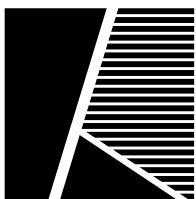


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SHANGHAI LAND HOLDINGS LIMITED

上海地產控股有限公司

(Receivers Appointed)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 67)

ANNOUNCEMENT

This announcement is made to inform Shareholders of the developments relating to the Purported Loans involving Longbai and Hongxin, both wholly owned subsidiaries of the Company in the PRC.

Two summonses dated 28 June 2004 were served on Longbai and Hongxin by the Intermediate Court in Shanghai respectively requiring each of Longbai and Hongxin or their respective attorneys to appear at the hearing held on 6 July 2004 in relation to SRCC's enforcement applications against each of Longbai and Hongxin respectively regarding the Longbai Purported Loan and the Hongxin Purported Loan. Two enforcement notices dated 28 June 2004 were also served on Longbai and Hongxin respectively stating, among other things, that the Intermediate Court had ruled that Longbai should pay to SRCC RMB354,934,911.58 (with accrued penalty interest and an enforcement fee of RMB356,935)

in relation to the Longbai Purported Loan and that Hongxin should pay RMB301,447,005.54 (with accrued penalty interest and an enforcement fee of RMB303,447) in relation to the Hongxin Purported Loan.

Longbai may lose its ownership of Hotel Longbai and Hongxin may lose its land use right of the Hongxin Land if they fail to fulfil the alleged payment obligations and SRCC succeeds in its enforcement actions against them.

On 5 July 2004, Longbai filed a statement of claim against SRCC with the Intermediate Court to apply for the invalidation of the Longbai Purported Loan Agreements and the Intermediate Court accepted the application on the same day. The court hearing is tentatively scheduled to take place on 24 August 2004.

At the 6 July 2004 hearing, Longbai filed an application for enforcement suspension with the Intermediate Court to suspend the execution of the Longbai Enforcement Notice. On 8 July 2004, the Company forwarded separate letters with the Supreme Court in Beijing and the High Court in Shanghai regarding, among other things, Longbai's applications for suspension of execution of the Longbai Enforcement Notice and invalidation of the Longbai Purported Loan Agreements.

As Hongxin did not receive the summons and the Hongxin Enforcement Notice from the Intermediate Court until the hearing on 6 July 2004, the Intermediate Court rescheduled the hearing in relation to the Hongxin Purported Loan to 13 July 2004. On 8 July 2004, Hongxin submitted a statement of claim against SRCC with the Intermediate Court to apply for the invalidation of the Hongxin Purported Loan Agreements and the Intermediate Court accepted the application on 12 July

2004. The court hearing is tentatively scheduled to take place on 7 September 2004.

At the 13 July 2004 hearing, the Receivers received from the Intermediate Court two orders dated 6 July 2004 stating that (i) the respective bank deposits of Longbai and Hongxin be frozen to satisfy the Longbai Enforcement Notice and the Hongxin Enforcement Notice and (ii) assets of Longbai and Hongxin respectively of equivalent value be frozen, foreclosed or auctioned in the event of any shortfall. However, at the 13 July 2004 hearing, the Intermediate Court also issued a list of the asset of Longbai and a list of the asset of Hongxin to be frozen. Such lists only set out the respective real estate property owned by Longbai and Hongxin and did not list the bank accounts of Longbai and Hongxin as having been frozen. The Receivers understand from the Intermediate Court that in view of the applications filed by Longbai for suspension of execution of the Longbai Enforcement Notice and by Hongxin for suspension of execution of the Hongxin Enforcement Notice and the statements of claim respectively filed by Longbai and Hongxin against SRCC applying for the invalidation of the Longbai Purported Loan Agreements and the Hongxin Purported Loan Agreements, the Intermediate Court will not at this juncture freeze the other assets, including the bank accounts of Longbai and Hongxin. In the interim, the formal judgment in respect of the applications by Longbai and Hongxin for suspension of execution of the two enforcement notices has been reserved by the Intermediate Court.

Trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 2 June 2003 and will remain suspended until further announcement.

Reference is made to the Company's announcements dated 9 June 2003, 16 July 2003 and 23 December 2003, annual report and related results announcement dated 27 October 2003 for the year ended 30 June 2003, and interim report and related results announcement dated 23 March 2004 for the six months ended 31 December 2003.

Background of the Purported Loans

Longbai Purported Loan

Pursuant to the Longbai Purported Loan Agreements dated 11 April 2003 signed by the former legal representative of Longbai in the PRC, Hotel Longbai was purportedly pledged as the alleged security for a loan of RMB350 million (equivalent to approximately HK\$330.2 million) purportedly granted by SRCC to Longbai for a term of five years commencing from 18 April 2003 with interest payable quarterly and charged at an interest rate of 5.58% per annum. According to the Longbai Purported Loan Agreements, the Longbai Purported Loan was allegedly required for the purpose of an alleged acquisition by Longbai of a serviced apartment in Shanghai. The Receivers have not located any documents relating to such alleged acquisition.

The bulk of the Longbai Purported Loan, in an amount of approximately RMB347 million (equivalent to approximately HK\$327.4 million), was deposited with Fuyou Securities on 29 April 2003 via four SRCC's cashier orders totalling RMB347 million made payable to Longbai. The Receivers understand that such deposit was possible as the former legal representative of Longbai, under the instruction of Mr. Chau Ching Ngai, endorsed the payments to Fuyou Securities on the back of the cashier orders. Mr. Jiang Dong Liang, an executive Director of the Company and a former director of Longbai, is also the legal representative of a company which has a shareholding of approximately

20% in Fuyou Securities. The Receivers have been reviewing legal options in this respect.

The Receivers understand that the remaining amount of approximately RMB3 million of the total sum of the Longbai Purported Loan represents purported interest payment of the Longbai Purported Loan retained by SRCC before the Receivers were appointed as the joint and several receivers of the Company on 7 June 2003.

The Receivers understand that the Longbai Purported Loan was not duly authorised and approved by the Board. The Receivers have previously lodged a police report with the Shanghai Police Department against the former legal representative of Longbai. The Receivers have met representatives of SRCC and have written to SRCC questioning the validity of the Longbai Purported Loan and requesting information and documents in relation to the Longbai Purported Loan but have not received any satisfactory reply from SRCC.

Given the irregularities concerning the Longbai Purported Loan, the Receivers, after effecting the change of the legal representative and the board of directors of Longbai on 16 December 2003 and securing management control of Longbai and its hotel operations, did not cause Longbai to make the quarterly interest payments of approximately RMB4.9 million due on 20 March 2004 and approximately RMB4.9 million due on 20 June 2004 in respect of the Longbai Purported Loan. SRCC has demanded repayment of the Longbai Purported Loan with interest.

Hongxin Purported Loan

Pursuant to the Hongxin Purported Loan Agreements dated 27 March 2003 signed by the former legal representative of Hongxin in the PRC, the Hongxin Land was purportedly pledged as the alleged security for a loan of RMB300

million (equivalent to approximately HK\$283 million) purportedly granted by SRCC to Hongxin for a term of one year commencing from 27 March 2003 with interest payable quarterly and charged at an interest rate of 5.31% per annum.

Upon receipt of the alleged loan of RMB300 million from SRCC on 13 May 2003, Hongxin advanced a sum of RMB300 million to Shanghai Huatip (equivalent to approximately HK\$283 million) pursuant to a purported loan agreement dated 13 May 2003 entered into between Hongxin and Shanghai Huatip. The loan was stated to be for the business expansion of Shanghai Huatip. According to such loan agreement, the loan together with interest was due for repayment on 11 July 2003. The Receivers have no record of the loan having been repaid by Shanghai Huatip. Based on information available to the Receivers so far, it appears that two individuals who claim to be employees of 上海農凱發展(集團)有限公司 (Shanghai Nongkai Development Group Limited), a company understood to be established in the PRC and controlled by Mr. Chau Ching Ngai, may be the shareholders of Shanghai Huatip. The Receivers have been reviewing legal options in this respect.

