

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, 2004 was HK\$2,984.5 million and HK\$839.6 million respectively. Earnings per share for the period was 61.05 cents.

The Directors have declared an interim dividend of 8.5 cents per share payable on 19th May, 2005 to those shareholders whose names appear on the Register of Members of the Company on 19th April, 2005.

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, 2005. It is expected that the interim dividend warrants and share certificates will be despatched to shareholders on or about 19th May, 2005.

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 31st December, 2004, Tsim Sha Tsui Properties Limited (the "Company") had 51.6% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Land Bank

As at 31st December, 2004, the Company's listed subsidiary, Sino Land, had a total of approximately 25.5 million square feet of attributable gross floor area. The land bank covers a broad spectrum of properties: 58% residential; 24% commercial; 9% industrial; 6% car parks and 3% hotels.

During the interim period ended 31st December 2004, Sino Land acquired seven plots of land mainly for residential and commercial development – Fuk Wing Street/Fuk Wa Street in Sham Shui Po, Ma Wo in Tai Po, 256 Hennessy Road in Wan Chai, 305 Castle Peak Road, 464-474 Castle Peak Road, Kwu Tung (Lot 2596, DD92) and a site in North of Zhangxiang Road, Zhangzhou, Fujian Province, PRC. These projects are expected to be completed over the next four to five years. Upon completion, they will yield a total gross floor area of approximately 5.8 million square feet.

In February 2005, Sino Land acquired one plot of land in the junction of Sheung Yuet Road and Wang Chiu Road in Kowloon Bay for commercial development. It is anticipated that a total of approximately 609,000 square feet of gross floor area will be developed. With this new acquisition of land, Sino Land's total land bank has increased to a total of 26.1 million square feet.

Sino Land completed seven residential developments during the interim period. These seven residential projects were Residence Oasis over MTR Hang Hau Station, Oceania Heights in Tuen Mun, The Cairnhill in Tsuen Wan, The Royal Oaks in Sheung Shui, Anglers' Bay in Sham Tseng, Caldecott Hill in Piper's Hill and Colonnades Court in Xiamen, PRC with a total attributable gross floor area of approximately 1.8 million square feet.

Sino Land expects to complete one residential development namely St Andrews Place with an aggregate attributable gross floor area of 98,909 square feet by 30th June, 2005.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Property Sales

Earnings from property sales for the interim period ended 31st December, 2004 were mainly derived from the sale of residential units from five new developments namely Residence Oasis, Oceania Heights, The Cairnhill, Anglers' Bay and Caldecott Hill. In total, approximately 95% of the units in these projects have been sold. The sale of Parc Palais was encouraging with a total of 83% of the total units sold.

Leasing Operations

As at 31st December, 2004, Sino Land had 9.2 million square feet of attributable gross floor area of completed investment properties. The portfolio comprises diversified properties: 51% commercial developments; 23% industrial developments; 17% car parks; 7% hotels; and the balance of 2% being residential.

Our asset enhancement programme which is being implemented in some of the key properties continues to have an impact. The programme involves the renovation of retail malls emphasizing on user-friendly layouts and higher visibility for the shops to attract more traffic; adjustment of tenant mix to satisfy changing customer needs; and re-alignment of use of space in order to enhance rental income.

During the period under review, the retail sector experienced strong growth in shopper traffic and business mainly due to the strength of the local economy, improved consumer confidence, increasing consumption and the growing number of tourists. Our flagship retail malls namely Tuen Mun Town Plaza Phase I, Olympian City shopping malls, and China Hong Kong City enjoyed favourable growth in rental rates with high level of occupancy.

The Group's office portfolio has also shown rental increases due to increasing business activity. Tsim Sha Tsui Centre benefited from the opening of the KCR East Tsim Sha Tsui Station and its fully air-conditioned subway links with convenient travellers. The Skyline Tower, completed in the financial year 2003/2004, is now over 90% let. Raffles City Shanghai, in which Sino Land has 19% interest, completed in the same financial year, also enjoyed high occupancy.

The gross rental revenue of Sino Land, including the attributable share of its associates, increased to HK\$570 million compared with HK\$545 million in the previous period with satisfactory overall occupancy. The highly diversified nature and favourable locations continue to prove to be the important contributing factors in ensuring stable recurrent earnings.

Finance

As at 31st December, 2004 the Group's gearing ratio was at approximately 32.9%, expressed as a percentage of total borrowings to the total assets. Of the total borrowings, 21% was repayable within one year, 39% repayable between one and two years and 40% repayable between two and five years. The Group, including the attributable shares of its associates, had cash resources of approximately HK\$12,865 million, comprising cash on hand of approximately HK\$4,249 million together with committed undrawn facilities of approximately HK\$8,616 million.

