

HENDERSON INVESTMENT LIMITED

**Interim Results and Dividend**

The Board of Directors announces that for the six months ended 31st December, 2002, the unaudited consolidated net profit of the Group after taxation and minority interests amounted to HK\$794 million, representing an increase of 3% as compared with the net profit recorded in the corresponding period in the previous financial year. Earnings per share was HK\$0.28.

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 15th April, 2003.

**Management Discussion and Analysis**

**BUSINESS REVIEW**

The consolidated profit of the Group for the six months ended 31st December, 2002 amounted to HK\$794 million, representing an increase of 3% as that recorded in the corresponding period in the previous financial year. Despite the adverse economic condition in Hong Kong during the period under review, the results of the Group had remained steady due to the diversity of the Group's businesses and the Group's continuous efforts made in the area of cost control.

**Property Rental**

Although there were adjustments made to rental rates in the local investment property sector generally in response to the decline in the overall economy, the major component of the Group's rental property portfolio is mainly comprised of retail shopping centres located in new towns with stable patronage. Further, tourists' spending brought about by the arrival of large number of visitors from Mainland China was also favourable to the retail shopping property sector. During the period under review, the total gross rental income of the Group amounted to approximately HK\$307 million, showing an increase of 7% over that registered in the corresponding period in the previous financial year. The average occupancy level of the core rental properties of the Group was able to be maintained at 95%, being almost the same level as that recorded in the corresponding period of the previous financial year. As at the end of the period under review, the rental property portfolio of the Group totally amounted to 1.85 million sq.ft.

**Hotel & Department Store Operations**

Benefiting from recent simplification of tourist entry procedures undertaken by the Hong Kong Government to facilitate visitors arriving from Mainland China, the Newton Hotel Hong Kong and the Newton Hotel Kowloon operated by the Group recorded an average occupancy level of 91% during the period under review whilst room tariff rates had been kept steady. Turnover of the retailing business of the Group, operated under its Citistore outlets, recorded a decrease in the period under review as compared to that of the corresponding period in the previous financial year.

**Security Services**

Megastrength Security Services Company Limited is wholly owned by the Group and provides comprehensive professional security management services which include the provision of security guards, security services for property premises, crisis management and contingency planning services as well as security services in shopping centres and hotels. Business of this company has developed further in the period under review.