

## HENDERSON INVESTMENT LIMITED

### Interim Results and Dividend

The Board of Directors announces that for the six months ended 31st December, 2003 the unaudited consolidated net profit of the Group after taxation and minority interests amounted to HK\$822 million, representing an increase of 6% as compared with the restated net profit recorded in the corresponding period of the previous financial year. Earnings per share was HK\$0.29.

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 21st April, 2004.

### Management Discussion and Analysis

#### BUSINESS REVIEW

##### Property Rental

During the period under review, the local rental property market recovered alongside with observed improvements in the Hong Kong and the global economy and saw the rental level for Grade A office and retail shopping properties returning on a growth path. The Group's core rental property portfolio mainly comprises retail shopping properties located in the new towns where patronage is stable. Further, with increased spending in the retail business sector partly brought about by visitors from Mainland China, the total gross rental income of the Group amounted to approximately HK\$315 million during the period under review, showing an increase of 3% over that registered in the corresponding period of the previous financial year. The average occupancy level of the rental properties of the Group was maintained at the 94% level. As at the end of the period under review, the rental property portfolio attributable to the Group totally amounted to 2.04 million sq.ft..

##### Hotel & Department Store Operations

The Newton Hotel Hong Kong and the Newton Hotel Kowloon of the Group recorded an average occupancy level of around 90% during the period under review whilst room tariff rates remained at a relatively low level. Benefiting from the Individual Visit Scheme and Closer Economic Partnership Arrangement ("CEPA") policies that were initiated by the central government, the retailing business of the Group that is operated under its Citistore outlets recorded an increase in turnover in the period under review as compared to that recorded in the corresponding period of the previous financial year.

##### Security Services

Megastrength Security Services Company Limited, a wholly-owned subsidiary of the Group, 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. During the period under review, the business of this company was actively expanded and its profit contribution to the Group had continued to show an increase.

##### Other Investments

During the six-month period ended 31st December, 2003, a 64% owned subsidiary of the Group, China Investment Group Limited, made approximately HK\$69.7 million in profit contribution to the Group. During the period under review, this company transferred the operating and management rights of two toll bridges located in Tianjin to the local municipal government, and approximately HK\$104 million in profit before tax was thus derived after making a corresponding adjustment in the relevant accounting policy. A toll road of this company located in Fenghua, Zhejiang Province, however, recorded approximately HK\$54 million in impairment loss on assets.