereby creating more business opportunities for our tenants, enhancing both asset and shareholder value.

Total gross rental revenue of Sino Land, including the attributable share of its associates, was HK\$565 million.

Finance

As at 31st December, 2003, the Group's gearing ratio, expressed as a percentage of total borrowings to the total assets, was at approximately 36.5%. Of the total borrowings, 25% was repayable within one year, 38% repayable between one and two years and 37% repayable between two and five years. The Group, including the attributable shares of its associates, held cash resources of approximately HK\$11,520 million, comprising cash on hand of approximately HK\$3,078 million together with committed undrawn facilities of approximately HK\$8,442 million.

Due to the recent improvement in economic conditions and in the stock market in Hong Kong, the share price of Sino Land has been consistently well above the exercise price for the conversion of the Convertible Notes arranged in May 2002. As at 29th February, 2004, a total of approximately HK\$349 million Convertible Notes were converted into shares. As a result, the number of Sino Land's fully paid issued shares has increased by 87,355,000 to a total of 3,990,338,467.

There was no material change in foreign currency borrowings and the capital structure of the Group for the interim period ended 31st December, 2003. Foreign exchange exposure is kept at a minimal level. The majority of the Group's borrowings are subject to floating interest rates.

As at 31st December, 2003, the Group did not record any material changes in contingent liabilities since the previous financial year ended 30th June, 2003.

Future Developments

The principal focus of the Group lies in property development and investments, with the land bank being continuously and selectively replenished in order to optimise earnings potential. As at 31st December, 2003, Sino Land had approximately 7.9 million attributable square feet of land bank currently being developed, about 84% of which is allocated for residential projects due for completion within the next three years. The Group is committed to building quality properties with value-added products and services through the incorporated use of environmentally friendly concepts and features in building design, project management, estate management and office administration.

Other than the matters above mentioned, there was no material change from the information published in the report and accounts for the financial year ended 30th June, 2003.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Group attaches great importance on corporate integrity, business ethics and good governance, and acknowledges its corporate responsibilities to society. The Group takes the view that the long-term shareholders' interests can best be optimised by conducting its business in a socially responsible manner, and by adopting where possible environmentally friendly practices.

We are very pleased to announce that Sino Land and its wholly-owned property management arm, Sino Estates Management Limited ("SEML"), were awarded "Caring Company 2003-2004" by The Hong Kong Council of Social Service. SEML was also awarded the "Top 10 High Service Hour Award (2002) (Private Organisation)" by the Social Welfare Department in recognition of its contributions to society. SEML actively organised and participated in a number of charitable activities through its "Sino Volunteer Team" which was set up in 2002. The Team has organised donation campaigns in the properties that SEML manages for Hong Kong Community Chest and Hong Kong Council of Early Childhood Education & Services. Members of the Team have reached out and visited over 400 elderly people living in Caritas Hong Kong – Services for Elderly. SEML has also carried out "Old Books Recycling Programmes" in over 40 estates for World Vision and "Old Clothes Recycling Programme" for Salvation Army and Friends of the Earth.

SEML has received a number of awards which confirm its efforts and commitments to environmental protection and quality management. Following the award of the "Fresh Water Plumbing Quality Maintenance Recognition Scheme Certificate" for 4 properties it manages from Water Supplies Department last year, SEML was presented with the same Certificate for 36 more properties to acknowledge its sterling work during the interim period. It has also won the champion, 1st runner-up, 2nd runner-up and a Merit Prize in the "Kwun Tong Cleaning Competition – Private Building (Industrial)" for Futura Plaza, Westin Centre, Remington Centre and Seaview Centre respectively. In addition, Ville de Cascade which SEML serves as property manager was awarded a Merit Prize in the "Quality Estate Management Competition for Shatin District" by the Shatin District Council.

EMPLOYEE PROGRAMMES

During the interim period, Sino Land hosted various internal and external training programmes for its employees. These programmes were designed, amongst other things, to strengthen the language proficiency, professional knowledge and management know-how of staff, as well as to enhance their productivity. Course contents covered language skills; customer relations and customers service; information technology; self-enhancement initiatives; and environmental conservation in respect of office administration, property management and project management. New courses will continue to be developed to meet corporate and specific career planning needs.

As the economic and social ties between the Mainland and Hong Kong continue to strengthen, the Group continues its efforts in promoting the use of Putonghua amongst its staff. Training courses at various levels are provided on a regular basis. It is a cornerstone of the Group's policy that all staff, in particular those holding front-line positions, must uphold the highest possible standards in customer service. In this regard, a consultancy has been engaged to provide an intensive training programme on good customer-service practices. As at 31st December, 2003, over 1,500 staff underwent this training. Feedback from both participants and customers has been most positive and encouraging.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

During the interim period, the Hong Kong economy has experienced a strong growth with rising GDP, a reduction in unemployment rate and a substantial improvement in visitor arrivals benefiting retail and hospitality industries. Against this backdrop, market sentiment has also improved significantly. The confirmation of HKSAR Government's stance on housing policies on supply of land by coordinating with the two railway corporations, the deferring of Building Covenant Periods and amendments of Tenancy Control to cater for the needs of both landlord and tenants announced in October 2003 have further strengthened people's confidence in the property market. The combination of a low interest rate environment and that banks continue to offer favourable mortgage terms have led to an increase in the volume of property transactions. Property prices in both the luxury and mass residential sectors have experienced double-digit growth.

The relaxation of travel restrictions by the PRC Government in order to allow mainlanders to visit Hong Kong has had a favourable impact on the economy of Hong Kong in general, with industries such as tourism, hotels, food and beverage, transportation and retail businesses being the major beneficiaries of such change. Furthermore, with Hong Kong now able to accept RMB credit cards, the retail industry is set for favourable growth.

In the medium to long term, the continuing economic development of the Mainland will enhance trade and traffic flow between the Asia Pacific Region and Hong Kong, further strengthening our city's economic recovery. The Closer Economic Partnership Arrangement signed in June 2003 whereby zero import tariff preference is applied to a selected range of exports from Hong Kong provides an impetus towards Hong Kong businesses in that it creates a higher level of access to the Mainland market. This engenders even more economic activities between the territories resulting in mutual gains.

The Group will continue to selectively replenish its land bank to optimise earnings. The Directors are confident of the prospects of the Group in the medium to long term.

STAFF AND MANAGEMENT

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, 2004