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# Shanghai Land Holdings Limited 上海地產控股有限公司

**(Receivers Appointed)**

*(Incorporated in Hong Kong with limited liability)*

## **ANNOUNCEMENT**

As at 8 July 2003, the Company had remaining cash and bank balances of approximately HK\$1,205 million, which have been secured by the Receivers. The above cash and bank balances are those of the Company only and do not take into account any cash or bank balances of subsidiaries of the Company. The Receivers are in the process of ascertaining the cash and bank balances of the Company's subsidiaries. The statement in this announcement regarding the cash and bank balances of the Company has been reported on by an independent firm of accountants and Ernst & Young Corporate Finance Limited, the financial adviser to the Receivers, in accordance with Rule 10 of the Takeovers Code.

Pursuant to certain documents made available to the Receivers, SHXDL entered into a loan agreement with SRCC on 27 March 2003 pursuant to which SHXDL purportedly borrowed RMB300 million (equivalent to approximately HK\$283 million). SHXDL's parcel of land situated at 26 Wu Zhong Lu, Shanghai, PRC was allegedly used as the security for the First Purported Loan. A separate document dated 13 May 2003 indicates that SHXDL lent the RMB300 million to Shanghai Huatip on 13 May 2003 for the business expansion of Shanghai Huatip. According to the document dated 13 May 2003, the loan (together with interest) was due for repayment by Shanghai Huatip to SHXDL on 11 July 2003. As at the date hereof, the Receivers have no record of the loan having been repaid by Shanghai Huatip. The Receivers have not been able to obtain additional information from SRCC or Shanghai Huatip save that it appears that two individuals who claim to be employees of the Nongkai Group may be the shareholders of Shanghai Huatip. The Receivers have written to SRCC to question the validity of the First Purported Loan and are now in the process of initiating legal action against Shanghai Huatip for full repayment of any sum borrowed by it.

Pursuant to certain documents made available to the Receivers, SYLHL entered into a loan agreement with SRCC on 11 April 2003 pursuant to which SYLHL purportedly borrowed RMB350 million (equivalent to approximately HK\$330.2 million). SYLHL's Hotel was allegedly used as the security for the Second Purported Loan. Based on a copy of a deposit slip issued by Fuyou Securities,

an amount of approximately RMB347 million (equivalent to approximately HK\$327.4 million) from the Second Purported Loan was deposited with Fuyou Securities in the name of “Yihe Longbai”. The Receivers have written to SRCC to question the validity of the Second Purported Loan. The Receivers have also met representatives of Fuyou Securities but the representatives of Fuyou Securities have not disclosed the current whereabouts of the deposit of RMB347 million. The Receivers have demanded in writing a refund of such amount from Fuyou Securities and are now reviewing all legal options to pursue recovery of such money.

Most of the original books and records of the Company and the Group were seized by the ICAC on 1 June 2003. The Receivers have already arranged with the ICAC to make photocopies of the relevant records and vouchers seized.

**Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 2 June 2003 and will remain suspended until further announcement. The Company will make further announcements as and when appropriate pursuant to the requirements of the Listing Rules and/or the Takeovers Code.**

The Receivers refer to the announcement issued by the Company dated 9 June 2003. The Receivers were appointed as the joint and several receivers of the Company on 7 June 2003.

#### **CASH AND BANK BALANCES HELD BY THE COMPANY**

As at 8 July 2003, the Company had remaining cash and bank balances of approximately HK\$1,205 million, which have been secured by the Receivers. The above cash and bank balances are those of the Company only and do not take into account any cash or bank balances of subsidiaries of the Company. The Receivers are in the process of ascertaining the cash and bank balances of the Company’s subsidiaries. The statement in this announcement regarding the cash and bank balances of the Company has been reported on by an independent firm of accountants and Ernst & Young Corporate Finance Limited, the financial adviser to the Receivers, in accordance with Rule 10 of the Takeovers Code.

#### **FURTHER INFORMATION ON THE TWO LOAN TRANSACTIONS ALLEGEDLY ENTERED INTO BY SHXDL AND SYLHL**

##### **First Purported Loan involving SHXDL**

Pursuant to certain documents made available to the Receivers, SHXDL entered into a loan agreement with SRCC on 27 March 2003 pursuant to which SHXDL purportedly borrowed RMB300 million (equivalent to approximately HK\$283 million). SHXDL’s parcel of land situated at 26 Wu Zhong Lu, Shanghai, PRC was allegedly used as the security for the First Purported Loan. The Company acquired the entire equity interest of a company holding the land in February 2003.

A separate document dated 13 May 2003 indicated that SHXDL lent the RMB300 million to Shanghai Huatip on 13 May 2003, which loan was stated to be for the business expansion of Shanghai Huatip. According to the document dated 13 May 2003, the loan (together with interest) was due for repayment by Shanghai Huatip to SHXDL on 11 July 2003. As at the date hereof, the Receivers have no record of the loan having been repaid by Shanghai Huatip. There is no information available to the Receivers to explain why SHXDL purportedly borrowed money from SRCC to lend to Shanghai Huatip. The Receivers have met representatives of SRCC and Shanghai Huatip to request for more information regarding this matter. However,

the Receivers have not been able to obtain additional information from SRCC or Shanghai Huatip save that it appears that two individuals who claim to be employees of the Nongkai Group may be the shareholders of Shanghai Huatip. The Receivers have written to SRCC to question the validity of the First Purported Loan and are now in the process of initiating legal action against Shanghai Huatip for full repayment of any sum borrowed by it.

