

HENDERSON INVESTMENT LIMITED

Interim Results and Dividend

The Board of Directors announces that for the six months ended 31st December, 2001, the unaudited consolidated net profit of the Group after taxation and minority interests amounted to HK\$768 million. This represents a decrease of 34% as compared with the net profit recorded in the corresponding period in the previous financial year which included a profit of approximately HK\$582 million arising from disposal of part of its interest in a subsidiary. Earnings per share was HK\$0.27, showing a decrease of 34 % from that of the corresponding period in the previous year.

The Board has resolved to pay an interim dividend of HK\$0.11 per share to shareholders whose names appear on the Register of Members of the Company on 16th April, 2002.

Management Discussion and Analysis

BUSINESS REVIEW

The consolidated profit of the Group for the six months ended 31st December, 2001 amounted to HK\$768 million. This represents a decrease of 34% as compared with that recorded in the corresponding period in the previous financial year which included a profit of approximately HK\$582 million arising from disposal of part of its interest in a subsidiary. Nevertheless, the results of the Group had been satisfactory for the period under review.

Property Rental

During the period under review, the total gross rental income of the Group amounted to approximately HK\$286 million, representing an increase of 28% as compared with that of the previous financial year. Although there was a slight adjustment made to the rental level for the office properties of the Group in response to market conditions, the rental income and occupancy in respect of certain shopping arcades of the Group recorded an increase in the period under review. Average occupancy rate of the major rental properties of the Group amounted to 94%.

Hotel Department Store Operations

The Newton Hotel Hong Kong and the Newton Hotel Kowloon operated by this group recorded an average occupancy rate of 92%. As affected by the unfavourable general economic conditions, room tariff rate had been appropriately adjusted during the period under review. Although the retailing business of this group, operated under its Citistore outlets, was also affected by the drop in consumer spending, its turnover for the period under review was only slightly lower than that of the corresponding period in the previous year.

Associated Companies

The Hong Kong and China Gas Company Limited recorded steady growth for the year 2001, with an increase of 5.1% in profit. The number of customers reached 1,407,408. Investment in gas projects in Mainland China is a long term business development strategy of this group and it is now proceeding with the registration of a holding company, Hong Kong & China Gas Investment Limited, in the Mainland for the purpose of investing in energy projects. This group is also participating in a major national project in Mainland China – the West-to-East gas pipeline project. This is the midstream project for the construction of a 4,200-kilometre pipeline, transmitting natural gas from the Tarim Basin, Xinjiang Province to the eastern China market. The total investment cost of this project will be approximately RMB46 billion, of which 45% will be owned by a foreign consortium. Construction of the project will commence in 2002 and the whole pipeline is scheduled to be in full operation in 2005. Concurrently, this group formed another joint venture in Yixing, taking an 80% interest to receive natural gas directly from West-to-East gas pipeline.