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HSBC 
The HSBC China Fund Limited
(Incorporated as an exempted company in the Cayman Islands with limited liability)

The Directors have resolved to increase the valuation of the Company's investment in New World Sun City Limited ("NWSC"), to make a further provision against the Company's investment in A-S China and not to recommend the payment of a dividend for the six months ended 31 December, 2002.

Terms appearing in this announcement shall have the same meaning given to them in the letter from the board of directors of the Company to the Shareholders dated 11 October, 2002.

At a Board meeting held on 14 January, 2003, the Directors discussed the Company's agreement to sell its investment in NWSC and NWSC's undertaking to realise and distribute to its shareholders their pro-rata share of its remaining assets. Based on proceeds receivable from the sale and future cashflow arising from the investment, the Directors resolved that the investment should be revalued from US\$609,947 to US\$2,955,709. The Directors expect that this revaluation will be reflected in the accounts of the Company as of, and for the year ended, 31 December, 2002.

At the same Board meeting, the Directors discussed the prospects of A-S China and resolved that, in light of a decline in market conditions and the financial performance of A-S China, an additional provision for the amount of US\$1,732,100, should be made against the Company's investment in A-S China. The Directors expect that this provision, which is equivalent to 25 per cent. of the cost of the Company's investment in A-S China as at 30 June, 2002, will be reflected in the accounts of the Company as of, and for the year ended, 31 December, 2002. This provision will be made further to a provision of US\$1,750,000 against the Company's investment in A-S China which was reflected in the Company's interim accounts as of 30 June, 2002. The Directors wish to emphasise that whilst they consider the provision to be adequate in view of information regarding A-S China with which the Directors have been provided, the Directors can express no view on the value at which Shareholders may realise A-S China Shares following completion of the proposed Distribution, if such Distribution is effected, or the price at which A-S China Shares may trade on the GEM following their listing. The Directors note that, as at the date of this announcement, the conditions of the Distribution have not been satisfied.

As a result of the revaluation and further provision mentioned above, the net asset value of each HCF Share has increased from US\$0.265 as at 30 November, 2002 to US\$0.288 as at 31 December, 2002. Shareholders should note that the revaluation and provision amounts referred to above are subject to audit.

The Directors have also resolved not to recommend the payment of a dividend for the six months ended 31 December, 2002.

By order of the board
Donald P H Liao
Director
Hong Kong, 14 January, 2003