The Receivers understand that the Hongxin Purported Loan was not duly authorised and approved by the Board. The Receivers have previously lodged a police report with the Shanghai Police Department against the former legal representative of Hongxin. The Receivers have met representatives of SRCC to request more information regarding this matter. The Receivers have written to SRCC to question the validity of the Hongxin Purported Loan but have not received any satisfactory reply from SRCC.

According to the Hongxin Purported Loan Agreements, the principal amount of RMB300 million and the accrued interest of approximately RMB15.9 million in respect of the Hongxin Purported Loan were due on 26 March 2004. Given the irregularities concerning the Hongxin Purported Loan, the Receivers, after effecting the change of the legal representative and the board of directors of Hongxin on 15 January 2004, did not cause Hongxin to make the principal and interest repayments in respect of the Hongxin Purported Loan.

Enforcement actions taken against Longbai and Hongxin *Longbai*

Longbai received the following documents from the Intermediate Court on 30 June 2004.

A summons dated 28 June 2004 was served on Longbai by the Intermediate Court requiring Longbai or its attorneys to appear at the hearing held on 6 July 2004 in relation to SRCC's enforcement application against Longbai regarding the Longbai Purported Loan. The Longbai Enforcement Notice dated 28 June 2004 was served on Longbai stating, among other things, that the Intermediate Court had ruled that Longbai should pay to SRCC RMB354,934,911.58 with accrued penalty interest and an enforcement fee of RMB356,935; and that, if Longbai fails to fulfil such payment obligations before 6 July 2004, the Intermediate Court will take enforcement measures against Longbai. Up to date, Longbai has not made any payments to SRCC pursuant to the Longbai Enforcement Notice.

Longbai may lose its ownership of Hotel Longbai if it fails to fulfil the above alleged payment obligations and SRCC succeeds in its enforcement action eventually. The Receivers understand that SRCC is in possession of the title documents of Hotel Longbai.

Hongxin

At the hearing which took place on 6 July 2004, the Receivers were informed by the Intermediate Court that the hearing would also deal with SRCC's enforcement application against Hongxin regarding the Hongxin Purported Loan. Hongxin did not receive any of the following documents from the Intermediate Court until the hearing on 6 July 2004.

A summons dated 28 June 2004 was served on Hongxin by the Intermediate Court requiring Hongxin or its attorneys to appear at the hearing to be held on 6 July 2004 in relation to SRCC's enforcement application against Hongxin regarding the Hongxin Purported Loan. The Hongxin Enforcement Notice dated 28 June 2004 was served on Hongxin stating, among other things, that the Intermediate Court had ruled that Hongxin should pay to SRCC RMB301,447,005.54 with accrued penalty interest and an enforcement fee of RMB303,447; and that, if Hongxin fails to fulfil such payment obligations before 6 July 2004, the Intermediate Court will take enforcement measures against Hongxin. Upon the Receivers' request for more time to review the documents, the Intermediate Court rescheduled the hearing in relation to the Hongxin Purported Loan to 13 July 2004. Up to date, Hongxin has not made any payments to SRCC pursuant to the Hongxin Enforcement Notice.

Hongxin may lose its land use right of the Hongxin Land if it fails to fulfil the above alleged payment obligations and SRCC succeeds in its enforcement action eventually. The Receivers understand that SRCC is in possession of the title documents of the Hongxin Land.

Action taken by Longbai and Hongxin under the management of the Receivers

Longbai

On 5 July 2004, Longbai filed a statement of claim against SRCC with the Intermediate Court to apply for the invalidation of the Longbai Purported Loan Agreements and the Intermediate Court accepted the application on the same day. The court hearing is tentatively scheduled to take place on 24 August 2004.

