



HENDERSON CHINA HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

2002/2003

Annual Results

CHAIRMAN'S STATEMENT

I am pleased to present to the Shareholders my report on the operations of the Group.

PROFIT AND TURNOVER

The Group's consolidated net loss after taxation and minority interests for the financial year ended 30th June, 2003 amounted to approximately HK\$395 million, mainly attributed to the provisions made on the property projects of the Group and bad debts written off by the Group which amounted to HK\$307 million in aggregate. This compares with net profit of HK\$133 million that was recorded in the same period in the previous financial year. Turnover of the Group amounted to HK\$188 million for the financial year ended 30th June, 2003 whilst HK\$578 million was recorded as the Group's turnover in the previous financial year.

DIVIDENDS

Your Board recommends the payment of a final dividend of HK\$0.03 per share to shareholders whose names appear on the Register of Members of the Company on 1st December, 2003. The total distribution per share of HK\$0.06 for the full year, including the interim dividend of HK\$0.03 per share already paid, represents a decrease of 50% from the total distribution in the previous year. Warrants for the final dividend will be sent to shareholders on 3rd December, 2003.

BUSINESS REVIEW

Property Market

In Mainland China, property markets in major cities have benefited from the sound administrative policies of the government. Strong growth was witnessed in the export trade leading to steady performance in property markets. As major world-class events of the Olympic Games and World Expo will be respectively hosted by Beijing and Shanghai, economic activities increased in these major cities. Although the outbreak of the Severe Acute Respiratory Syndrome ("SARS") in March of this year brought about adverse effects on the domestic economy for a brief interval, inflow of foreign investment to Mainland China generally continued to record increase. The office as well as retail shopping properties remained in good demand whilst markets in the residential sector also showed satisfactory performance.

Property Development

During the financial year under review, the Group put up the remaining units in the previously completed development projects for sale and these included the residential portion of Heng Bao Garden which is located on top of the Changshou Road Station of the Metro Line in Guangzhou, the Everwin Garden and the Skycity in Shanghai as well as the Group's joint venture development project of Lexi New City Phase VIII - Luotao South Zone Villa and Phase IX - Green Island House located in Panyu, Guangdong Province. The residential units of the Heng Bao Garden have almost been completely sold. Further, all of the completed residential units in the Skycity project in Shanghai were also sold out as a result of the focussed marketing efforts in the financial year, whilst sale of the remaining units in the Everwin Garden also increased significantly. As for sale of residential units in the Phase VIII and Phase IX of the Lexi New City project, these developments continued to record good sales results as in the past and almost all of the residential units in Phase VIII were sold out during the financial year under review. Around 50% of the residential units in Phase IX of this project, which had been put up for sale at a later date, were also sold.

The Group disposed of its interests in certain small-scale undeveloped sites to a third party during the period under review and received sales proceeds of around HK\$276 million. At the end of the period under review, the Group took a conservative approach and made provisions on certain property projects located in Guangzhou and Shanghai for an amount of approximately HK\$260 million to reflect the value of such relevant projects as at relevant financial year-end date.

During the financial year under review, the Group's shareholdings in the joint venture company that developed The Grand Gateway were exchanged for the Group's interest in the entire development right of one block of 42-storey office tower. Satisfactory progress has been made in respect of the construction work of this office tower and the superstructure building work has now reached the 10th floor. Upon its completion, currently scheduled in mid-2005, this will add approximately 660,000 sq.ft. in attributable gross floor area to the investment property portfolio of the Group.

Property Rental

During the period under review, certain tenants in the Henderson Centre in Beijing breached the tenancy agreement and vacated the premises and this has given rise to the write-off of bad debts relating to property rental in the amount of approximately HK\$37.4 million. Under a new round of marketing campaign planned for the leasing of the commercial podium of the Heng Bao Garden in Guangzhou, new tenants have gradually been signed up and moved in. Further, the shopping podium at the Skycity in Shanghai remained fully leased with stable rental income.

PROSPECTS

The economy in Mainland China has continued to witness steady growth. This is expected to lead to gradual and stable development in the overall property market in the mainland. From a long term perspective, the value of properties situate in the major cities have good potential for appreciation and this will be particularly applicable for the cities of Beijing and Shanghai.

