

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Henderson China Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

Incorporated in Bermuda with limited liability

**PROPOSALS FOR
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF NEW SHARE OPTION SCHEME**

A notice convening a Special General Meeting of Henderson China Holdings Limited (the "Company") to 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, is set out on pages 18 and 19 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office of the Company at 6th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting should you so wish.

23rd October, 2003

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the Annual General Meeting of the Company to be held at the Stork and Bamboo Rooms, Mandarin Oriental, 5 Connaught Road Central, Hong Kong on 1st December, 2003 at 10:00 a.m.;
“associates”	as such term is defined under the Listing Rules;
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being;
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities;
“Company”	Henderson China Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“connected person”	as such term is defined under the Listing Rules;
“Consultant”	any advisor or consultant to any member of the Group who, at the sole determination of the board of directors of the Relevant Company, has contributed or will, subject to achievement of performance target(s) (if any), contribute to the development or business operation or performance of any member of the Group;
“day”	calendar day;
“Directors”	the directors of the Company for the time being;
“Employee”	any full-time or part-time employee of the Company or any Subsidiary or any director, whether executive or non-executive, of the Company or any Subsidiary;
“Existing Share Option Scheme”	the share option scheme adopted by the Company at its general meeting on 15th March, 1996 for the executive directors and employees of the Company and its Subsidiaries;

DEFINITIONS

“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person who is entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its Subsidiaries from time to time;
“Henderson Land”	Henderson Land Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, which is the holding company of the Company;
“Henderson Land Meeting”	the general meeting of Henderson Land to be held to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme by the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	16th October, 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the SGM, a summary of the principal terms of the rules of which are set out in the Appendix to this circular;
“Offer”	the offer of the grant of an Option made by the Board in accordance with the New Share Option Scheme;
“Offer Date”	the date on which an Offer is made to a Participant in accordance with the New Share Option Scheme;
“Option”	a right to subscribe for Shares on terms determined by the Board and granted pursuant to the New Share Option Scheme;

DEFINITIONS

“Option Period”	in respect of any particular Option, the period during which an Option may be exercised, and unless the Board shall otherwise resolve in relation to any particular Option at the time of the grant, being (i) the period commencing after the expiry of 1 year after the date of grant in respect of the first 30% of an Option granted at any time to any Grantee; and (ii) the period commencing after the expiry of 2 years after the date of grant in respect of a further 30% of such Option; and (iii) the period commencing after the expiry of 3 years from the date of grant in respect of the remaining 40% of such Option; and in any event each such period shall expire after 6 years from the date of grant. The Board may also provide restrictions on the exercise of such Option during the period an Option may be exercised;
“Ordinary Resolution”	the proposed ordinary resolution as referred to in the SGM Notice;
“Participant”	any Employee or Consultant, to be determined by the Board at its absolute discretion;
“Relevant Company”	the Company or the relevant Subsidiary, as the case may be;
“SGM”	the Special General Meeting of the Company to 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 AGM to be convened for the same day and place at 10:00 a.m.) or any adjournment thereof;
“SGM Notice”	the notice convening the SGM as set out on pages 18 and 19 of this circular;
“Shares”	shares of \$1.00 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Act 1981 of Bermuda or within the meaning of the Companies Ordinance of Hong Kong (as amended from time to time)) of the Company whether incorporated in Bermuda, Hong Kong or elsewhere;
“substantial shareholder”	as such term is defined under the Listing Rules;
“\$”	Hong Kong dollars; and
“%”	per cent.



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

Hong Kong Head Office:

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

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Philip Yuen Pak Yiu
Liang Shangli

Non-executive Directors:

Wong Ying Wai
Kan Fook Yee

23rd October, 2003

To shareholders of the Company

Dear Sir or Madam,

**PROPOSALS FOR
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF NEW SHARE OPTION SCHEME**

1. INTRODUCTION

The Existing Share Option Scheme was adopted by the Company on 15th March, 1996. It will expire on 14th March, 2006. To be in line with the requirements of the revised Chapter 17 of the Listing Rules in relation to share option schemes and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time, the Board proposes that the Existing Share Option Scheme be terminated and the New Share Option Scheme be approved and adopted at the SGM.

