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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

Cash and bank balances held by the Company

The Company wishes to inform its Shareholders that the cash and bank balances of the Company secured by the Receivers amounted to approximately HK\$1,218 million (comprising approximately HK\$3.2 million and approximately US\$156.6 million translated at an exchange rate of US\$1: HK\$7.755) as at 26 September 2003.

Developments in relation to the preservation of Chau's Assets

The Solicitors, purporting to be acting for Mr. Chau, is seeking to set aside the Judgment obtained by the Company claiming US\$34.2 million and to vacate the Order appointing the Receivers as the receivers of Chau's Assets. The Receivers have taken steps to oppose such action.

Chau's Assets include Chau's direct beneficial interest in New Nongkai and indirect beneficial interest in approximately 75% of the Company's issued share capital which New Nongkai has charged to BOCHK as security for the Loan extended by BOCHK to New Nongkai. Since their appointment as Chau's Receivers, the Receivers have taken steps to take into their control Chau's Assets and to manage such assets in order to preserve the value thereof and to apply the same towards satisfaction of the Judgment Debt. As the Company has claims over Chau's Assets on the basis of the Judgment Debt, the Receivers are of the view that the diminution of the value of New Nongkai, being caused by the continuing accrual of the default interest which may be charged on the Loan, may reduce the amount of money which the Company may be able to recover from Chau. This would lead to the diminution of the value of the Company and thus not be in the interests of the Shareholders.

Developments in relation to the proposal to maximise the value of the Company

With a view to maximising the value of the Company for the benefit of the Shareholders generally, the Receivers have formulated a preliminary proposal which involves, in broad terms, the Company taking an assignment of the Loan and subsequently selling New Nongkai's controlling shareholding in the Company (which may or may not be combined with proposing a special cash distribution to all Shareholders). The Receivers consider that the Loan Assignment can effectively stop the diminution of the value of New Nongkai resulting from the accrual of the default interest, thus preserving the value of New Nongkai for the benefit of the Company. The Loan Assignment will only be implemented after (and subject to) agreement of the terms of the Loan Assignment with BOCHK following determination of and compliance with all applicable rules and regulations and with the final approval of the Court.

Shareholders should note that the implementation of the Loan Assignment and the Proposal are subject to a number of uncertainties and therefore may or may not proceed.

General

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 2 June 2003 and will remain suspended until further announcement.

Reference is made to the announcements of Shanghai Land Holdings Limited (Receivers Appointed) (the "Company") dated 16 July 2003, 12 August 2003, 29 August 2003 and 15 September 2003.

Cash and bank balances held by the Company

As stated in the announcement of the Company dated 16 July 2003, the Company had cash and bank balances of approximately HK\$1,205 million (comprising approximately HK\$3.6 million and approximately US\$154.1 million translated at an exchange rate of US\$1: HK\$7.8) as at 8 July 2003,

which have been secured by Mr. Stephen Liu Yiu Keung and Mr. Yeo Boon Ann, the joint and several receivers of the Company (the "Receivers").

The Company wishes to inform its Shareholders that the cash and bank balances of the Company secured by the Receivers amounted to approximately HK\$1,218 million (comprising approximately HK\$3.2 million and approximately US\$156.6 million translated at an exchange rate of US\$1:HK\$7.755) as at 26 September 2003. 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 net increase in the cash and bank balances as at 26 September 2003 as compared to those as at 8 July 2003 is mainly due to the recovery by the Company of an amount of approximately US\$4 million due from one of its wholly owned subsidiaries and the payment by the Company of the Receivers' remuneration, legal and professional fees and other operating expenses. The Receivers are in the continuing process of ascertaining the cash and bank balances of the Company's other subsidiaries. The statement in this announcement regarding the cash and bank balances of the Company has been reported on by the auditors of the Company and Ernst & Young Corporate Finance Limited, the financial adviser to the Receivers, in accordance with Rule 10 of the Code on Takeovers and Mergers (the "Takeovers Code").