The Group holds plentiful development land bank in major cities in the mainland. Conditions are becoming ripe now for development of certain of these development sites and construction work for two of the Group's projects, namely, those located at 2 Guan Dong Dian, Chao Yang District in Beijing (the old Beijing Lightbulb Factory site) and 210 Fangcun Avenue, Fangcun District in Guangzhou (the old Guangzhou Preservation Fruit Factory site), is expected to commence in the current financial year. In respect of property leasing, the Group has just concluded a retailing management contract with an associate company of Henderson Land Development Company Limited, namely, Beijing Youyi Shopping City Co., Ltd. ("Youyi") whereby Youyi and the Group will work together to seek leasing tenants to certain dedicated spaces located at the shopping podium of the Henderson Centre in Beijing. It is currently planned that leasing will be promoted under the joint name of "Henderson-Yan Sha". With the long history of establishment of department store business by Youyi under the trading name of "Yan Sha" in Beijing and the wide recognition of the "Yan Sha" name associated with retailing in the marketplace, it is expected that this will project a fresh image to the shopping podium of the Henderson Centre upon the opening of business that is expected by the Second Quarter of next year.

Continued progress will be made in respect of the property development business of the Group. Further, property rental will provide a source of steady income to the Group. Your Group will expedite the development and sale of its existing property projects.

Lee Ka Kit
Chairman

Hong Kong, 2nd October, 2003

ANNOUNCEMENT

BUSINESS RESULTS

The Group's consolidated net loss after taxation and minority interests for the financial year ended 30th June, 2003 amounted to approximately HK\$395 million, mainly attributed to the provisions made on the property projects of the Group and bad debts written off by the Group which amounted to HK\$307 million in aggregate. This compares with net profit of HK\$133 million that was recorded in the same period in the previous financial year. Turnover of the Group amounted to HK\$188 million for the financial year ended 30th June, 2003 whilst HK\$578 million was recorded as the Group's turnover in the previous financial year.

The audited consolidated results for the year ended 30th June, 2003 are as follows:

Consolidated Profit and Loss Account

	Notes	For the year ended 30th June	
		2003 HK\$'000	2002 HK\$'000
Turnover	1	188,330	577,612
Cost of sales / services		<u>(69,968)</u>	<u>(292,439)</u>
		118,362	285,173
Other revenue		7,207	5,483
Other net income / (loss)	2	18,885	(3,512)
Selling expenses		(15,431)	(30,787)
Administrative expenses		(108,759)	(87,149)
Other operating expenses	3	<u>(322,469)</u>	<u>(10,558)</u>
(Loss) / profit from operations	1	(302,205)	158,650
Finance costs	4(a)	<u>(16,637)</u>	<u>(8,141)</u>
		(318,842)	150,509
Share of losses less profits of associates		<u>(62,491)</u>	<u>(7,454)</u>
(Loss) / profit from ordinary activities before taxation	4	(381,333)	143,055
Taxation	5	<u>(17,493)</u>	<u>(6,554)</u>
(Loss) / profit from ordinary activities after taxation		(398,826)	136,501
Minority interests		<u>3,643</u>	<u>(3,615)</u>
(Loss) / profit attributable to shareholders		<u>(395,183)</u>	<u>132,886</u>
Dividends attributable to the year	7		
Interim dividend declared during the year		14,903	29,807
Final dividend proposed after the balance sheet date		<u>14,903</u>	<u>29,807</u>
		29,806	59,614
(Loss) / earnings per share	8	<u>HK\$ (0.80)</u>	<u>HK\$ 0.27</u>

Notes to the Consolidated Profit and Loss Account

1 SEGMENTAL INFORMATION

- (a) Segmental information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

The Group comprises the following main business segments:

Property development	—	the development and sale of properties
Property investment	—	the leasing of properties to generate rental income
Finance	—	the provision of financing to generate interest income
Management and sales commissions	—	the provision of property management services to generate management income
Guaranteed return on investment	—	the investment of Tianjin An-Ju project to generate guaranteed return

For the year ended 30th June, 2003

	Property development HK\$'000	Property investment HK\$'000	Finance HK\$'000	Management and sales commissions HK\$'000	Guaranteed return on investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Turnover	<u>91,042</u>	<u>41,291</u>	<u>40,931</u>	<u>15,066</u>	<u>—</u>	<u>—</u>	<u>188,330</u>
External revenue	<u>91,042</u>	<u>41,291</u>	<u>40,931</u>	<u>15,066</u>	<u>—</u>	<u>—</u>	<u>188,330</u>
Segment result	<u>(201,929)</u>	<u>(124,317)</u>	<u>35,626</u>	<u>(3,462)</u>	<u>—</u>	<u>(8,123)</u>	<u>(302,205)</u>
Loss from operations							<u>(302,205)</u>

