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DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY

On 24 June 2005, the Vendor, the Purchasers and Shanghai Henfield entered into the Agreement relating to the Disposal and the Loan Repayment pursuant to which the Vendor has agreed to sell the Sale Interest, and the Purchasers have agreed to purchase the Sale Interest and to assist Shanghai Henfield with the Loan Repayment.

The transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under the Listing Rules and together with the Previous Transaction on an aggregate basis also constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, details of the Agreement and the Disposal will be despatched to the Shareholders as soon as practicable.

THE AGREEMENT DATED 24 JUNE 2005

1. The parties

- (a) Vendor: Henfield Properties Limited, a 60% owned subsidiary of the Company
- (b) Purchasers: Shanghai Longyu, Zhongjian Bajun and Fengjin Investment. 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.
- (c) Shanghai Henfield, a sino-foreign equity joint venture established in the PRC owned as to 99% by the Vendor and 1% by Shanghai Buyecheng. On 25 May 2005, the Vendor paid to Shanghai Buyecheng the sum of RMB5,550,000 (approximately HK\$5,206,379) to acquire its 1% interest in Shanghai Henfield. The approval and registration formalities in the PRC regarding the Buyecheng Acquisition are currently in progress.

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 Shanghai Henfield with the Loan Repayment.

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

Purchasers	Shareholding interest (%)
Shanghai Longyu	85%
Zhongjian Baju	5%
Fengjin Investment	10%

Information on Shanghai Henfield

Shanghai Henfield is a sino-foreign equity joint venture established in the PRC in December 1993 with a registered capital of US\$27,000,000 (approximately HK\$210,600,000) and has been owned as to 99% by the Vendor since its incorporation. The remaining 1% is currently owned by Shanghai Buyecheng. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Shanghai Buyecheng is independent of the Company and its connected persons as defined in the Listing Rules.

On 25 May 2005, the Vendor paid to Shanghai Buyecheng the sum of RMB5,550,000 (approximately HK\$5,206,379) to acquire its 1% interest in Shanghai Henfield. As Shanghai Buyecheng is a State-owned enterprise, the determination of consideration relating to disposal of State-owned assets are required to be subject to valuation performed in accordance with the relevant PRC regulations, including 《國有資產評估管理辦法》, 《國有資產評估管理辦法施行細則》, 《資產評估操作規範意見》 and 《資產評估報告基本內容與格式的暫行規定》. Hence, the consideration for the Buyecheng Acquisition was required to be determined with reference to the valuation of an independent valuer in the PRC in accordance with the aforesaid PRC regulations. The consideration for the Buyecheng Acquisition was funded from internal resources of the Vendor. The approval and registration formalities in the PRC regarding such acquisition are currently in progress. Upon completion of the Buyecheng Acquisition, Shanghai Henfield will become a wholly owned subsidiary of the Vendor and the Company will have a 60% attributable interest in Shanghai Henfield.

The Land has a site area of 16,064 square metres and is for commercial, office and residential uses. The Land was acquired by the Group pursuant to the Contract for Grant of Land Use Rights dated 25 May 1993 at a land premium of US\$7,321,637 (approximately HK\$57,108,769). The book value of the Land including resettlement compensation and development costs capitalised as at 31 December 2004 was RMB393,749,156 (approximately HK\$369,370,690). The value of the Land as at 30 April 2005 was HK\$492,500,000, according to the property valuations of DTZ Debenham Tie Leung Limited as set out in the scheme document relating to the Privatisation Proposal. The Land is currently leased to an independent third party at an annual rental of RMB3,000,000 (approximately HK\$2,814,259).

After Completion, the Vendor will no longer have any interests in Shanghai Henfield and Shanghai Henfield will cease to be a subsidiary of the Company. The principal activity of Shanghai Henfield is the holding of the Land.

Financial information on Shanghai Henfield

As at 31 December 2004, the audited net asset value of Shanghai Henfield was RMB158,560,619 (approximately HK\$148,743,545). All costs and expenses (including resettlement compensation and development costs but net of any other incomes) incurred for the development of the Land had been capitalised, there was no profit nor loss attributable to Shanghai Henfield for each of the two financial years ended 31 December 2003 and 31 December 2004.

As at the date of the Agreement, the Loans in the aggregate amount of HK\$220,966,243 was due and owing by Shanghai Henfield to the Group.

