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

Incorporated in Bermuda with limited liability

(Stock Code: 0246)

DISCLOSEABLE TRANSACTION
DISPOSAL OF A SUBSIDIARY

On 4 April 2005, the Vendor, a wholly-owned subsidiary of the Company, the Purchasers and Gain Year entered into the Agreement relating to the Disposal and the Loan Repayment pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to purchase the Sale Interest and to assist Gain Year with the Loan Repayment.

The entering into of the Agreement constitutes a discloseable transaction for the Company under the Listing Rules and a circular containing, among other things, details of the Agreement will be despatched to the Shareholders as soon as possible.

THE AGREEMENT DATED 4 APRIL 2005

1. The parties

Vendor : Gain Year Development Limited, a wholly-owned subsidiary of the Company

Purchasers : (i) Shanghai Longyu, (ii) Zhongjian Baju, (iii) Fengjin Investment and (iv) China Construction Eighth Division. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, each of the Purchasers and its respective ultimate beneficial owners is independent of the Company and its connected persons as defined under the Listing Rules.

2. Assets to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to sell the Sale Interest, and the Purchasers have conditionally agreed to acquire the Sale Interest and to assist Gain Year with the Loan Repayment.

After Completion, the respective shareholding interests of the Purchasers in Gain Year will be as follows:-

Purchasers	Shareholding interest (%)
Shanghai Longyu	55%
Zhongjian Baju	20%
Fengjin Investment	15%
China Construction Eighth Division	10%

Information on Gain Year

Gain Year is a wholly foreign owned enterprise incorporated in the PRC with a registered capital of US\$12,000,000 (approximately HK\$93,600,000) and is a wholly-owned subsidiary of the Company. The principal activity of Gain Year is the holding of the Land.

The Land was acquired by the Group in 1992 at an acquisition cost of US\$2,482,945 (approximately HK\$19,366,971). The book value of the Land including resettlement compensation and development costs capitalised as at 31 December 2004 was RMB185,343,897 (approximately HK\$174,852,733). The Land is currently leased to an independent third party at an annual rental of RMB1,000,000 (approximately HK\$943,396).

Financial information on Gain Year

As at 31 December 2004, the net asset value based on the management accounts of Gain Year was RMB99,318,000 (approximately HK\$93,696,226). All costs and expenses incurred for the development of the Land have been capitalised, as a result of which no profit or loss was recorded into the books of Gain Year up to 31 December 2004.

As at the date of the Agreement, the Loans in the aggregate amount of US\$10,393,565.89 (approximately HK\$81,069,814) was due and owing by Gain Year to the Group.

3. The Consideration

The aggregate amount payable by the Purchasers under the Agreement shall be RMB209,090,090 (approximately HK\$197,254,802), of which (i) an amount of RMB86,100,000 (approximately HK\$81,226,415) shall be paid by the Purchasers to Gain Year to assist Gain Year with the Loan Repayment for full and final settlement of the Loans, and (ii) the amount of RMB122,990,090 (approximately HK\$116,028,387) shall be paid to the Vendor as consideration for the Sale Interest. Each of the Purchasers will pay the following amounts under the Agreement:-

Purchasers	Amount to be paid
Shanghai Longyu	RMB114,999,549.50 (approximately HK\$108,490,141)
Zhongjian Baju	RMB41,818,018 (approximately HK\$39,450,960)

Fengjin Investment	RMB31,363,513.50 (approximately HK\$29,588,220)
China Construction Eighth Division	RMB20,909,009 (approximately HK\$19,725,480)

The Consideration is payable by the Purchasers as follows:-

- (i) the amount of RMB20,909,009 (approximately HK\$19,725,480) being the Initial Payment and as part of the Loan Repayment Amount, has been paid by the Purchasers in cash to Gain Year upon the signing of the Agreement;
- (ii) the balance of the Consideration in the amount of RMB188,181,081 (approximately HK\$177,529,322) being the Escrow Amount of which:-
 - (a) RMB122,990,090 (approximately HK\$116,028,387) being the consideration for the Sale Interest; and
 - (b) RMB65,190,991 (approximately HK\$61,500,935) being the balance of the Loan Repayment Amount

is payable by the Purchasers in cash to the Vendor within 15 business days from signing of the Agreement, such amount is to be deposited into an escrow account maintained by the Escrow Agent.