For the year ended 30th June, 2002

	Property development HK\$'000	Property investment HK\$'000	Finance HK\$'000	Management and sales commissions HK\$'000	Guaranteed return on investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Turnover	<u>398,391</u>	<u>67,503</u>	<u>81,865</u>	<u>26,168</u>	<u>3,685</u>	<u>—</u>	<u>577,612</u>
External revenue	<u>398,391</u>	<u>67,503</u>	<u>81,865</u>	<u>26,168</u>	<u>3,685</u>	<u>—</u>	<u>577,612</u>
Segment result	<u>43,341</u>	<u>20,673</u>	<u>64,603</u>	<u>25,131</u>	<u>3,685</u>	<u>1,217</u>	<u>158,650</u>
Profit from operations							<u>158,650</u>

(b) No geographical analysis of the Group's revenue and results is shown as less than 10% of the Group's operations are outside the People's Republic of China ("PRC").

2 OTHER NET INCOME / (LOSS)

	<u>For the year ended 30th June</u>	
	2003	2002
	<u>HK\$'000</u>	<u>HK\$'000</u>
Other net income / (loss) includes:		
Profit on disposal of interest in subsidiaries	99,530	—
(Loss) / profit on disposal of interest in associates	<u>(78,294)</u>	<u>4,351</u>

3 OTHER OPERATING EXPENSES

	<u>For the year ended 30th June</u>	
	2003	2002
	<u>HK\$'000</u>	<u>HK\$'000</u>
Provisions on property projects	262,500	—
Bad debts written off / provision	44,566	5,048
Others	<u>15,403</u>	<u>5,510</u>
	<u>322,469</u>	<u>10,558</u>

4 (LOSS) / PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

The consolidated (loss) / profit from ordinary activities before taxation is arrived at after charging / (crediting):

(a) Finance costs

	<u>For the year ended 30th June</u>	
	2003	2002
	<u>HK\$'000</u>	<u>HK\$'000</u>
Bank interest	42,428	74,597
Interest on loans wholly repayable within five years	16,828	17,423
Other borrowing costs	<u>1,111</u>	<u>3,800</u>
Total borrowing costs	60,367	95,820
Less: amount capitalised *	<u>43,730</u>	<u>87,679</u>
	<u>16,637</u>	<u>8,141</u>

* Borrowing costs have been capitalised approximately at a rate of 2.50% (2002: 3.96%) per annum.

(b) Items other than those separately disclosed in notes 2 to 4(a):

	For the year ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Staff costs	62,502	53,328
Less: amount capitalised	18,981	30,677
	<u>43,521</u>	<u>22,651</u>
Depreciation	2,803	1,584
Less: amount capitalised	—	679
	<u>2,803</u>	<u>905</u>
Cost of completed properties for sale	68,083	292,439
Dividends from unlisted investment securities	(4,888)	—

5 TAXATION

(a) Taxation in the consolidated profit and loss account represents:

	For the year ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
The Group		
— Hong Kong	(400)	(613)
— Outside Hong Kong	(20,882)	(3,851)
Associates		
— Outside Hong Kong	3,264	(14,256)
Tax Indemnity (Note 6)	525	12,166
	<u>(17,493)</u>	<u>(6,554)</u>

Provision for Hong Kong Profits Tax has been made at 17.5% (2002: 16%) on the estimated assessable profits for the year.

Provision for taxation outside Hong Kong is provided for at the applicable rates of taxation for the year on the estimated assessable profits arising in the relevant foreign jurisdiction during the year.

(b) No provision for deferred taxation has been made in the accounts as the directors consider that no liability would be likely to arise as a result of the reversal of timing differences in the foreseeable future.

