

HENDERSON CHINA HOLDINGS LIMITED

Interim Results and Dividend

The Board of Directors announces that for the six months ended 31st December, 2002, the unaudited consolidated net loss of the Group after taxation and minority interests amounted to HK\$98.1 million, whilst a net profit of HK\$89.2 million was recorded in the same period in the previous financial year. Loss per share was HK\$0.20. During the period under review, the Group had made provisions on property projects and written off bad debts relating to property rental for a total amount of HK\$135 million.

The Board has resolved to pay an interim dividend of HK\$0.03 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

In the first half of this financial year, major property markets in Mainland China generally remained active although performance of property sale prices and rentals varied significantly amongst the different major cities. The property market in Shanghai performed better in particular with relatively high volume in transactions recorded. As the property market in Shanghai received a further boost from its successful bid to host the World Expo in 2010, the Group took the opportunity to re-launch the sale of the property units of the Shanghai Skycity project. As a result, almost all of the remaining residential units in the Shanghai Skycity project had been sold with prices remaining steady. The Group has undertaken improvements in facilities and in the provision of property management services at the State Apartments in Beijing Henderson Centre with an aim to enhance the value of the Group's existing holding of the units in the project which will be re-launched for sale at a later date. Over 90% of the residential units in the Heng Bao Garden project of the Group located in Guangzhou had been sold. Moreover, around 80% and 50% of Phase VIII and Phase IX respectively of the Group's joint venture development project known as the Lexi New City located in Panyu District had also been sold and sales continued to make steady progress for this project.

During the period under review, the rental property business of the Group in all major cities, with the exception of Beijing, made satisfactory progress. In Beijing, certain tenants in the Beijing Henderson Centre breached the tenancy agreements and vacated the premises. Refurbishment will now be undertaken at the shopping arcade in the Beijing Henderson Centre and the vacated shop units will be leased out again in the third quarter of 2003 after the launch of a new marketing campaign. Furthermore, the shopping premises of Shanghai Skycity had also been fully let whilst occupancy of the office units in this project also exceeded 60%. Heng Bao Plaza, which is located right above the Changshou Road underground railway station in Guangzhou and gradually becomes widely recognised as one of the more popular large-scale shopping centres in the busy Li Wan District shopping area, has progressed well with the leasing of its Basement Level 1 and the three additional shopping floors upto Level 3, recording an average occupancy rate of almost 70%.

PROSPECTS

Availing the existing opportunities in the marketplace, the Group is making preparation for timely development of suitable property sites within the Group's land bank including the commercial project located in Chao Yang District of Beijing and the commercial-cum-residential project in Fangcun in Guangzhou, and also divesting those relatively small land sites within the Group's land bank with an aim to consolidate the resources of the Group.

On the property investment front, the Group will continue to step up efforts for enhancing rental return on its various investment properties. The shopping centre of Henderson Centre in Beijing will later be re-packaged and promoted through a new marketing campaign, aimed at attracting fashionable shops for the young generation in Beijing. As for Heng Bao Plaza in Guangzhou, the Group will also take steps to enhance the rental income.

In light of the concerns of the central government on the over-heating in certain areas in the Mainland, the Group will undertake a review of the various property projects in hand and determine the strategies for future developments so as to reflect the value of the Group's properties under the prevailing conditions in the marketplace.