3. The Consideration

The aggregate amount payable by the Purchasers under the Agreement shall be RMB522,979,486 (approximately HK\$490,599,893), of which (i) an amount of RMB235,575,444 (approximately HK\$220,990,098) shall be paid by the Purchasers to Shanghai Henfield to assist Shanghai Henfield with the Loan Repayment for full and final settlement of the Loans, and (ii) the amount of RMB287,404,042 (approximately HK\$269,609,795) 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	RMB444,532,563.10 (approximately HK\$417,009,909)
Zhongjian Baju	RMB26,148,974.30 (approximately HK\$24,529,995)
Fengjin Investment	RMB52,297,948.60 (approximately HK\$49,059,989)

The Consideration is payable by the Purchasers as follows:-

- (i) the amount of RMB52,297,948.60 (approximately HK\$49,059,989), being the Initial Payment and as part of the Loan Repayment Amount, shall be paid by the Purchasers in cash to Shanghai Henfield within 7 days from signing of the Agreement;
- (ii) the amount of RMB183,277,495.40 (approximately HK\$171,930,108), being the balance of the Loan Repayment Amount, shall be paid by the Purchasers in cash to Shanghai Henfield within 45 business days from signing of the Agreement and Shanghai Henfield will apply such amount together with the Initial Payment to make the Loan Repayment; and

- (iii) the balance of the Consideration in the amount of RMB287,404,042 (approximately HK\$269,609,796) being the Escrow Amount representing the consideration for the Sale Interest shall be paid by the Purchasers in cash within 105 business days from signing of the Agreement, which amount shall be deposited into an escrow account maintained by the Escrow Agent.

On the Completion Date, the Escrow Agent shall unconditionally transfer the consideration for the Sale Interest referred to in (iii) above together with accrued interest (if any) to the bank account designated by the Vendor. The Vendor, the Purchasers and Shanghai Henfield had also on 24 June 2005 entered into an agreement with the Escrow Agent with regard to the escrow arrangement mentioned above.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchasers by reference to (i) the audited net asset value of Shanghai Henfield of RMB158,560,619 (approximately HK\$148,743,545) as at 31 December 2004 and (ii) the market value of the Land of HK\$492,500,000 as at 30 April 2005 contained in the property valuations of DTZ Debenham Tie Leung Limited as set out in the scheme document relating to the Privatisation Proposal.

4. **Conditions**

Completion shall take place upon satisfaction of the following conditions-

- (i) the relevant PRC government approval authority having issued the approval certificate in respect of the Buyecheng Acquisition and the registration formalities in respect of the Buyecheng Acquisition having been completed;
- (ii) the board of directors of Shanghai Henfield having approved the Agreement and the transfer of the Sale Interest contemplated thereunder; and
- (iii) the relevant PRC government approval authority 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 Shanghai Henfield 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 consideration for the Sale Interest in the sum of RMB287,404,042 (approximately HK\$269,609,795) together with accrued interests (if any) to the Purchasers and the parties shall continue to observe the confidentiality provisions set out in the Agreement.

Subject to and conditional upon fulfillment of all the Conditions, Completion shall take place on the Completion Date. A further announcement will be made in the event Completion fails to take place.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the disposal of the Land would generate more capital resources to the Group thereby enabling the Group to capitalize on any future opportunities for enhancing the portfolio mix and quality of the land bank of the Group, with a view to strengthening the Group's competitiveness in the PRC property market. 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.

FINANCIAL EFFECTS OF THE DISPOSAL

Based on the net asset value of RMB159,864,667 (approximately HK\$149,966,855) as per the latest management accounts of Shanghai Henfield as at 30 April 2005, the Disposal will result in a net profit of approximately HK\$65,355,000 to the Group by virtue of its 60% interest in the Vendor. After Completion, the Group's investment in the Land will be realised in cash, resulting in a positive effect on the Group's working capital position.

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.

DISCLOSEABLE TRANSACTION

The transaction contemplated under the Agreement constitutes a discloseable transaction for the Company under the Listing Rules. As the Purchasers are also the purchasers under the Previous Transaction, the Disposal and the Previous Transaction are required to be aggregated under the Listing Rules and the Disposal together with the Previous Transaction on an aggregate basis also constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, details of the Agreement and the Disposal will be despatched to the Shareholders as soon as practicable.

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 Baju 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; and Fengjin Investment is principally engaged in the businesses of sales and trading of construction materials and metals, and consultancy services.