6 TAX INDEMNITY

Tax indemnity represents indemnity receivable from an intermediate holding company, Henderson Land Development Company Limited, pursuant to an indemnity deed dated 15th March, 1996 in respect of PRC income tax and Land Appreciation Tax ("LAT") payable by the Group in consequence of the disposal by the Group of any of its property interests owned by the Group as at 31st December, 1995 ("Property Interests") insofar as such taxation is attributable to the difference between (i) the value attributed to the relevant Property Interests in the valuation of the Group's Property Interests by DTZ Debenham Tie Leung Limited (formerly C. Y. Leung & Company Limited) as at 31st December, 1995 ("the Valuation") and (ii) the aggregate of the attributable costs of such Property Interests incurred up to 31st December, 1995 and the attributable amount of unpaid land costs, unpaid land premium and unpaid costs of resettlement, demolition and public utilities and other deductible costs in respect of such Property Interests, on the assumption that such Property Interests are disposed of at the value attributed to them in the Valuation and computed by reference to the current rates and legislation governing PRC income tax and LAT.

7 DIVIDENDS

	For the year ended 30th June	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend declared and paid of HK\$0.03 per share (2002: HK\$0.06 per share)	14,903	29,807
Final dividend proposed after balance sheet date of HK\$0.03 (2002: HK\$0.06 per share)	14,903	<u>29,807</u>
	<u>29,806</u>	<u>59,614</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

8 (LOSS) / EARNINGS PER SHARE

The calculation of (loss) / earnings per share is based on the loss attributable to shareholders of HK\$395,183,000 (2002: profit of HK\$132,886,000) and on 496,776,205 ordinary shares (2002: 496,776,205 ordinary shares) in issue during the year. There was no potential dilution of loss per share during the year and no potential dilution of earnings per share for 2002.

9 COMPARATIVE FIGURES

"Other operating expenses" was added on the face of consolidated profit and loss account which management of the Group considers that it would better reflect the substance of the underlying transactions. Certain comparative figures have been reclassified in this respect to conform with the current year's presentation.

DIVIDENDS

Your Board recommends the payment of a final dividend of HK\$0.03 per share to shareholders whose names appear on the Register of Members of the Company on 1st December, 2003. The total distribution per share of HK\$0.06 for the full year, including the interim dividend of HK\$0.03 per share already paid, represents a decrease of 50% from the total distribution in the previous year. Warrants for the final dividend will be sent to shareholders on 3rd December, 2003.

CLOSING OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 25th November, 2003 to Monday, 1st December, 2003, both days inclusive, during which period no requests for the transfer of shares will be accepted. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 24th November, 2003.

FINANCIAL REVIEW

Review of Results

During the financial year under review, turnover of the Group decreased to approximately HK\$188 million (2002: HK\$578 million) and the Group posted a loss attributable to shareholders that amounted to approximately HK\$395 million (2002: Profit of HK\$133 million). The Group incurred a loss in its operating results in the financial period under review mainly as a result of a decrease in the Group's operating income, and provisions made on certain property projects as well as bad debts written off in relation to property rental.

Turnover from property sales for the financial year under review amounted to approximately HK\$91 million (2002: HK\$398 million) which was contributed mainly from sale of residential units in the Heng Bao Garden project in Guangzhou that was earlier completed by the Group as well as the stock units of other completed projects. The Group's property development segment generated a profit of HK\$61 million before making provisions on the property projects (2002: HK\$43 million). As the Group made provisions on certain property projects which amounted to HK\$263 million during the financial year under review, the final segmental result of the Group's property development business turned out incurring a loss of HK\$202 million (2002: Profit of HK\$43 million).

On the Group's property investment front, the segmental result was affected by a reduction in rental income during the financial year under review. Gross rental income of the Group decreased to approximately HK\$41 million (2002: HK\$68 million) during the financial year under review. As some of the tenants in the Group's Beijing Henderson Centre breached the tenancy agreements and vacated the premises at the end of 2002, the Group has written off bad debts in relation to property rental in the amount of HK\$37 million during the financial year under review and a loss of approximately HK\$124 million (2002: Profit of HK\$21 million) was reported in the Group's property investment business during the financial year under review.

Income from the finance services business of the Group, which were mainly attributed to interest income from advances made to the Group's project companies as well as from property mortgage loans extended to purchasers of the Group's property units, decreased to approximately HK\$36 million (2002: HK\$65 million) as compared to that recorded in the previous financial year owing to the fact that interest rate stayed at constantly low level during the financial year under review.

During the financial year under review, the reduced income received from the project management and property management services provided by the Group gave rise to a loss of approximately HK\$3 million (2002: Profit of HK\$25 million) in the management and sales commission segment of the Group during the period.