Developments in relation to the preservation of Chau's Assets

Reference is made to the announcement of the Company dated 29 August 2003 in relation to, among other things, the judgment in default dated 21 August 2003 (the "Judgment") obtained by the Company against Mr. Chau Ching Ngai ("Mr. Chau") for the sum of US\$34.2 million plus interest (the "Judgment Debt") and the appointment pursuant to an order (the "Order") of the High Court of Hong Kong (the "Court") dated 28 August 2003 of the Receivers as the joint and several receivers ("Chau's Receivers") of those assets as specified in the Order belonging to Mr. Chau ("Chau's Assets"). Chau's Assets include Chau's direct beneficial interest in the entire issued share capital of New Nongkai Global Investments Limited (Joint and Several Receivers and Managers Appointed) ("New Nongkai") and his indirect beneficial interest in 2,288,521,317 shares (the "Pledged Shares") of the Company (representing approximately 75% of the Company's issued share capital) which New Nongkai has charged to Bank of China (Hong Kong) Limited ("BOCHK") as security for the loan extended by BOCHK to New Nongkai (the "Loan").

As stated in the Company's announcement dated 15 September 2003, a firm of solicitors (the "Solicitors"), purporting to be acting for Mr. Chau, is seeking to set aside the Judgment and to vacate the Order. The Solicitors applied to the Court on 29 September 2003 for an order to set aside the Judgment and to vacate the Order ("Chau's Application"). Chau's Application is scheduled to be heard by the Court on 18 November 2003. On 10 October 2003, the Company through the Receivers applied to the Court for an order to set aside the notice to act by the Solicitors who purport to be acting for Mr. Chau as well as Chau's Application. The Company's application is scheduled to be heard by the Court on 5 November 2003. Apart from this, on 10 October 2003, the Solicitors applied to the Court for an order that Chau's Receivers be directed not to, without the leave of the Court and pending the final determination of Chau's Application, effect or cause or allow or allow to effect any sale or disposition of any of the shares of the companies listed in the Order (as Chau's Assets) and other assets of Chau the market value of which exceeds HK\$20,000. The said application is adjourned to be heard by the Court on 15 October 2003. The Receivers, in the capacity as Chau's Receivers, are taking steps to oppose such application.

Since their appointment as Chau's Receivers, the Receivers have taken steps to take into their control Chau's Assets and to manage such assets in order to preserve the value thereof and to apply the same towards satisfaction of the Judgment Debt. In order to assess the value of New Nongkai, the Receivers, in their capacity as Chau's Receivers, have obtained the loan and ancillary documents in relation to the Loan with a view to ascertaining, among other things, the amount of the default interest which may be charged on the Loan. Based on the loan documents, BOCHK has the right to charge default interest on the overdue amount in respect of the Loan from the time it went into default at a rate per annum of 6% over the prime lending rate. Based on the notice of default dated 3 June 2003 sent to New Nongkai by BOCHK's legal advisers, the outstanding principal amount of the Loan and the accrued interest as at that date amounted to approximately HK\$741 million and approximately HK\$5 million respectively. The continuing accrual of the default interest will seriously diminish the value of New Nongkai. As the Company has claims over Chau's Assets on the basis of the Judgment Debt, the Receivers are of the view that the diminution of the value of New Nongkai may reduce the amount of money which the Company may be able to recover from Chau. This would lead to the diminution of the value of the Company and thus not be in the interests of the shareholders of the Company (the "Shareholders"). In this regard, the Receivers have formulated a preliminary proposal which is outlined in the following section.