In view of the Privatisation Proposal, the Board in compliance with Rule 4 of the Takeovers Code is prohibited from, inter alia, selling, disposing or acquiring any assets of a material amount or agreeing to do so without the approval of the Shareholders in general meeting unless the Company has obtained consent from Henderson Land and a waiver is granted by the Executive. The Company had accordingly obtained a consent from Henderson Land with respect to, inter alia, the Disposal and a waiver from the Executive from compliance with the shareholders' meeting requirements under Rule 4 of the Takeovers Code with respect to, inter alia, the Disposal.

DEFINITIONS

“Agreement”	the conditional agreement dated 24 June 2005 entered into between the Vendor, the Purchasers and Shanghai Henfield pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to purchase the Sale Interest and to assist Shanghai Henfield with the Loan Repayment
“Board”	the board of Directors
“Buyecheng Acquisition”	the acquisition of 1% interest in Shanghai Henfield by the Vendor from Shanghai Buyecheng
“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 Completion, as more particularly set out under the section headed “Conditions” of this announcement
“Conditions Fulfillment Date”	30 April 2006 or such later date as the parties to the Agreement may agree in writing
“Consideration”	the aggregate amount payable by the Purchasers to the Vendor and to Shanghai Henfield pursuant to the Agreement, as more particularly set out under the section headed “The Consideration” of this announcement
“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”	Agricultural Bank of China, Shanghai Pudong Branch
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Fengjin Investment”	上海豐金投資有限公司 (Shanghai Fengjin Investment Company Limited), a company established with limited liability under the laws of the PRC
“Group”	the Company and its subsidiaries
“Henderson Land”	Henderson Land Development Company Limited, a company incorporated in Hong Kong with limited liability the shares of which are listed on the main board of the Stock Exchange, and the controlling Shareholder interested in approximately 65.32% of the issued share capital of the Company
“HK\$”	Hong Kong dollars, legal currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Payment”	the sum of RMB52,297,948.60 (approximately HK\$49,059,989) which is equivalent to 10% of the Consideration
“Land”	the land known as 上海市閘北區天目西路 406-2、406-3、406-4 號地塊 (Lot nos. 406-2, 406-3 & 406-4, Tianmu Road West, Zhabei District, Shanghai)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans due and owing by Shanghai Henfield to the Group in the aggregate amount of HK\$220,966,243 as at the date of the Agreement
“Loan Repayment”	the repayment of the Loans by Shanghai Henfield to the Group
“Loan Repayment Amount”	the amount of RMB235,575,444 (approximately HK\$220,990,098) to be paid by the Purchasers to Shanghai Henfield pursuant to the Agreement to assist Shanghai Henfield 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

“Previous Transaction”	the transactions contemplated under an agreement dated 4 April 2005 as more particularly described in the Company’s circular dated 28 April 2005 regarding, inter alia, the sale of a subsidiary of the Company to Shanghai Longyu, Zhongjian Bajun, Fengjin Investment and 中國建築第八工程局 (China Construction Eighth Engineering Division)
“Privatisation Proposal”	the proposal for the privatisation of the Company by Henderson Land by way of a scheme of arrangement as set out in the joint announcement of Henderson Land and the Company dated 19 May 2005 and the scheme document dated 20 June 2005
“Purchasers”	Shanghai Longyu, Zhongjian Bajun and Fengjin Investment
“RMB”	Renminbi yuan, legal currency in the PRC
“Sale Interest”	100% interest in Shanghai Henfield (which comprises the 99% interest owned by the Vendor and the 1% interest which the Vendor acquired from Shanghai Buyecheng), together with the rights and obligations attaching thereto
“Shanghai Buyecheng”	上海不夜城聯合發展(集團)有限公司 (Shanghai Buyecheng United Development (Group) Company Limited), a company established with limited liability under the laws of the PRC
“Shanghai Henfield”	上海興輝置業有限公司 (Shanghai Henfield Properties Co., Ltd.), a sino-foreign equity joint venture established in the PRC
“Shanghai Longyu”	上海隆宇企業發展有限公司 (Shanghai Long Yu Qi Ye Development Company Limited), a company established with limited liability under the laws of the PRC
“Shares”	shares of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, legal currency in the United States
“Vendor”	Henfield Properties Limited, a company incorporated in Hong Kong with limited liability and a 60% owned subsidiary of the Company with the remaining 40% interests being owned by a company wholly owned by Mr Lee Ka Kit, the chairman 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 established with limited liability under the laws of the PRC

%

per cent.

By Order of the Board
Richard LAW Cho Wa
Company Secretary

Hong Kong, 30 June 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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 RMB1.066 = 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.