At the 6 July 2004 hearing, Longbai filed an application with the Intermediate Court to suspend the execution of the Longbai Enforcement Notice. On 8 July 2004, the Company forwarded separate letters with the Supreme Court in Beijing and the High Court in Shanghai regarding, among other things, Longbai's applications for suspension of execution of the Longbai Enforcement Notice and invalidation of the Longbai Purported Loan Agreements.

At the 13 July 2004 hearing, the Receivers received from the Intermediate Court an order dated 6 July 2004 stating that (i) bank deposits of Longbai be frozen to satisfy the Longbai Enforcement Notice and (ii) assets of Longbai of equivalent value be frozen, foreclosed or auctioned in the event of any shortfall. However, at the 13 July 2004 hearing, the Intermediate Court also issued a list of the asset of Longbai to be frozen. Such list only sets out the real estate property owned by Longbai and did not list the bank accounts of Longbai as having been frozen. The Receivers understand from the Intermediate Court that in view of the application filed by Longbai for suspension of execution of the Longbai Enforcement Notice and the statement of claim filed by Longbai against SRCC applying for the invalidation of the Longbai Purported Loan Agreements, the Intermediate Court will not at this juncture

freeze the other assets, including the bank accounts of Longbai or disrupt the operation of Longbai. Hotel Longbai is still in operation. In the interim, the formal judgment in respect of Longbai's application for suspension of the execution of the Longbai Enforcement Notice has been reserved by the Intermediate Court.

Hongxin

On 8 July 2004, Hongxin submitted a statement of claim against SRCC with the Intermediate Court to apply for the invalidation of the Hongxin Purported Loan Agreements and the Intermediate Court accepted the application on 12 July 2004. The court hearing is tentatively scheduled to take place on 7 September 2004.

At the 13 July 2004 hearing, Hongxin filed an application with the Intermediate Court to suspend the execution of the Hongxin Enforcement Notice.

At the 13 July 2004 hearing, the Receivers received from the Intermediate Court an order dated 6 July 2004 stating that (i) bank deposits of Hongxin be frozen to satisfy the Hongxin Enforcement Notice and (ii) assets of Hongxin of equivalent value be frozen, foreclosed or auctioned in the event of any shortfall. However, at the 13 July 2004 hearing, the Intermediate Court also issued a list of the asset of Hongxin to be frozen. Such list only sets out the real estate property owned by Hongxin and did not list the bank accounts of Hongxin as having been frozen. The Receivers understand from the Intermediate Court that in view of the application filed by Hongxin for suspension of execution of the Hongxin Enforcement Notice and the statement of claim filed by Hongxin against SRCC applying for the invalidation of the Hongxin Purported Loan Agreements, the Intermediate Court will not at this juncture freeze the other assets, including the bank accounts of

Hongxin. In the interim, the formal judgment in respect of Hongxin's application for suspension of execution of the Hongxin Enforcement Notice has been reserved by the Intermediate Court.

General

Based on the information available to the Receivers so far, there is no information indicating that the Company has provided any guarantee for the Purported Loans or that SRCC has any recourse against the Company in respect of the Purported Loans.

Longbai and Hongxin are major subsidiaries of the Company and Hotel Longbai is the major operation of the Group. Longbai may lose its ownership of Hotel Longbai and Hongxin may lose its land use right of the Hongxin Land (as the case may be) if either of them fails to fulfil the alleged payment obligations and SRCC succeeds in its enforcement action eventually.

The Receivers will continue to seek legal advice and take appropriate actions in respect of the Purported Loans. The Company will make further announcement(s) to inform the Shareholders of further developments as and when appropriate.

Trading in the Shares on the Stock Exchange has been suspended since 9:30 a.m. on 2 June 2003 and will remain suspended until further announcement.