The purpose of this circular is to provide you with information regarding the New Share Option Scheme and to seek your approval of the Ordinary Resolution relating to this matter at the SGM.

2. TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

At the SGM, the Ordinary Resolution will be proposed that the Existing Share Option Scheme be terminated and the New Share Option Scheme be approved and adopted at the SGM. A summary of the principal terms of the New Share Option Scheme is set out in the Appendix hereto. Subject to the approval of the shareholders of the Company at the SGM and the approval of the shareholders of Henderson Land at the Henderson Land Meeting of the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, the Existing Share Option Scheme will be terminated with effect from the conclusion of the Henderson Land Meeting. The New Share Option Scheme will take effect, subject to the approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued and allotted under the New Share Option Scheme, on the date of its adoption at the general meeting. Operation of the New Share Option Scheme will commence after all conditions precedent as referred to in paragraph 3 below have been fulfilled.

The Board granted the options pursuant to the Existing Share Option Scheme to participants to subscribe for a total of 5,000,000 Shares representing approximately 1% of the issued share capital of the Company as at the Latest Practicable Date. Of the aforesaid options, options in respect of 1,000,000 Shares are exercisable during the period from 12th June, 2001 to 11th June, 2004; options in respect of 1,000,000 Shares are exercisable during the period from 28th June, 2001 to 27th June, 2004; options in respect of 1,500,000 Shares are exercisable during the period from 21st August, 2001 to 20th August, 2004 and options in respect of 1,500,000 Shares are exercisable during the period from 2nd November, 2001 to 1st November, 2004. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted to any participant and no further grant of options shall be made up to the date of SGM. As at the Latest Practicable Date, options representing 4,000,000 Shares are still outstanding and options representing 1,000,000 Shares have lapsed due to resignation of the grantee under the Existing Share Option Scheme. There is no option cancelled under the Existing Share Option Scheme. Besides the Existing Share Option Scheme, there is no other subsisting share option scheme of the Company as at the Latest Practicable Date.

Upon termination of the Existing Share Option Scheme, no further options may be offered thereunder. However, in respect of the outstanding options mentioned in the preceding paragraph, the provisions of the Existing Share Option Scheme shall remain in force. The abovementioned outstanding options granted under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme

and the provisions of the revised Chapter 17 of the Listing Rules which took effect from 1st September, 2001 and the adoption of the New Share Option Scheme will not in any event affect the terms in respect of such outstanding options.

As at the Latest Practicable Date, the issued share capital of the Company comprised 496,776,205 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the number of Shares issuable pursuant to the New Share Option Scheme on the date of its adoption will be 49,677,620 Shares.

3. CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolution approving the termination of the Existing Share Option Scheme by the shareholders of the Company and the shareholders of Henderson Land in their respective general meetings;
- (ii) the passing of an ordinary resolution approving the adoption of the New Share Option Scheme by the shareholders of the Company in general meeting and authorising the directors of the Company to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme;
- (iii) the passing of an ordinary resolution by the shareholders of Henderson Land in general meeting approving the adoption of the New Share Option Scheme by the Company; and
- (iv) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, Shares representing 10% of the issued share capital of the Company as at the date of Company's general meeting mentioned in paragraph 3(ii) above to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme.

Upon satisfaction of the above conditions, the Board will have the right to grant to the Participants Options to subscribe for Shares, which when aggregated with Shares to be granted under any other share option schemes (if any) of the Company, representing up to 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from its shareholders to refresh the 10% limit. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company (including the Existing Share Option Scheme) shall not exceed 30% of the issued share capital of the Company from time to time.

LETTER FROM THE CHAIRMAN

Application has been made to the Stock Exchange for the listing of, and permission to deal in, 49,677,620 Shares to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature or any change to the terms of options granted, must be approved by the shareholders of the Company, except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

4. EXPLANATION OF THE TERMS OF THE NEW SHARE OPTION SCHEME

The terms of the New Share Option Scheme are in line with the provisions of the revised Chapter 17 of the Listing Rules, which govern the terms of the share option schemes of listed companies. Further, the New Share Option Scheme will provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time. Therefore, the New Share Option Scheme, if adopted, will be in the interest of the Company as a whole in terms of management and operation. Accordingly, the Board proposes to recommend the shareholders of the Company to approve the adoption of the New Share Option Scheme and simultaneously terminate the Existing Share Option Scheme at the SGM.

