

CHAIRMAN'S STATEMENT

I am pleased to present the eleventh interim report of The HSBC China Fund Limited (“HCF” or the “Company”) for the six months period ended 30 June 2003.

As at 30 June 2003, the Company held two active investments with a net carrying value of US\$5.91 million.

Subsequent to the listing of A-S China Plumbing Products Limited (“ASPPL”) and the distribution in specie of the Company's investment in ASPPL as described in the Review of the Unlisted Portion Investments section, the Company substantially realised its investment in ASPPL in July 2003.

The carrying value of the Company's investment in New World Sun City Limited (“NWSC”) as at 30 June 2003 was US\$2.43 million. Following further payments from NWSC, HCF received US\$3.91 million and the Company realised the balance of its investment in NWSC in August 2003.

On 3 September 2003, the Company declared a second special interim dividend for 2003 of approximately US\$ 4.39 million representing US\$0.18 per share. This is higher than the Company's Net Asset Value (“NAV”) of US\$0.137 per share as at 30 June 2003 as a result of the NWSC payments described above.

In light of the realisation of its investments in ASPPL and NWSC, the Company no longer holds any investments. The Board will therefore take steps to initiate the winding up of the Company.

As at 30 June 2003, the NAV per share of the Company was US\$0.137 (equivalent to HK\$1.07) representing a decrease of 52.4% compared to the NAV per share as at 31 December 2002 of US\$0.288 (equivalent to HK\$ 2.25). The decrease in NAV was primarily due to the distribution in specie of the Company's investment in ASPPL as described above, which represented the Company's first special interim dividend of 2003.

The Company's share price increased by 3.6% from HK\$1.69 at 31 December 2002 to HK\$1.75 at 30 June 2003.

By Order of the Board
Donald P H Liao
Chairman
3 September 2003, Hong Kong