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恒基中國集團有限公司
HENDERSON CHINA HOLDINGS LIMITED

Incorporated in Bermuda with limited liability

Executive Directors:

Lee Ka Kit (*Chairman and President*)

Lee Shau Kee

Colin Lam Ko Yin

Lee King Yue

Leung Sing

Lee Ka Shing

Patrick Kwok Ping Ho

Ho Wing Fun

Cheung Fong Ming

Li Sek Yin

Independent Non-executive Directors:

Philip Yuen Pak Yiu

Liang Shangli

Non-Executive Director:

Wong Ying Wai

Kan Fook Yee

Hong Kong Head Office:

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Hong Kong

**GENERAL MANDATES FOR REPURCHASE BY THE COMPANY OF ITS OWN SHARES
AND TO ISSUE SHARES**

AND

AMENDMENTS TO THE BYE-LAWS

To the Shareholders of the Company

Dear Sir/Madam,

**GENERAL MANDATES FOR REPURCHASE BY THE COMPANY OF ITS OWN SHARES
AND TO ISSUE SHARES
AND
AMENDMENTS TO THE BYE-LAWS**

The purpose of this document is to provide you with information regarding the proposed general mandates for repurchase by the Company of its own shares and to issue shares, the proposed amendments to the bye-laws of the Company ("Bye-laws") and to seek your approval at the annual general meeting of the Company to be held on 1st December, 2003 at 10:00 a.m. ("Annual General Meeting") in connection with, inter alia, such matters.

At the annual general meeting held on 18th December, 2002, general mandates were given to the directors of the Company ("Directors") (i) to exercise the powers of the Company to repurchase shares of HK\$1.00 each of the Company ("Shares") up to a maximum of ten per cent. of the issued share capital of the Company at the date of the ordinary resolution and (ii) to allot, issue and deal with Shares not exceeding twenty per cent. of the issued share capital of the Company at the date of the ordinary resolution. These mandates will lapse at the conclusion of the Annual General Meeting.

An ordinary resolution set out in the notice convening the Annual General Meeting dated 2nd October, 2003 contained in the Company's annual report for the year ended 30th June, 2003 ("Notice") will be proposed at the Annual General Meeting to grant a general mandate to the Directors to exercise the powers of the Company to repurchase at any time until the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution or such earlier period as stated therein, Shares up to a maximum of ten per cent. of the issued share capital of the Company as at 1st December, 2003 ("Repurchase Mandate").

An explanatory statement, as required under the relevant rules set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") regulating the repurchase by companies with primary listings on the Stock Exchange of their own shares on the Stock Exchange ("Shares Repurchase Rules"), to provide the requisite information for your consideration of the Repurchase Mandate is set out in the Appendix hereto.

Ordinary resolutions as set out in the Notice will be proposed at the Annual General Meeting to grant a general mandate to the Directors to allot, issue and deal with Shares not exceeding twenty per cent. of the issued share capital of the Company ("Issue Mandate") and to extend the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate.

In addition, your attention is drawn to the special resolution to be proposed at the Annual General Meeting to approve certain amendments to the existing Bye-laws to effect, amongst other things, the following changes:

- (a) to delete the reference to the repealed Securities and Futures (Clearing Houses) Ordinance of Hong Kong and to substitute therefor the reference to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) which came into effect from 1st April, 2003, and to provide additional definitions for certain terms for the purpose of clarification;
- (b) to amend the provisions relating to the appointment of representatives by corporations to include clearing house and its nominees, being members of the Company, to attend and vote at meetings of the Company;
- (c) to allow the Directors or a committee of Directors to make any decisions or actions by the consent of all the directors of the Company in writing or by telex, telegram, cable, facsimile, electronic mail or other written electronic communication; and
- (d) to permit the Company to serve notice on shareholders of the Company by electronic means.

Details of the proposed amendments to the Bye-laws are set out in Resolution No. 6 of the Notice.

Yours faithfully,
Lee Ka Kit
Chairman

APPENDIX

EXPLANATORY STATEMENT

This explanatory statement contains all the information required under the Shares Repurchase Rules for you to consider the Repurchase Mandate.

1. Share Capital

As at 16th October, 2003 (the latest practicable date prior to the printing of this document), the issued share capital of the Company comprised 496,776,205 Shares. Subject to the passing of the Ordinary Resolution 5(A) set out in the Notice and on the basis that no further Shares are issued or repurchased prior to the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 49,677,620 Shares.

2. Reasons for Repurchase

The Directors believe that the Repurchase Mandate affords the Company the flexibility and ability in pursuing the best interests for the Company and its shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, be beneficial to the shareholders by enhancing the net asset and/or earnings per Share and will only be made when the Directors believe that such a purchase will benefit the Company and its shareholders.

3. Funding of Repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and any applicable laws.

Pursuant to the Repurchase Mandate, repurchases would be financed by the Company's internal resources and/or available banking facilities.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital or gearing position of the Company compared with that as at 30th June, 2003, being the date of its last audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing of the Company.

4. Share Prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2002 October	2.900	2.450
November	2.975	2.550
December	3.000	2.575
2003 January	3.000	2.600
February	2.925	2.800
March	3.125	2.575
April	2.800	2.350
May	3.200	2.500
June	3.225	2.925
July	3.700	2.975
August	3.700	3.350
September	4.175	3.600

5. Undertaking and Disclosure of Interests

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate and in accordance with the Listing Rules and any applicable laws.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

6. Hong Kong Codes on Takeovers and Mergers and Share Repurchases

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Code"). Accordingly, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code. If the present shareholdings and capital structure of the Company remain the same, the Directors are not aware of any consequences which may arise under the Code as a result of any repurchase made under the Repurchase Mandate.

7. Share Purchase made by the Company

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this document.