### **Second Purported Loan involving SYLHL**

Pursuant to certain documents made available to the Receivers, SYLHL entered into a loan agreement with SRCC on 11 April 2003 pursuant to which SYLHL purportedly borrowed RMB350 million (equivalent to approximately HK\$330.2 million). SYLHL's Hotel was allegedly used as the security for the Second Purported Loan. Based on a copy of a deposit slip issued by Fuyou Securities on 29 April 2003, an amount of approximately RMB347 million (equivalent to approximately HK\$327.4 million) from the Second Purported Loan was deposited with Fuyou Securities in the name of "Yihe Longbai".

The Receivers have met representatives of SRCC who declined to provide any further information. The Receivers have written to SRCC to question the validity of the Second Purported Loan. The Receivers have also met representatives of Fuyou Securities. The representatives of Fuyou Securities have not disclosed to the Receivers the current whereabouts of the deposit of RMB347 million but have advised that the amount had been transferred out of SYLHL's account with Fuyou Securities. The Receivers have demanded in writing a refund of the RMB347 million from Fuyou Securities and are now reviewing all legal options to pursue recovery of such money.

The Receivers will continue to endeavour to obtain further information on the above transactions and any relationship between SRCC, Fuyou Securities and any of the Directors.

### **General information**

According to the information available to the Receivers, the above purported loan transactions were not tabled before the Board for approval. Based on the information which has so far been reviewed by the Receivers, there is no information to indicate that the Company has provided any guarantee for any loan transactions of SHXDL or SYLHL or that SRCC has any recourse against the Company in respect of any loans purported to have been made to SHXDL and SYLHL.

### **OTHER INFORMATION**

Most of the original books and records of the Company and the Group were seized by the ICAC on 1 June 2003. The Receivers have recently arranged with the ICAC to make photocopies of the relevant records and vouchers seized. As such, the information stated in this announcement is preliminary information on the affairs of the Group and may be subject to change should new information become available to the Receivers. The Company will issue a further announcement should there be any new material finding affecting the affairs of the Group or should any new information become available to the Receivers which materially affects the accuracy of the information disclosed in this announcement.

The Receivers will continue to take all such actions as they consider appropriate and necessary in light of their powers granted by the Court as the receivers of the Company for the purpose of protecting the value of the Company's assets and its businesses.

The Receivers have no present intention to dispose of any material asset or business of the Group. **No winding-up petition has been filed against the Company and the Company is therefore not in liquidation.**

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

Unless the context requires, the capitalised terms in this announcement shall have the following meanings:

“Board”	the board of Directors;
“Company”	Shanghai Land Holdings Limited (上海地產控股有限公司), a company incorporated in Hong Kong with limited liability the shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“First Purported Loan”	the loan of RMB300 million purportedly made by SRCC to SHXDL pursuant to a loan agreement dated 27 March 2003;
“Fuyou Securities”	Fuyou Securities Brokerage Co., Limited (富友證券經紀有限公司), a company established in the PRC;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hotel”	Hotel Yihe Longbai Shanghai, which is situated at Hong Qiao Road, Hong Qiao District, Shanghai, the PRC which was acquired by the Group in early March 2003;
“ICAC”	the Independent Commission Against Corruption in Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Nongkai Group”	Shanghai Nongkai Development Group Ltd. and its subsidiaries;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Receivers”	Messrs. Stephen Liu Yiu Keung and Kenneth Yeo Boon Ann, both of Ernst & Young Transactions Limited of 17th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong;
“Second Purported Loan”	the loan of RMB350 million purportedly made by SRCC to SYLHL pursuant to a loan agreement dated 11 April 2003;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shanghai Huatip”	Shanghai Huatip Trading Company Limited (上海華疊貿易有限公司), a company established in the PRC;
“Share(s)”	the issued share(s) of the Company;



- “SHXDL” Shanghai Hongxin Real Estate Development Company Limited (上海宏興房地產發展有限公司), which was translated as Shanghai Wang Xin Property Limited in the Company’s announcement dated 9 June 2003, a company established in the PRC and a wholly owned subsidiary of the Company;
- “SRCC” Shanghai Rural Credit Cooperatives Union (上海市農村信用合作社聯合社), the lender of the two purported loan transactions involving SHXDL and SYLHL;
- “Stock Exchange” The Stock Exchange of Hong Kong Limited;
- “SYLHL” Shanghai Yihe Longbai Hotel Limited (上海逸和龍柏飯店有限公司), a company established in the PRC and a wholly owned subsidiary of the Company; and
- “Takeovers Code” the Code on Takeovers and Mergers.

The translation of HK\$ and RMB used in this announcement is made at the exchange rate of HK\$1.00 = RMB1.06 and is for illustration purposes only.

**Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 2 June 2003 and will remain suspended until further announcement. The Company will make further announcements as and when appropriate pursuant to the requirements of the Listing Rules and/or the Takeovers Code.**

For and on behalf of  
**Shanghai Land Holdings Limited**  
**(Receivers Appointed)**

**Stephen Liu Yiu Keung**  
**and Kenneth Yeo Boon Ann**  
*Joint & Several Receivers*

Hong Kong, 16 July 2003

*The Receivers 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 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.*

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