

## Interim Report 2000 / 2001

### Business Review

#### PROPERTY SALES

Economic growth in Hong Kong continued to remain steady in the second half of 2000 and end-users were more active in the residential property market. As most of the Group's residential units for sale were completed for occupation, this matched well with the prevailing market demand and was welcomed by the home purchasers. In the first half of the current financial year, the Group in total sold and pre-sold over 2,000 units which amounted to approximately HK\$3,320 million in total turnover.

The following development projects were completed in the first half of the financial year:-

| Location of Properties   | Name of Building                   | Group's Interest |                              |
|--|------------------------------------|------------------|------------------------------|
|  |                                    | (%)              | Gross Floor Area<br>(sq.ft.) |
| <b>Hong Kong</b>   |                                    |                  |                              |
| 1 3 Seymour Road   | Palatial Crest                     | 63.34            | 117,366                      |
| 2 Kowloon Inland Lot No. 11084                                       | Royal Peninsula                    | 50.00            | 739,276                      |
| 3 Tuen Mun Town Lot No. 377 R.P.                                     | Parkland Villas<br>- Blocks 7 to 9 | 75.01            | 207,123                      |
|  | Total Attributable Interest :      |                  | <u>1,063,765</u>             |
| <b>The People's Republic of China</b>                                |                                    |                  |                              |
| 4 Phase VII of Lexi New City,<br>Shajiao Island, Panyu,<br>Guangdong | Fanghua Garden<br>- Luotao Villa   | 14.63            | 165,870                      |

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The Group has commenced presale or sale of the following major development projects:-

| Location of Properties  | Name of Building                        | Group's Interest |                              |
|---|---|------------------|------------------------------|
|   |   | (%)              | Gross Floor Area<br>(sq.ft.) |
| <b>Hong Kong</b>  |   |                  |                              |
| 1 117 Caine Road<br>Mid-Levels<br>Hong Kong   | Casa Bella                              | 50.00            | 50,945                       |
| 2 Kowloon Inland Lot<br>No. 11084   | Royal Peninsula                         | 50.00            | 739,276                      |
| 3 28 Ma Tau Kok Road  | Metropolitan Rise                       | 80.00            | 146,675                      |
| 4 3 Seymour Road  | Palatial Crest                          | 63.34            | 117,366                      |
| 5 1-98 King's Park<br>Hill Road   | King's Park Hill                        | 60.64            | 146,211                      |
| 6 28 Lo Fai Road<br>Tai Po  | Casa Marina - Phase I                   | 100.00           | 226,561                      |
| 7 1 Lo Ping Road<br>Tai Po  | Casa Marina - Phase II                  | 100.00           | 182,500                      |
| <b>The People's Republic of China</b>   |   |                  |                              |
| 8 Lot HR-2<br>Li Wan District<br>Guangzhou<br>(Metro Line One -<br>Changshou Road<br>Station) | Heng Bao Garden<br>- Blocks 4, 5, 6 & 7 | 58.50            | 410,618                      |

### LAND BANK

During the period under review, the Group, jointly with The Hong Kong and China Gas Company Limited, successfully bid for the Sai Wan Ho Inland Lot No. 8955 site which will be built as a project totally of around 1.3 million sq.ft. in gross development area. Further, the Group obtained approval from the Town Planning Board to modify the land usage of six industrial and industrial/office usage sites to commercial redevelopment use. The total floor area involved amounted to approximately 1.03 million sq.ft. and the redevelopment value of those sites was thus increased substantially. In addition, during the period under review, agreement had been reached with the Government on the land usage conversion premium of the site at Wai Yip Street in Kwun Tong and the redevelopment plan of the site is now being actively pursued. The Group had also during the period under review continued to negotiate with the Government on several agricultural land lots on the land usage conversion premium and for a higher plot ratio, with a view to increasing the land bank and lowering the future development cost of those sites. As at the end of the period under review, the total development land bank attributable to the Group amounted to approximately 21.28 million sq.ft. and a total of approximately 23.3 million sq.ft. of agricultural land.

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### INVESTMENT PROPERTY

In the first half of the financial year, the Group's gross rental income amounted to approximately HK\$970 million, representing an increase of 30% as compared with that recorded in the corresponding period in the previous financial year and 20% of the total income of the Group for the first half of the financial year. Such satisfactory results were to a large extent attributable to the shopping podiums of the Metro City, Phases II & III which began to generate rental income and the One International Finance Centre which has been mostly leased, contributing to a substantial increase in the Group's rental income. As at the end of the period under review, the Group's investment property portfolio amounted to approximately 6 million sq.ft. in total attributable gross floor area. During the period, the occupancy rate of the major shopping arcades of the Group was 93%, whilst the major office premises were nearly wholly let. The increasing rental income provides to the Group a steady recurrent income.