5. VALUE OF THE OPTIONS UNDER THE NEW SHARE OPTION SCHEME

Since the New Share Option Scheme is yet to be approved by the shareholders of the Company and Henderson Land, the Board has not yet determined the time frame on the granting of the Options under the New Share Option Scheme and the number of Shares for which any Grantee may subscribe upon exercise of an Option. Accordingly, the Board considers that it is premature and inappropriate to state the value of the Option for the time being in this circular.

6. SPECIAL GENERAL MEETING

Set out on pages 18 and 19 of this circular is the SGM Notice at which the Ordinary Resolution will be proposed to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. An announcement of the outcome of the SGM for the adoption of the New Share Option Scheme will be published on the business day following the SGM.

7. ACTION TO BE TAKEN

A form of proxy for use at the SGM is enclosed. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return it to the

LETTER FROM THE CHAIRMAN

head office of the Company at 6th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the New Share Option Scheme will be available for inspection at the principal place of business of the Company at Rooms 2601-3, 26th Floor, AIA Tower, 183 Electric Road, North Point, Hong Kong during normal business hours up to and including the date of the SGM.

9. RECOMMENDATION

The Directors believe that the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are in the best interests of the Company as well as its shareholders.

The Directors recommend that all shareholders of the Company should vote in favour of the Ordinary Resolution as set out in the SGM Notice.

Yours faithfully,
By Order of the Board
Lee Ka Kit
Chairman

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

SUMMARY OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the rules of the New Share Option Scheme to be adopted at the SGM:

- (a) The purpose of the New Share Option Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.
- (b) The New Share Option Scheme is conditional upon (i) the approval of the shareholders of the Company and the approval of the shareholders of Henderson Land in their respective general meetings for the termination of the Existing Share Option Scheme; (ii) the approval of the shareholders of the Company in general meeting for the adoption of the New Share Option Scheme and the authorisation to the directors of the Company to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; (iii) the approval of the shareholders of Henderson Land in general meeting for the adoption of the New Share Option Scheme; and (iv) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, Shares representing 10% of the issued share capital of the Company as at the date of Company's general meeting mentioned in (b)(ii) above to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.
- (c) The Board may, at its discretion, invite any Participant to take up Options. An Offer is deemed to have been accepted and the Option to which the Offer relates is deemed to have been granted on the Offer Date upon the Grantee's signing the duplicate letter comprising acceptance of the Offer with the number of Shares in respect of which the Offer is accepted clearly stated therein and paying \$1.00 by way of consideration for the grant thereof to the Company within 28 days from the Offer Date. The subscription price for Shares in the Company is calculated in accordance with sub-paragraph (d) below.
- (d) The subscription price for Shares in the Company under the New Share Option Scheme shall be a price solely determined by the Board and notified to a

Participant and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (ii) a price being the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

- (e) (i) Subject to (e)(iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme unless the Company obtains a fresh approval from its shareholders pursuant to (e)(ii) below.
- (ii) Subject to (e)(iv) below, the Company may seek approval of its shareholders in general meeting to refresh the 10% limit set out in (e)(i) above such that the total number of Shares which may be issued upon exercise of all Options to be granted under all of the schemes of the Company under the limit as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed limit. Options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised Options) will not be counted for the purpose of calculating such refreshed 10% limit. The Company shall send a circular to its shareholders containing the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- (iii) Subject to (e)(iv) below, the Company may grant Options to specified Participant(s) beyond the 10% limit provided that the Options in excess of the limit are granted only to specified Participant(s) identified by the Company and specifically approved by the shareholders of the Company in general meeting. The Company shall send a circular to its shareholders containing a generic description of the specified Participant(s) who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participant(s) with an explanation as to how the terms of the Options serve such purpose, the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- (iv) Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company (including the Existing Share Option Scheme) shall not exceed 30% of the total number of Shares in issue from time to time. No Options may be granted under any schemes of the Company (or the Subsidiary of the Company) if this will result in the limit being exceeded.