Liquidity, Financial Resources and Capital Structure

As at 30th June, 2003, the Group's total net bank borrowings after deducting cash holdings of approximately HK\$761 million amounted to approximately HK\$993 million. All of the Group's borrowings were unsecured and were mainly obtained on a committed term basis. The maturity profiles of the Group's bank loans and borrowings outstanding as at the end of the two prior financial years are presented respectively as follows:

	2003	2002
	HK\$'000	HK\$'000
Bank Loans and Borrowings Repayable:		
Within 1 year	332,201	467,744
After 1 year but within 2 years	1,350,075	597,143
After 2 years but within 5 years	71,000	759,316
Total Bank Loans and Borrowings	1,753,276	1,824,203
Less: Cash At Bank and In Hand	(760,751)	(394,664)
Total Net Bank Borrowings	992,525	1,429,539

As of 30th June, 2003, shareholders' funds of the Group amounted to approximately HK\$7,036 million (2002: HK\$7,660 million) representing a decrease of 8.1% compared to that registered as at the end of the previous financial year. This was mainly attributed to diminution in the value of the Group's investment properties that amounted to HK\$181 million after these properties were revalued, and the operating loss incurred by the Group during the financial year under review. Nevertheless, the Group possesses a large capital base and is in a strong financial position with continuously reducing net debt position. With adequate cash on hand and committed banking facilities in place, the Group has sufficient financial resources to meet the funding requirements of its ongoing operations as well as future business development.

Gearing Ratio & Financial Management

As at the end of the financial year under review, the gearing ratio of the Group which was calculated on the basis of the total net bank borrowings as a ratio of the Group's shareholders' funds amounted to 14.1% (2002: 18.7%). During the financial year under review, the Group recorded an operating loss of HK\$302 million.

The Group's financing and treasury activities were managed centrally at the corporate level. Bank loans of the Group were obtained in Hong Kong Dollars as well as in Renminbi. As at 30th June, 2003, the majority of the Group's bank borrowings was denominated in Hong Kong Dollars with the remaining balance being denominated in Renminbi. For bank loans which were obtained by the Group in the Hong Kong currency, loan interests were chargeable mainly based on certain agreed interest margins over the Hong Kong Interbank Offer Rate

and such banking facilities were therefore of floating rate in nature. As for the bank borrowings which were denominated in Renminbi, these are linked to fixed interest rates for commercial loans as announced by The People's Bank of China from time to time. The use of financial derivative instruments is strictly controlled and is solely for management of the Group's interest rate and foreign currency exchange rate exposures in connection with its borrowings. In order to further contain its borrowing costs, the Group will consider making use of interest rate swap instruments when appropriate, to lock in short to medium term interest rate for a portion of the Group's floating rate borrowings.

As at 30th June, 2003, the outstanding bank borrowings amounted to approximately HK\$1,753 million (2002: HK\$1,824 million). Further, loans from fellow subsidiaries amounted to approximately HK\$1,128 million (2002: HK\$617 million). During the financial period under review, the interest expenses incurred on the Group's borrowings amounted to approximately HK\$59 million (2002: HK\$92 million) for the financial year under review. As for the finance costs which was arrived at after interest capitalisation, this amounted to approximately HK\$17 million (2002: HK\$8 million). With an aim to fix a portion of the Group's Hong Kong Dollar loan rates at the current low level, the Group has entered into Hong Kong Dollars interest rate swap agreements in respect of a portion of such borrowings during the financial year under review.

As at the end of the financial year under review, the majority of the Group's borrowings was denominated in Hong Kong dollars with the remaining balance being denominated in Renminbi. As a whole, the core operations of the Group were not exposed to any significant foreign exchange risks. The Group did not enter into any currency hedging agreement in the financial year under review.

Assets of the Group had not been charged to any third parties in the financial year under review.

Future Plans of Material Investments or Capital Assets

As at 30th June, 2003, commitment of the Group amounted to HK\$3,962 million (2002: HK\$3,725 million). Out of these commitments, HK\$2,313 million (2002: HK\$2,810 million) were mainly related to contracted obligations of the Group for future development costs and expenditures to be incurred on several projects of the Group in the short to medium term with the remaining amount of HK\$1,649 million (2002: HK\$915 million) being related to the Group's commitment in respect of future development costs and expenditures of the new development projects of the Group which was authorized but not yet contracted for as at the end of the financial year under review.

