

Interim Report 2003/2004

HENDERSON CHINA HOLDINGS LIMITED

Interim Results and Dividend

The Board of Directors announces that for the six months ended 31st December, 2003, the unaudited consolidated net loss of the Group after taxation and minority interests amounted to HK\$31.7 million, as compared with the restated net loss of HK\$104.5 million recorded in the corresponding period of the previous financial year. Loss per share was HK\$0.06.

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 21st April, 2004.

Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, turnover of the Group amounted to approximately HK\$52 million, representing a decrease of 57% when compared to approximately HK\$120 million that was recorded in the corresponding period of the previous financial year. Due to the relatively low sales in respect of remaining properties earlier completed and reconfiguration work which was undertaken in respect of certain of the Group's rental retail shopping properties during the period under review, a loss of approximately HK\$31 million was recorded.

Property Market

During the period under review, property markets in major cities in Mainland China have benefited from increased foreign investment and sustained growth of domestic export. As market participants anticipate large-scale events of the Olympic Games and World Expo that will be held in Beijing and Shanghai as well as other big cities will bring about plentiful business opportunities, property markets in major cities have been kept active. Although tourism and consumer spending in Mainland China had suffered a set-back resulting from the outbreak of Severe Acute Respiratory Syndrome in the first half of 2003, market conditions had shown a quick rebound in the second half of last year. On the property front, Grade A office and retail shopping properties in Mainland China also witnessed strong growth in demand and the condition of the residential market continued to show further improvement.

Property Development

During the period under review, the Group put up the remaining units in the previously completed development projects for sale and these mainly included the Heng Bao Garden in Guangzhou, the Everwin Garden, the Comfort Mansion and the Skycity project in Shanghai as well as Lexi New City Phase VIII – Luotao South Zone Villa and Phase IX – Green Island House located in Panyu, Guangdong Province. All of the residential units in the Comfort Mansion and Skycity project were sold out whilst sale of the Lexi New City project continued to achieve good results as in the past and almost all of the residential units in Phase VIII were sold out during the period under review. The residential units in Phase IX of this project, which had been put up for sale at a later date, were also more than 70% sold.

In the period under review, the Group increased its shareholding interests in the project site located at No. 2 Guan Dong Dian, Chao Yang District in Beijing (the old Beijing Lightbulb Factory site) from 70% to 100%. As a result, the Group will be able to fully develop the potential and enhance the economic return of this project. This project is located in the central commercial area of Beijing city and will be developed into a large-scale mixed-use development with a total gross floor area of approximately 2.65 million sq.ft..