- (f) Subject to the provisions of the New Share Option Scheme, the Board may at its discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto as it may think fit.
- (g) (i) The maximum entitlement for any one Participant is that the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant under the New Share Option Scheme and any other option schemes (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Any further grant of Options in excess of the 1% limit shall be subject to separate shareholders' approval in general meeting with such Participant and such Participant's associates abstaining from voting. The Company shall send a circular to its shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Participant shall be fixed before shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.
- (h) (i) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (all within the meaning as ascribed under the Listing Rules) of the Company or their respective associates must be approved by the independent non-executive directors of the Company (excluding the independent non-executive director who is the Grantee).
- (ii) Where the Board proposes to grant any Option to a Participant who is a substantial shareholder of the Company or an independent non-executive Director of the Company or any of their respective associates would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to the Participant under the New Share Option Scheme and any other option schemes in the 12-month period up to and including the date of such grant:
- (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and
 - (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of \$5,000,000,

such proposed grant of Options must be approved by the shareholders of the Company in general meeting. In such case, the Company shall send a

circular to its shareholders containing all the information as required under the Listing Rules. All connected persons of the Company shall abstain from voting (except that any connected person may vote against the relevant resolution at such general meetings provided that his intention to do so has been stated in the circular to the shareholders of the Company). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- (i) An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period after the Option has been granted by the Board. The Company shall allot the relevant Shares to the Grantee (or the Grantee's nominee or legal personal representative(s)) credited as fully paid to the Grantee (or the Grantee's nominee or legal personal representative(s)) within 28 days after receipt of the notice exercising such Option and the remittance therefor.
- (j) The Board may at its sole and absolute discretion determine any performance target(s) that must be achieved before any particular Option granted to a Grantee can be exercised.
- (k) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option (save that the Grantee may have the Shares to be issued on the exercise of the Grantee's Option to be registered in the name of a nominee holding on trust for the Grantee).
- (l) If the Grantee is an Employee, where the Grantee ceases to be an employee or director of the Group for any reason other than on the Grantee's death or the termination of the Grantee's employment or directorship, on one or more of the grounds specified in paragraph (o) below, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent which the Grantee is entitled to exercise but not already exercised) within the period of 1 month following the date of such cessation, which date shall be the last actual working day with the Relevant Company whether salary is paid in lieu of notice or not.
- (m) If the Grantee is (1) a Consultant under a fixed term contract, where the Grantee ceases to be a Consultant by reason of termination or expiry of the term of the relevant fixed term contract without any extension or renewal by the Group for reasons other than (i) on one or more of the grounds specified in paragraph (o) below, or (ii) on his or her death if the Consultant is a natural person, or (2) a Consultant not under any fixed term contract, where the Grantee ceases to be a Consultant by reason of the Grantee ceasing to provide any further advisory or consultancy services to the Group as may be determined by the Board in its

absolute discretion and notified to such Consultant in writing for reasons other than (i) on one or more of the grounds specified in paragraph (o), or (ii) on the Grantee's death if the Consultant is a natural person, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent which the Grantee is entitled to exercise but not already exercised) within 1 month following the date of such cessation, which date shall, in the case of (1) above, be the date of expiry of the relevant fixed term contract; and in the case of (2) above, be the date of the aforesaid written notification to the Consultant.