Contingent Liabilities

In support of the banking facilities extended to the Group's treasury subsidiaries and project subsidiaries, the Company has given guarantees to commercial banks, and as at the balance sheet date, the Company's contingent liabilities relating to the utilised amount of such banking facilities summed up to HK\$1,031 million (2002: HK\$1,023 million). The other contingent liabilities of the Group were mainly represented by guarantees given by the Group to banks in support of the mortgage financing provided by them to purchasers of properties

developed by the Group and this amounted to HK\$229 million (2002: HK\$269 million) as at the end of the current financial year. These guarantees are short term in nature and the Group's obligations continue to be gradually relinquished along with the issuance of the property title documents for each sold unit.

EMPLOYEES

As at 30th June, 2003, the number of employees of the Group was about 1,000, of which about 100 were employed in Hong Kong and the others were employed in Mainland China. The remuneration of employees was in line with the market trend and commensurable to the level of pay in the industry. Discretionary year-end bonus was paid to employees based on individual performance. Employees of the Group may be granted share options. Other benefits to employees include medical insurance, retirement schemes, training programmes and educational subsidies.

Total employees' costs for the year ended 30th June, 2003 amounted to HK\$62.5 million as compared to HK\$53.3 million for the previous financial year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DETAILED RESULTS ANNOUNCEMENT

All the financial and other related information of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") will be published on the Stock Exchange's website in due course.

By Order of the Board

John Yip

Secretary

Hong Kong, 2nd October, 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Shareholders of the Company will be held at the Stork and Bamboo Rooms, Mandarin Oriental, 5 Connaught Road Central, Hong Kong on Monday, 1st December, 2003 at 10:00 a.m. for the following purposes:

1. To receive and consider the Audited Statement of Accounts and the Reports of the Directors and Auditors for the year ended 30th June, 2003.
2. To declare a Final Dividend.
3. To re-elect retiring Directors and fix the Directors' remuneration.
4. To re-appoint Auditors and authorise the Directors to fix their remuneration.
5. To consider as special businesses and, if thought fit, pass the following resolutions as Ordinary Resolutions:

(A) **"THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase ordinary shares of HK\$1.00 each in the capital of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Securities and Futures Commission for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company to be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda (as amended from time to time) or any other applicable laws to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”

(B) **“THAT:**

(a) a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, provided that the aggregate nominal amount of the share capital of the Company to be allotted, issued and dealt with pursuant to the general mandate herein, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries and such other grantees as specified in such option scheme or similar arrangement of shares or rights to acquire shares of the Company, or (iii) an issue of shares in the Company upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company, or (iv) any scrip dividend pursuant to the Bye-laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and

(b) for the purposes of this Resolution:

“Relevant Period” shall have the same meaning as assigned to it under Ordinary Resolution (A) of item no. 5 as set out in the notice convening this Meeting; and

“Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(C) **“THAT:**

the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to Ordinary Resolution (B) of item no. 5 as set out in the notice convening this Meeting be and is hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with

by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company since the granting of the said general mandate pursuant to the exercise by the Directors of the powers of the Company to repurchase such shares under the authority granted pursuant to Ordinary Resolution (A) of item no. 5 as set out in the notice convening this Meeting provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution.”

6. To consider as special business and, if thought fit, pass the following resolution as a Special Resolution:

“THAT:

the Bye-laws of the Company be and are hereby amended in the following manner:

(a) Bye-law 1

- (i) by deleting the words “Section 2 of the Securities and Futures (Clearing House) Ordinance of Hong Kong” in the definition “clearing house” and substituting therefor the words “the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)”.
- (ii) by adding the following definitions:

“Director” a director of the Company.

“Listing Rules” the rules which govern the listing of the shares of the Company on the Designated Stock Exchange as amended from time to time.

(b) Bye-law 84

by deleting the existing Bye-law 84 and replacing it with the following new Bye-law 84:

“84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and

class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.

- (3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.”