In November 2004, Sino Land, through its wholly-owned subsidiary, Getsmart Finance Limited, issued HK\$2,500,000,000 1.625% Guaranteed Convertible Bonds due 2009. The transaction received an overwhelming response from a wide spectrum of investors and, as a result, the 'Green Shoe' was exercised. Fund raised on this transaction was for general corporate purpose. The new Convertible Bonds are denominated in Hong Kong dollars, the financing will not pose any additional foreign exchange risk to the Group.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS *(Continued)*

Finance *(Continued)*

There was no material change in foreign currency borrowings and the capital structure of the Group for the interim period ended 31st December, 2004. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are mainly subject to floating interest rates.

Future Developments

Property development and investments are the foremost business focus of Sino Land with the land bank being continuously and selectively replenished to optimise future earning prospects. During the interim period, new sites with a total attributable gross floor area of about 5.8 million square feet were acquired. Sino Land is committed to building quality properties with value-added product features and services. Environmentally friendly concepts and features will also be incorporated in building design, 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, 2004.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Sino Land attaches great importance to corporate integrity, business ethics and good governance while acknowledging its corporate responsibilities to society. We believe that the long-term interests of shareholders can best be served by conducting our business in a socially responsible manner, and by adopting where possible, environmentally friendly practices in our daily operations and business development.

The Group has a strong commitment to corporate citizenship. The Community Care Committee (the "Committee") which was set up in the financial year 2003/2004 by Sino Land is responsible for promoting environmental protection initiatives, organizing social community services and charitable events. The Committee has organized a series of activities. In September 2004, the Committee co-organised with Hong Chi Association the 'Hong Chi Climbathon' to raise fund for the Association. In the same month, it held the annual event of 'Mooncake Speaks for My Heart' which entered its fifth year. Staff volunteer team members and residents of the Group's properties visited five hundred senior citizens at three elderly homes. Another one hundred senior citizens were invited to a moon-viewing dinner reception at the Apex in Central Plaza. In October 2004, it joined hands with Hong Kong Cancer Fund to promote the awareness of breast cancer. In December 2004, it also raised fund for Po Leung Kuk children in the 'Po Leung Kuk • Sino Group Charity Duck Race'.

During the period under review, Sino Land joined hands with various green organisations to hold a series of activities for its staff, residents and Sino Club members to participate, with a view to enhancing public awareness towards the importance of environmental protection. In August 2004, Sino Land and Green Power co-organised a beach cleaning activity called 'Clean Up Marine Park 2004', combined with a Pink Dolphin watching tour, to educate the participants on waste reduction and how by conserving our natural environment can help to provide a better habitat for marine lives. Sino Land also supported Friends of the Earth during Mid-Autumn Festival to promote its 'Mooncake Tin Boxes Recycling Programme' throughout Sino Land's properties in an attempt to reduce pressure on our landfills. A 'Used Clothes Recycling Campaign for the Needy' was also started from 1st December, 2004 to support the Salvation Army's effort in old clothes distribution for the needy in Hong Kong.

During the interim period, Sino Land's wholly-owned property management arm, Sino Estates Management Limited ("SEML"), received a number of awards from various organisations in recognition of its quality of service, management capability, contributions in community and charity services, and promotion of environmental protection.

CHAIRMAN'S STATEMENT *(Continued)*

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY *(Continued)*

In December 2004, SEML won a number of prizes for its service standard and quality in the Quality Building Management Competition in many districts namely Yau Tsim Mong District, Kowloon City District, Shatin District, Tuen Mun District, Tai Po District, Kwai Ching District and Yuen Long District organized by District Councils of the HK Government. SEML will continue to improve its service in its relentless pursuit of better lifestyle for its customers.

In the pursuit of healthy living and a better quality of life, SEML has made strenuous efforts to keep high standard of hygiene. As a result, a number of projects that are under SEML's management have been awarded certificates under the Fresh Water Plumbing Quality Maintenance Recognition Scheme by Water Supplies Department of the HK Government in addition to the sixty-four projects that were awarded the certificates last financial year. Among the projects are Sky Horizon, 38 Repulse Bay Road, Haddon Court, Hong Kong Gold Coast, Windsor Heights, Long Beach Gardens, Majestic Park, Sea Crest Terrace, Waterside Plaza, 148 Electric Road, Tsim Sha Tsui Centre, Empire Centre, Shatin Galleria, Marina House and Chai Wan Industrial City Phase I. The Centrium, a commercial development located in Central, has received the Indoor Air Quality Certificate from the Indoor Air Quality Information Centre. In the Competition on Occupational Safety and Health organized by Working Group on Occupational Safety and Health of Tuen Mun District, it won the award of Champion (Industrial & Commercial Division). Eight projects including Island Resort, Pacific Palisades and Grand Dynasty View received the Certificate of Merit for Promoting Good Housekeeping by Occupational Safety and Health Council. In addition, eight projects including Grand Palisades, Windsor Heights, Shatin Galleria, Corporation Park and Leader Industrial Centre were awarded the Workplace Hygiene Charter by both Occupational Safety & Health Council and the Labour Department.