As at the date of this announcement, the Board comprises ten Directors. The executive Directors are Mr. Chau Ching Ngai, Ms Gong Bei Ying, Mr. Jiang Dong Liang, Mr. Koo Hoi Yan, Donald, Mr. Mao Wei Ping and Mr. Shan Zhenglin. The non-executive Directors are Ms. Fan Cho Man and Mr. Tan Lim Heng. The independent non-

executive Directors are Mr. Liu Lit Man and Mr. Mok Chiu Kuen.

Definitions

Unless the context requires otherwise, the use of 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) (Receivers Appointed), 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
“Fuyou Securities”	Fuyou Securities Brokerage Co., Limited (富友證券經紀有限責任公司), a company established in the PRC
“Group”	the Company and its subsidiaries
“High Court”	上海市高級人民法院 (Shanghai High Court) of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hongxin”	上海宏興房地產發展有限公司 (Shanghai Hongxin Real Estate Development Company Limited), a company established in the PRC and a wholly owned subsidiary of the Company, which is principally engaged in property development

- “Hongxin Enforcement Notice” the enforcement notice dated 28 June 2004 served on Hongxin stating, among other things, that the Intermediate Court had ruled that Hongxin should pay to SRCC RMB301,447,005.54 with accrued penalty interest and an enforcement fee of RMB303,447; and that, if Hongxin fails to fulfil such payment obligations before 6 July 2004, the Intermediate Court will take enforcement measures against Hongxin
- “Hongxin Land” a parcel of land situated at 26 Wu Zhong Lu, Shanghai, the PRC which is owned by Hongxin, of which no foundation or construction work has yet commenced
- “Hongxin Purported Loan” the loan of RMB300 million purportedly made by SRCC to Hongxin pursuant to a loan agreement dated 27 March 2003
- “Hongxin Purported Loan Agreements” the loan agreement dated 27 March 2003 and the accompanying security agreement dated 27 March 2003 entered into between SRCC and Hongxin
- “Hotel Longbai” 上海逸和龍柏飯店 (Hotel Yihe Longbai Shanghai), which is situated at 2451 Hong Qiao Road, Shanghai, the PRC and owned by Longbai
- “Intermediate Court” 上海市第一中級人民法院 (Shanghai No.1 Intermediate Court) of the PRC

“Longbai”	上海逸和龍柏酒店有限公司 (Shanghai Yihe Longbai Hotel Limited) (formerly known as 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, which is principally engaged in hotel investment and operation
“Longbai Enforcement Notice”	the enforcement notice dated 28 June 2004 served on Longbai stating, among other things, that the Intermediate Court had ruled that Longbai should pay to SRCC RMB354,934,911.58 with accrued penalty interest and an enforcement fee of RMB356,935; and that, if Longbai fails to fulfil such payment obligations before 6 July 2004, the Intermediate Court will take enforcement measures against Longbai
“Longbai Purported Loan”	the loan of RMB350 million purportedly made by SRCC to Longbai pursuant to a loan agreement dated 11 April 2003
“Longbai Purported Loan Agreements”	the loan agreement dated 11 April 2003 and the accompanying security agreement dated 11 April 2003 entered into between SRCC and Longbai
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Receivers”	Messrs. Stephen Liu Yiu Keung and Yeo Boon Ann, both of Ernst & Young Transactions Limited of 17th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong
“Purported Loans”	the Longbai Purported Loan and the Hongxin Purported Loan
“Shanghai Huatip”	上海華疊貿易有限公司 (Shanghai Huatip Trading Company Limited), a company established in the PRC
“Shares”	the issued shares of the Company
“Shareholders”	the shareholders of the Company
“SRCC”	上海市農村信用合作社聯合社 (Shanghai Rural Credit Cooperatives Union) and its branches, being the lender of the Purported Loans
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Court”	最高人民法院 (People’s Supreme Court) of the PRC

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.

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

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

Hong Kong, 14 July 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.