- (n) If the Grantee of an Option dies before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, engagement or directorship, under paragraph (o) below arises, the legal personal representative(s) of the Grantee may exercise the Option up to the entitlement of such Grantee at the date of death (to the extent which the Grantee is entitled to exercise but not already exercised) within a period of 12 months following the date of the death of the Grantee.
- (o) An Option shall lapse automatically (to the extent not already exercised) on the date which (1) if the Grantee is an Employee, the Grantee ceases to be a full-time employee or part-time employee or director of the Group by reason of the termination of the Grantee's employment or directorship on the grounds that the Grantee has been guilty of misconduct, or has committed any act of bankruptcy, or has become insolvent, or has made any arrangements or composition with the Grantee's creditors generally, or has been convicted of any criminal offence involving the Grantee's integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate the Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Relevant Company; or (2) if the Grantee is a Consultant who is under any contract with the Group, such contract is terminated by reason of the Consultant's breach of contract; or (3) if the Grantee is a Consultant, the Grantee has committed any act of bankruptcy or has become insolvent, or has made any arrangements or composition with the Grantee's creditors generally, or ceases or threatens to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offence involving integrity or honesty.
- (p) In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to convene the shareholders' meeting, give notice thereof to all Grantees and thereupon, each Grantee (or the Grantee's legal personal representative(s)) may by giving notice in writing to the Company exercise the Grantee's Option (to the extent which the Grantee is entitled to exercise but not already exercised) either to its full

extent or to the extent specified in such notice at any time not later than 4 Business Days prior to the proposed general meeting of the Company, accompanied by a payment for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue the relevant Shares to the Grantee credited as fully paid. Subject to the above, an Option will lapse automatically (to the extent not already exercised) upon the expiry of the period in which to exercise an Option referred to in paragraphs (l) and (n) above and this paragraph.

- (q) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions to be paid or made on or after the date of allotment of the relevant Shares other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment of the relevant Shares.
- (r) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, such corresponding alterations (if any) will be made to (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or (ii) the subscription price provided that an independent financial adviser or the auditors for the time being of the Company shall have confirmed in writing to the directors of the Company, either generally or as regards any particular Grantee that any such alterations shall satisfy the requirements set out in the note to rule 17.03(13) of the Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company as that to which the Grantee was previously entitled but that no such alterations shall be made so that a Share would be issued at less than its nominal value or which would give a Grantee a different proportion of the issued share capital of the Company as that to which the Grantee was previously entitled. No alteration shall be made if any alteration in the capital structure of the Company is the result of an issue of Shares as consideration in a transaction.
- (s) On and subject to the terms of the New Share Option Scheme, the New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which it is adopted by resolution of the Company in general meeting or the date on which it is approved at the Henderson Land Meeting, whichever is the later, after which period no further Options will be issued but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect.

- (t) Any cancellation of Options granted but not exercised may be effected on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation. Where the Company cancels Options and offers new Options to the same Option holder, the offer of such new Options may only be made under the New Share Option Scheme with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by the shareholders of the Company as mentioned in paragraph (e) of this circular.
- (u) The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect.
- (v) The provisions of the New Share Option Scheme may be altered in any respect by resolution of the Board except that the definitions of "Employee", "Consultant", "Participant", "Grantee" and "Option Period" in sub-paragraph 1.1 thereof and the provisions of sub-paragraphs 4.1, 5.1, 5.2, 5.3 and 5.4 and paragraphs 6, 7, 8, 9, 10, 11, 14, 15 and 16 thereof cannot be altered to the advantage of the Grantees or prospective Grantees without the prior approval of the shareholders of the Company in general meeting.
- (w) Any alteration to the terms and conditions of the New Share Option Scheme, which are of a material nature or any change to the terms of Options granted (other than any alterations or changes which take effect automatically under the existing terms of the New Share Option Scheme) or any change to the authority of the Directors of the Company or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme, shall be approved by the shareholders of the Company in general meeting.
- (x) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (y) A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of rule 17.05 of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with Paragraph 12 of Appendix 7B of the Listing Rules) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement and ending on the date of the results announcement, no Option may be granted.

- (z) Rule 17.01(4) of the Listing Rules provides that any of the matters referred to in (b), (e)(i), (e)(ii), (e)(iii), (g)(ii), (h)(i), (h)(ii) and (w) above which are required to be approved by the shareholders/the independent non-executive directors of the Company must simultaneously be approved by the shareholders/the independent non-executive directors of Henderson Land.



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

Incorporated in Bermuda with limited liability

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

NOTICE OF THE SPECIAL GENERAL MEETING

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. A form of proxy is enclosed for the use of this Meeting.
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.