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HSBC 
THE HSBC CHINA FUND LIMITED

(Incorporated as an exempted company in the Cayman Islands with limited liability)

**PROPOSED WITHDRAWAL OF LISTING FROM
THE HONG KONG STOCK EXCHANGE AND
LONDON STOCK EXCHANGE
AND WINDING-UP OF THE COMPANY**

Notwithstanding the results of the Extraordinary General Meeting held on 2 March 2004, the Directors continue to believe that it is appropriate for the Company to withdraw the listings of the Shares from the Hong Kong Stock Exchange and the London Stock Exchange, followed by the winding-up of the Company. In this connection, the Directors propose to convene an extraordinary general meeting on or before 30 June 2004 for the purpose of seeking shareholders' approval.

Trading in the Shares on the Hong Kong Stock Exchange was suspended from 2 March 2004 at the request of the Company. An application has been made to the Hong Kong Stock Exchange for the trading in the Shares to resume on 12 March 2004.

Reference is made to the announcements of the Company dated 15 January 2004 and 2 March 2004 and the shareholders' circular dated 3 February 2004. Terms used in this announcement shall have the same meaning given to them in the shareholders' circular.

The Directors held a meeting on 9 March 2004 to consider the results of the Extraordinary General Meeting which was held on 2 March 2004 and to decide the course of action to be taken by the Company. At the Extraordinary General Meeting, the resolution for the withdrawal of the listings of the Shares from the Hong Kong Stock Exchange and the London Stock Exchange was not passed. Notwithstanding the results of the votes taken at the Extraordinary General Meeting, the Directors continue to believe that it is appropriate for the Company and in the best interests of shareholders of the Company to withdraw the listings of the Shares from the Hong Kong Stock Exchange and the London Stock Exchange, followed by the winding-up of the Company. As mentioned in the announcement dated 3 February 2004, the Directors believe that the Company has achieved its investment objective, as stated in its prospectus dated 9 June 1992. The Directors also note that in the interim report for the six month period ended 30 June 2001 and in all subsequent annual and interim reports and preliminary results announcements, it has been stated that the Directors will take steps to wind up the Company after completing the realisation of its investments. The Company has now completed the realisation of its investments and all of its assets are currently in the form of cash and cash equivalents.

In view of the above, the Directors have concluded that the best and appropriate course of action is to convene another extraordinary general meeting (the "Second Extraordinary General Meeting") for the purpose of seeking shareholders' approval to withdraw the listings of the Shares on the Hong Kong Stock Exchange and the London Stock Exchange and to have the Company wound up. The Directors propose that the Second Extraordinary General Meeting be held on or before 30 June 2004 and that a circular and notice of meeting shall be despatched to shareholders for the purpose of convening the Second Extraordinary General Meeting. An announcement will also be

made by the Company at the same time as the circular and notice is despatched to shareholders. The expected timetable in relation to the withdrawal of listings and winding-up will be set out in the announcement and circular. The special resolution regarding the proposed withdrawal of listings at the Second Extraordinary General Meeting will be passed if a majority in number representing three-fourths in value of the Shareholders present and voting either in person or by proxy at the Second Extraordinary General Meeting vote in favour or if any other applicable requirements are satisfied. The Directors and their respective associates will abstain from voting on the special resolution. It is expected that trading in the Shares on the Hong Kong Stock Exchange and the London Stock Exchange will be suspended on the day the Second Extraordinary General Meeting is held. The Company will issue an announcement after the Second Extraordinary General Meeting informing shareholders of the results of the meeting and, if appropriate, the course of action to be taken by the Company.

In connection with the Second Extraordinary General Meeting, the Company may seek to contact its registered shareholders and, to the extent practicable, explain to them the reasons for the proposed delisting and winding-up. As the Company is a listed corporation under the Securities and Future Ordinance, it may also exercise its powers of investigation under section 329 of the Ordinance in order to ascertain the identity of its shareholders so as to contact them.

Pending the holding of the Second Extraordinary General Meeting the share price of the Company may be subject to fluctuation. Investors should exercise caution in their dealings of the Shares.

Investors should also be reminded that the published unaudited net asset value of the Company as at 31 January 2004 was US\$0.011 per Share (equivalent to HK\$0.0858 on the basis of US\$1=HK\$7.8), which is substantially lower than the last closing price of the Shares quoted on the Hong Kong Stock Exchange on 1 March 2004, being HK\$1.57. As the Company has no operating income, the net asset value of the Company is expected to decline over time. Accordingly, if the resolutions for delisting and winding-up of the Company are not passed at the Second Extraordinary General Meeting and in the absence of a winding-up of the Company or any unexpected development and taking into account the expenses expected to be incurred by the Company, there is a high risk that the Company will become insolvent during 2004.

Trading in the Shares on the Hong Kong Stock Exchange was suspended from 2 March 2004 at the request of the Company. An application has been made to the Hong Kong Stock Exchange for the trading in the Shares to resume on 12 March 2004. Trading in the Shares on the London Stock Exchange was also suspended from 2 March 2004 and is expected to resume on 12 March 2004.

By Order of the Board
Donald P H Liao
Director

11 March 2004

Please also refer to the published version of this announcement in The Standard.