On the environmental protection side, SEML received the Wastewi\$e Logo for one project and Gold Wastewi\$e Logo for another five projects from the Environmental Protection Department in addition to the twelve projects that were given the Wastewi\$e Logo and one project that was granted Gold Wastewi\$e Logo in the financial year 2003/2004. Furthermore, about 20 projects were accorded the Registration Certificate under The Hong Kong Energy Efficiency Registration Scheme for Buildings by the Electrical and Mechanical Services Department.

Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land specializing in cleaning, pest control, grease and water tank cleaning, can rightly be proud of the fact that ten properties under their cleaning management won awards in three major cleaning competitions namely 2004 Kwun Tong Cleaning Competition, 2004 Best Cleaning Estate Competition and 2004 Kowloon City District Private Buildings Cleansing Competition.

Sino Security Services Limited, a wholly-owned subsidiary of Sino Land, has continued to donate its used-uniforms to the Salvation Army on a regular basis since 2004. The Youth Pre-employment Training Programme, first began in 2001, will continue as an on-going programme to assist young people who are interested in gaining more on-the-job training and experience.

EMPLOYEE PROGRAMMES

As at 31st December, 2004, Sino Land employed approximately 5,800 staff. During the interim period, Sino Land held various internal and external training programmes for its employees. These programmes for Sino Land's employees are designed, amongst other things, to strengthen their service standard, language proficiency, professional knowledge and management know-how as well as to enhance their productivity. Course contents covered language skills; customer relations and customer service; information technology; self-enhancement initiatives and environmental conservation in respect of office administration, property management and project management. New courses will continually be developed to meet corporate and specific career planning needs. The aim is to improve the enthusiasm, commitment, sense of belonging and learning of staff to achieve the "Best Consistent Service in Hong Kong".

CHAIRMAN'S STATEMENT *(Continued)*

EMPLOYEE PROGRAMMES *(Continued)*

As the economic and social ties between the Mainland and Hong Kong strengthen, Sino Land continues its efforts in promoting the use of Putonghua amongst staff by providing courses for various levels on a regular basis. It is Sino Land's policy that all staff, in particular those in front-line positions, must uphold meticulous standards in customer service.

Furthermore, Sino Land has always laid particular emphasis on promoting good team-work as an essential element in the efficient and effective use of human resources, internal procedures and systems. Teamwork serves to focus individual achievement upon the objectives of Sino Land, which results in better quality of products and services. During the period under review, several workshops and seminars on team-building and leadership were organised in order to promote the spirit and skills of teamwork.

PROSPECTS

2004 found Hong Kong achieving sustainable economic growth, supported by CEPA, which has enabled Hong Kong enterprises to take advantage of a wide range of Mainland business opportunities thereby generating income in Hong Kong. The "Going Global" development strategy and measures jointly formulated by the PRC Government and HK Government to streamline the administration procedures to allow PRC state-owned and private enterprises to set up their businesses and offices in Hong Kong have had positive effect on the Hong Kong economy. On-going improvements to cross-border infrastructure will strengthen the link with Hong Kong, and the continuing economic development of the Pearl River Delta region will foster bilateral trade. Hong Kong, being a financial, services and transportation hub with well established infrastructure and strong human capital, is well positioned to gain.

Last year provided several encouraging economic indicators for Hong Kong's future. GDP growth achieved 8.1% last year. The unemployment rate which had seen a steady decline for eighteen consecutive months recorded a low of 6.4%. There are consistent signs of a mild inflation after some sixty-eight months of deflationary pressure. Mortgage rates and terms continued favourable, underpinned by strong liquidity in the banking sector. The continued high affordability of mortgage payments is conducive to growth in the property market, in particular the residential sector.

Given positive economic outlook, the Group is set for further growth over the next few years due to its land bank of 25.5 million square feet (including completed investment properties and properties held for sales). The Group will continue its policy of selectively replenishing its land bank to optimise earnings and of improving the quality of its products and services so as to enhance the lifestyle of its customers. The Directors are confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

I would like to extend a warm welcome to Dr. Allan Zeman who joined the Board as an Independent Non-executive Director with effect from 30th September, 2004.

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, 2005