The Escrow Agent shall unconditionally transfer the balance of the Loan Repayment Amount as referred to in (b) above to the designated bank account of Gain Year within 2 days from submission of the approval documents to the regulatory authorities in the PRC and Gain Year will apply such amount together with the Initial Payment to make the Loan Repayment. Upon production of all the documents evidencing satisfaction of all the Conditions, the Escrow Agent shall unconditionally transfer the consideration for the Sale Interest as referred to in (a) above together with accrued interest (if any) to a law firm designated by the Vendor. The Vendor, the Purchasers and Gain Year have also on 4 April 2005 entered into an agreement with the Escrow Agent with regard to the escrow arrangements mentioned above.

The Consideration was arrived at after arms length negotiations between the Vendor and the Purchasers by reference to (i) the net asset value of Gain Year; and (ii) the market value of the Land with reference to the selling prices of the neighbouring properties.

4. **Conditions**

Completion shall take place upon satisfaction of the following conditions precedent:-

- (i) the board of directors of Gain Year having approved the Agreement and the transfer of the Sale Interest contemplated thereunder; and
- (ii) the relevant approval authorities in the PRC having issued the approval documents in respect of the Agreement and the transfer of the Sale Interest contemplated thereunder.

If the Conditions cannot be fulfilled on or before the Conditions Fulfillment Date, the Agreement shall automatically terminate and no party to the Agreement shall have any claim against or liability or obligation to the other parties thereto save in respect of any antecedent breaches of the Agreement and that Gain Year shall refund the Loan Repayment Amount without interest to the Purchasers within 15 business days from the date of termination of the Agreement and the parties to the Agreement shall give written directions to the Escrow Agent to refund the Escrow Amount together with accrued interests (if any) to the Purchasers.

Subject to and conditional upon fulfillment of all the Conditions, Completion shall take place on the Completion Date. After Completion, the Vendor will no longer have any interests in Gain Year and Gain Year will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In view of the fact that the value of properties situated in prime locations in major cities of the PRC have good potential for appreciation, the Group aims at acquiring property development sites with high quality. The Directors consider that the Land is of a relatively small-scale, and the Disposal generates further capital resources for the Group to invest in sizable development sites with high quality in order to strengthen the competitiveness of the Group in the PRC property market. At present, the Group has not yet identified any such development sites for investment.

The Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Disposal will result in a gain of approximately HK\$21,680,000 to the Group, based on the net book value as per the latest management accounts of Gain Year.

USE OF PROCEEDS

The net proceeds from the Disposal will be used by the Group as its general working capital, including for use in future property developments and investments.

GENERAL

The Vendor is principally engaged in the business of investment holding. The Company is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, project management, property management, finance and investment holding in the PRC. So far as the Directors are aware, Shanghai Longyu is principally engaged in the businesses of development and management of real properties; Zhongjian Bajun is principally engaged in the businesses of construction of highways, public facilities and environmental protection facilities, investment, design, construction and consultation of infrastructure and city transportation projects; Fengjin Investment is principally engaged in the businesses of sales and trading of construction materials and metals, and consultancy services; and China Construction Eighth Division is principally engaged in the businesses of design and implementation of civil engineering projects, construction projects and decoration projects.

