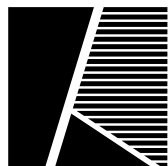


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# Shanghai Land Holdings Limited

## 上海地產控股有限公司

*(Receivers Appointed)*

*(Incorporated in Hong Kong with limited liability)*

### ANNOUNCEMENT

This announcement is made to update the shareholders of the Company in respect of developments relating to the effort made by Chau's Receivers in preserving the value of the Assets in the eventual aim of applying the Assets in satisfaction of the Judgment Debt.

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 announcement of Shanghai Land Holdings Limited (Receivers Appointed) (the "Company") dated 29 August 2003 regarding, among other things, the appointment of the joint and several receivers of the Company (the "Receivers") as the joint and several receivers ("Chau's Receivers") of those assets (the "Assets") referred to in the order (the "Order") of the High Court of Hong Kong (the "Court") dated 28 August 2003 belonging to Mr. Chau Ching Ngai ("Mr. Chau") in Hong Kong or elsewhere. Pursuant to the Order, Chau's Receivers were appointed to take into their control the Assets with powers to manage the same in order to preserve the value thereof and to apply the same in satisfaction of a judgment debt obtained on 21 August 2003 against Mr. Chau in the amount of US\$34.2 million plus interest (the "Judgment Debt") in favour of the Company.

Chau's Receivers informed the Company that on 4 February 2004 Shanghai Finance Holdings Limited ("Shanghai Finance"), through Chau's Receivers, lodged a statement of claim with the Court (the "Claim") against Sun Tai Cheung Credits Limited ("STCC"), Sun Hung Kai Investment Services Limited ("SHKIS") and Madam Mo Yuk Ping ("Madam Mo"). Shanghai Finance is a wholly owned subsidiary of Hong Kong New Nongkai Group Limited ("HKNNG"), which is in turn wholly owned by Mr. Chau and is one of the Assets referred to in the Order. Both STCC and SHKIS are indirect wholly owned subsidiaries of Sun Hung Kai & Co. Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 20 January 2003, Shanghai Finance completed its purchase of all the issued shares of HK\$1.00 each (the "Shun Loong Shares") of Shun Loong Holdings Limited ("Shun Loong") at a consideration of approximately HK\$225 million. Shun Loong is a company incorporated in Hong Kong with limited liability and a holding company with subsidiaries carrying on business in the securities, futures, bullion, investment and money-lending industries in Hong Kong. The audited consolidated net tangible assets of Shun Loong as at 31 March 2002 were approximately HK\$189 million. As at 25 June 2003, the outstanding principal amount and interest (the "Outstanding Amount") of a loan facility (the "SF Loan") obtained by Shanghai Finance from an authorised financial institution in Hong Kong (the "Bank") for the purchase of the Shun Loong Shares was approximately HK\$35.5 million, which loan was secured by way of a mortgage of the Shun Loong Shares (the "Share Mortgage") in favour of the Bank. On 25 June 2003, the Bank assigned to STCC all of its rights and interests in, among other things, the agreements relating to the SF Loan (including the Share Mortgage) at a consideration equivalent to the Outstanding Amount of approximately HK\$35.5 million. On the same day, a sale and purchase agreement between STCC, SHKIS, Shanghai Finance and Madam Mo was entered into in respect of the sale by STCC (as assignee of the Share Mortgage) of the Shun Loong Shares to SHKIS for a consideration of HK\$36.5 million (subject to adjustments) (the "Sale").

Shanghai Finance claims, among other things, (i) that STCC effected the Sale in breach of its duty as mortgagee to act in good faith and to take reasonable care to obtain a proper price or the best price reasonably obtainable or the true market value of the Shun Loong Shares; (ii) that SHKIS knew or ought to have known that the price it agreed to pay under the Sale was not the true market value of the Shun Loong Shares or a proper price which STCC ought (in accordance with its duty) to accept and that the Sale was effected by STCC in breach of its

duty; (iii) that Madam Mo procured the consent of Shanghai Finance to the Sale in breach of her duty as a director of Shanghai Finance; and (iv) that Shanghai Finance has suffered loss and damage (being the difference between the best price reasonably obtainable at the date of the Sale and the price paid by SHKIS) by reason of the breaches of duty of STCC and Madam Mo. Shanghai Finance lodged the Claim with the Court to claim, among other things, an order to set aside the Sale; or alternatively, as against STCC, damages and an account as to the money obtained by STCC in respect of the Shun Loong Shares; and, as against Madam Mo, damages or compensation for her breach of duty as director.

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, 5 February 2004

*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.