### HENDERSON INVESTMENT LIMITED

The consolidated net profit of Henderson Investment Limited amounted to approximately HK\$1,159 million as at 31st December, 2000, representing a decrease of 15% as compared with that recorded in the corresponding period in the previous financial year. During the period under review, the rental income of this group was approximately HK\$184.4 million. This group successfully arranged for listing of its subsidiary, Henderson Cyber Limited on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited in July last year, raising funds of approximately HK\$900 million. The principal businesses of Henderson Cyber Limited include "iCare" shopping website, FTNS business and data centre services. This achievement marked another milestone in respect of this group's objective and strategy to diversify its businesses.

The Newton Hotel Hong Kong and the Newton Hotel Kowloon operated by this group recorded an average occupancy rate of 93% as well as an increase in room tariff during the period under review. The retailing business of this group, operating under its Citistore outlets, also recorded a notable increase in profit during the period. The sixth Citistore outlet situated at Tseung Kwan O commenced business in December 2000.

### ASSOCIATED COMPANIES

The Hong Kong and China Gas Company Limited recorded satisfactory results for the year 2000, with an increase of 8.6% in profit. At the end of 2000, the number of customers reached 1,329,000. During the period, a wholly-owned subsidiary, Towngas International Company Limited, was established to spearhead the development of natural gas business in Mainland China. In addition, this group, jointly with the Group with each owning a 50% interest in the joint venture, successfully bid in mid-December last year for the Sai Wan Ho Inland Lot No. 8955 site of 130,000 sq.ft. in site area at a consideration of HK\$2,430 million. The site will be developed into a high class residential redevelopment providing approximately 1.3 million sq.ft. of residential floor area. It is expected that this redevelopment project will be completed by the end of 2003.

Hong Kong Ferry (Holdings) Company Limited reported a 4.5% increase in profit in the financial year ended 31st December, 2000. The redevelopment project at No. 201 Tai Kok Tsui Road is now under construction. The residential units of the first phase are scheduled to be launched for presale in mid 2001.

Miramar Hotel and Investment Company Limited reported an increase of 7.7% in the unaudited consolidated profit attributable to shareholders for the six months ended 30th September, 2000 as compared with that recorded in the corresponding period in the previous financial year. Alongside with the gradual stabilisation of the Hong Kong economy during the period, the occupancy rate of Hotel Miramar increased to 89% and a steady growth of the overall business of this group was sustained.

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### HENDERSON CYBER LIMITED

Following the listing of Henderson Cyber Limited on GEM in July 2000, the "iCare" shopping portal came into operation in August 2000. As at the end of last year, this website attracted an average of approximately 55,000 visits per day and its users grew at a satisfactory rate to over 80,000. Leasing of the data centre at Well Tech Centre operated by Henderson Data Centre also recorded gradual increase. Eastar had already launched its Fixed Telecommunications Network Services business in mid-March of this year. As the high technology and information industries are dynamic and fast changing, this group, while actively implementing its strategies, would be flexible and versatile in order to respond to such changes.

### HENDERSON CHINA HOLDINGS LIMITED

Henderson China Holdings Limited reported a consolidated net profit of HK\$39.5 million for the six months ended 31st December, 2000, showing an increase of 16% as compared with that in the corresponding period in the previous financial year. Sale of the completed property units and rental income from retail and office properties and profit contribution from the "An Ju" housing project in Tianjin were the main contributing sources of profit recorded by this group under the period under review. This group was also actively engaged in preparation for pre-sale launch of the Heng Bao Garden development project in Guangzhou. Situated right on top of the Changshou Road Station of the Guangzhou Metro Line One, this development is currently Guangzhou's only high-end, intelligent-built, residential and retail shopping development atop a Guangzhou Metro Railway Station, and comprises seven 31-storey residential towers and five levels of shops, providing a total gross floor area of 2.24 million sq.ft. Presale of this project was launched at the beginning of this month and was met with good market response. This project is anticipated to bring in substantial cash proceeds from sales and better performance of this group. The investment property portfolio of this group amounted to approximately 1.64 million sq.ft. in attributable gross floor area as at the end of the period under review.

As for new business development, the Group and the U.S. Eastman Chemical Company formed a 50/50 joint venture under the name of Asia BizNet Company Limited earlier in the year to provide on-line process management e-solutions to chemical and chemical related industry participants in the Greater China region. In February 2001, this group formed a joint venture with China National Non-Ferrous Industrial Trading Group Company ("CNNT"), a member of the China National Metals and Minerals Group ("China Minmetals Group"), to launch an electronic exchange for the trading of metals and metal-related products through China Metals Net.com. Apart from offering its services to the public at large, this web-based exchange will also exclusively undertake CNNT's trading transactions of non-ferrous metals thereby facilitating it to establish a significant position for online trading of non-ferrous metals in the Asian e-commerce marketplace within a relatively short time. In addition, this group also reached an agreement with China National Metals and Minerals Import and Export Corporation of the China Minmetals Group to provide supply chain management solutions to foreign and local manufacturers, suppliers and distributors in Mainland China. In this respect, this group will continue to identify new business opportunities and establish business alliances with partners of substantial standing to enhance this group's development in new business areas.