As the relevant percentage ratio calculated pursuant to Rule 14.07(4) of the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing, among other things, details of the Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Agreement”	the conditional agreement dated 4 April 2005 entered into by the Vendor, the Purchasers and Gain Year pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to purchase the Sale Interest and to assist Gain Year with the Loan Repayment
“business day”	a day on which commercial banks in the PRC and Hong Kong are generally open for business (excluding Saturdays, Sundays and public holidays of both places)
“Company”	Henderson China Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal and the Loan Repayment
“Completion Date”	the second business day from the date of fulfillment of all the Conditions, or such other date as the parties to the Agreement may agree in writing
“Conditions”	the conditions precedent to the Completion, as more particularly set out under the section headed “Conditions” of this announcement
“Conditions Fulfillment Date”	31 March 2006 or such later date as the parties to the Agreement may agree in writing
“Consideration”	the consideration payable by the Purchasers to the Vendor pursuant to the Agreement, as more particularly set out under the section headed “The Consideration” of this announcement
“China Construction Eighth Division”	中國建築第八工程局 (China Construction Eighth Engineering Division), a state-owned enterprise established under the laws of the PRC
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Interest by the Vendor pursuant to the terms and conditions of the Agreement
“Escrow Agent”	China Construction Bank Zhang Jiang Branch

“Escrow Amount”	the sum of RMB188,181,081 (approximately HK\$177,529,322) to be deposited into an escrow account maintained by the Escrow Agent
“Fengjin Investment”	上海豐金投資有限公司 (Shanghai Fengjin Investment Company Limited), a company incorporated with limited liability under the laws of the PRC
“Gain Year”	裕年發展置業(上海)有限公司 (Gain Year Development Real Estate (Shanghai) Co., Ltd.), a wholly foreign owned enterprise which is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Payment”	the sum of RMB20,909,009 (approximately HK\$19,725,480) which is equivalent to 10% of the Consideration
“Land”	the piece of land located at 上海市天目西路公共中心 146(A) - 3 (146(A)-3, Gong Gong Zhong Xin, Tian Mu West Road, Shanghai City) which is owned by Gain Year
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans due and owing by Gain Year to the Group in the aggregate amount of US\$10,393,565.89 (approximately HK\$81,069,814)
“Loan Repayment”	the repayment of the Loans by Gain Year to the Group
“Loan Repayment Amount”	the amount of RMB86,100,000 (approximately HK\$81,226,415) to be paid by the Purchasers to Gain Year pursuant to the Agreement to assist Gain Year with the Loan Repayment
“PRC”	The People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchasers”	Shanghai Longyu, Zhongjian Bajiu, Fengjin Investment and China Construction Eighth Division
“RMB”	Renminbi
“Sale Interest”	the entire shareholding interest in Gain Year owned by the Vendor, together with the rights and obligations attaching thereto

“Shanghai Longyu”	上海隆宇企業發展有限公司 (Shanghai Long Yu Qi Ye Development Company Limited), a company incorporated with limited liability under the laws of the PRC
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars
“Vendor”	Gain Year Development Limited, a company incorporated in Hong Kong with limited liability and wholly-owned subsidiary of the Company
“Zhongjian Baju”	中建八局基礎設施建設有限公司 (Zhong Jian Ba Ju Infrastructure Construction Company Limited), a company incorporated with limited liability under the laws of the PRC

By Order of the Board
Richard LAW Cho Wa
Company Secretary

Hong Kong, 6 April 2005

As at the date of this announcement, the Board comprises: (1) executive Directors: Lee Ka Kit (Chairman), Lee Shau Kee, Colin Lam Ko Yin, Lee King Yue, Leung Sing, Lee Ka Shing, Patrick Kwok Ping Ho, Ho Wing Fun and Cheung Fong Ming; (2) non-executive Directors: Wong Ying Wai, Kan Fook Yee and Philip Yuen Pak Yiu; and (3) independent non-executive Directors: Liang Shangli, Gordon Kwong Che Keung and Leung Yuk Kwong.

English names of the PRC established companies/entities in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1.06 = HK\$1 and US\$ has been converted to HK\$ at the rate of HK\$7.8 = US\$1 for illustration purpose only. No representation is made that any amounts in RMB, HK\$ or US\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

* *For identification purpose only*

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