(c) Bye-law 122

by deleting Bye-law 122 in its entirety and substituting therefor the following paragraph:

“Any decision that may be made or any action that may be taken by the Directors or a committee of Directors at a meeting may be passed as a resolution of the Directors or the committee of Directors if such resolution is consented to in writing or by telex, telegram, cable, facsimile, electronic mail or other written electronic communication by all the directors of the Company (or their respective alternates, where appropriate) or all the members of the committee of Directors, as the case may be, without the need for any notice. Such written consent may be contained in one document or in several documents. Any resolution so passed shall be as valid and effectual as if the resolution had been passed at a meeting of the Directors or of the committee of Directors respectively duly convened and held.”

(d) Bye-law 160

by adding immediately following the words “facsimile transmission message” in the first sentence the words “, or electronic communication, including but not limited to, publication on the Company’s website and/or the Designated Stock Exchange’s website and/or by such other method of electronic communication to the extent permitted by and in accordance with the Listing Rules and any applicable laws,” and also immediately following the words “facsimile transmission number” in the first sentence the words “or electronic mail address”.”

By Order of the Board
John Yip
Secretary

Hong Kong, 2nd October, 2003

Registered Office:

Clarendon House,
Church Street,
Hamilton HM11,
Bermuda.

Head Office:

6th Floor, World-Wide House,
19 Des Voeux Road Central,
Hong Kong.

Principal Place of Business:

Rooms 2601-3, 26th Floor, AIA Tower,
183 Electric Road,
North Point,
Hong Kong.

Notes:

- (1) A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member. Form of proxy must be lodged at the head office of the Company at 6th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.
- (2) The Register of Members of the Company will be closed from Tuesday, 25th November, 2003 to Monday, 1st December, 2003, both days inclusive, during which period no requests for transfer of shares will be accepted.
- (3) In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 24th November, 2003.
- (4) An explanatory statement containing further details concerning Ordinary Resolution (A) of item 5 above will be sent to Members together with the 2003 Annual Report.
- (5) Concerning Ordinary Resolutions (B) and (C) of item 5 above, approval is being sought from Members, as a general mandate in compliance with the Rules Governing the Listing of Securities on the Stock Exchange, that in the event it becomes desirable for the Company to issue any new shares of the Company, the Directors are given flexibility and discretion to allot and issue new shares up to 20 per cent. of the issued share capital plus the number of shares repurchased by the Company pursuant to the general mandate approved in Ordinary Resolution (A) of item 5 above. The Directors, however, have no immediate plans to issue any new shares of the Company.

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of Henderson China Holdings Limited (“the Company”) will be held at the Stork and Bamboo Rooms, Mandarin Oriental, 5 Connaught Road Central, Hong Kong, on 1st December, 2003 at 10:30 a.m. (or as soon as practicable immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be convened for the same day and place at 10:00 a.m.) or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution, with or without modification, as Ordinary Resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) subject to and conditional upon the passing of an ordinary resolution by the shareholders of Henderson Land Development Company Limited (the “Holding Company”) in its general meeting (the “Henderson Land Meeting”) approving the termination of the existing share option scheme for the employees and executive directors of the Company or its subsidiaries, which was adopted by the Company in its general meeting on 15th March, 1996 (the “Existing Share Option Scheme”), the Existing Share Option Scheme be and is hereby terminated with effect from the conclusion of this meeting or the conclusion of the Henderson Land Meeting, whichever is the later; and
- (ii) subject to and conditional upon (a) the passing of an ordinary resolution by the shareholders of the Holding Company at the Henderson Land Meeting approving the adoption of the share option scheme of the Company (the “New Share Option Scheme”), the rules of which are contained in the circular marked “A” produced to this meeting and for the purposes of identification signed by the Chairman thereof; and (b) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of, and permission to deal in, shares of the Company representing 10% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme to be issued and allotted pursuant to the exercise of any options granted under the New Share Option Scheme, the New Share Option Scheme be and is hereby approved and adopted with effect from the date of this meeting or the date the New Share Option Scheme is approved at the Henderson Land Meeting, whichever is the later, and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:
 - (a) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares in the Company;

- (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”);
- (c) to issue and allot from time to time such number of shares in the Company as may be required to be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme and subject to the Listing Rules;
- (d) to make application at the appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of, and permission to deal in, any shares in the Company which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

By Order of the Board

John Yip
Secretary

Hong Kong, 2nd October, 2003

Notes:

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be lodged at the head office of the Company at 6th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. At any general meeting on a show of hands every member present in person or by proxy shall have one vote.

Please also refer to the published version of this announcement in South China Morning Post.