Developments in relation to the proposal to maximise the value of the Company

As stated in the Company's announcements dated 12 August 2003 and 15 September 2003, the Company has been considering a series of action with a view to maximising the value of the Company for the benefit of the Shareholders generally. Having considered independent financial advice, the

Receivers have formulated a preliminary proposal (the “Proposal”) which involves, in broad terms, the Company taking the following steps:

- taking an assignment of the Loan (the “Loan Assignment”) and registering the Pledged Shares in the name of a nominee company at the direction of the Receivers;
- upon completion of the Loan Assignment, either:
 - controlling the sale process of the Pledged Shares with a view to maximising the value of any general offer for the benefit of the Shareholders; or
 - upon approval by the Shareholders, carrying out a capital reorganisation to effect a special cash distribution (the “Distribution”) to all Shareholders, and then selling the controlling shareholding in the Company; and
- effecting a mechanism under which New Nongkai will apply the proceeds from the sale of the Pledged Shares and/or its entitlement to the Distribution (as the case may be) towards the repayment of the Loan (which will then be owed by New Nongkai to the Company) and any surplus to be paid to the Company towards the satisfaction of the Judgment Debt.

The Receivers consider that the Loan Assignment can effectively stop the diminution of the value of New Nongkai resulting from the accrual of the default interest, thus preserving the value of New Nongkai for the benefit of the Company.

The Receivers have obtained a Leading Counsel’s opinion as to whether the Loan Assignment would infringe the provisions relating to “financial assistance by a company for acquisition of its own shares” in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies Ordinance”). The Leading Counsel is of the opinion that the Loan Assignment would not infringe the provisions in sections 47A to 48 of the Companies Ordinance and that there would be no “financial assistance” within the meaning of the Companies Ordinance.

After their appointment as Chau’s Receivers, the Receivers have commenced discussions with BOCHK in respect of the Loan Assignment but no terms in respect of the Loan Assignment have been agreed.

The Receivers presented the Proposal to the Court on 26 September 2003 and obtained directions from the Court in respect of the Loan Assignment on the same day. The Court has directed that the Receivers proceed with, in the first instance, the Loan Assignment subject to clearance with the appropriate regulatory authorities of the relevant technical issues which may arise from the Loan Assignment. The Court further directed that the Loan Assignment should not be implemented or effected without the final approval of the Court.

The Receivers are currently liaising with the Securities and Futures Commission (the “SFC”) and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) regarding the applicability of the Codes on Takeovers and Mergers and Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in respect of the Loan Assignment and, in particular, the procedures which may have to be adopted and approvals which may have to be obtained in order to effect the Loan Assignment. The major regulatory issues which need to be resolved are as follows.

- Although the Loan Assignment does not itself involve the purchase and cancellation of the Pledged Shares, the spirit of the Code on Share Repurchases (the “Repurchases Code”) may mean that the requirements applicable to an off-market share repurchase as stipulated in the Repurchases Code may need to be complied with before the implementation of the Loan Assignment. Such requirements include the approval by disinterested Shareholders.
- The Loan Assignment may or may not trigger an obligation under Rule 26 of the Takeovers Code for the Receivers to make a mandatory cash offer for all the issued shares of the Company and, if so, a waiver in respect of such obligation may need to be sought from the SFC.
- As the Company is in an offer period within the meaning of the Takeovers Code, the Loan Assignment may constitute a frustrating action under Rule 4 of the Takeovers Code which may not normally proceed without Shareholders’ approval.
- The Loan Assignment may or may not constitute a connected transaction under the Listing Rules which may be subject to the approval by independent Shareholders.

The Receivers are in the process of seeking rulings in respect of the regulatory issues so that the steps necessary to implement the Loan Assignment may be determined. The Loan Assignment will only be implemented after (and subject to) agreement of the terms of the Loan Assignment with BOCHK following determination of and compliance with all applicable rules and regulations and with the final approval of the Court. **Shareholders should note that the implementation of the Loan**

Assignment and the Proposal are subject to a number of uncertainties (such as those mentioned above) and therefore may or may not proceed.

General

The Company will make further announcement(s) to inform the Shareholders of further developments relating to the above matters as and when appropriate.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 2 June 2003 and will remain suspended until further announcement.

For and on behalf of
Shanghai Land Holdings Limited
(Receivers Appointed)
Stephen Liu Yiu Keung
and Yeo Boon Ann
Joint & Several Receivers

Hong Kong, 13 October 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 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.

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