

*The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 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

On 19 November 2004, Hongxin received the Judgment dated 17 November 2004 issued by the Intermediate Court. The Judgment states that, among other things, the Hongxin Purported Loan Agreements are legally binding, the Intermediate Court does not support Hongxin's applications for the invalidation of the Hongxin Purported Loan Agreements, the return by SRCC of the interest of RMB4,071,000 paid by Hongxin and payment of an amount of approximately RMB194,500, being the interest accrued on the interest paid by Hongxin.

Hongxin can appeal within 15 days of 19 November 2004, being the date of the delivery of the Judgment to Hongxin.

The Receivers have received legal advice with regard to the Judgment and intend to discuss the matter with the Board. The Company will make further announcement(s) to inform the Shareholders of further developments as and when appropriate.

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

### BACKGROUND

#### **Hongxin Purported Loan**

As stated in the announcement of the Company dated 14 July 2004, 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 appear to be or to have been employees of 上海農凱發展(集團)有限公司 (Shanghai Nongkai Development Group Limited), a company established in the PRC and believed to be controlled by Mr. Chau Ching Ngai (the Chairman of the Company), became the shareholders of Shanghai Huatip in 2002. One of these individuals was also a director of Longbai prior to the Receivers taking control of Longbai. The Company applied to the High Court to commence legal proceedings against Shanghai Huatip (amongst others) in 2003. The High Court advised in July 2004 that a new application should be made to the Intermediate Court if the Company wishes to continue with such application. The Receivers are 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.

#### **Hongxin Enforcement Notice**

At a hearing which took place on 6 July 2004, Hongxin received the following documents from the Intermediate Court, which documents Hongxin had not received 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 which was 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 failed to fulfil such payment obligations before 6 July 2004, the Intermediate Court would take enforcement measures against Hongxin. Upon the Receivers' request for more time to review such documents, the Intermediate Court rescheduled the hearing in relation to the Hongxin Purported Loan to 13 July 2004. Hongxin has not made any payments to SRCC pursuant to the Hongxin Enforcement Notice.

#### **Action taken by Hongxin**

On 8 July 2004, Hongxin filed 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 filing of such on 12 July 2004. The court hearing took place on 7 September 2004.

#### **JUDGMENT**

On 19 November 2004, Hongxin received the Judgment dated 17 November 2004 issued by the Intermediate Court in respect of the hearing on 7 September 2004. The Judgment states that, among other things, the Hongxin Purported Loan Agreements are legally binding, the Intermediate Court does not support Hongxin's application for the invalidation of the Hongxin Purported Loan Agreements, the return by SRCC of the interest of RMB4,071,000 paid by Hongxin and payment of an amount of approximately RMB194,500, being the interest accrued on the interests paid by Hongxin, and further ruled that Hongxin must bear the court fees of approximately RMB1,510,000, which have already been paid.

Hongxin can appeal within 15 days of 19 November 2004, being the date of the delivery of the Judgment to Hongxin.

#### **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 Hongxin Purported Loan or that SRCC has any recourse against the Company in respect of the Hongxin Purported Loan.

The Receivers are advised that the Intermediate Court may resume the execution of the Hongxin Enforcement Notice any time. The Receivers have received legal advice with regard to the Judgment and intend to discuss the matter with the Board. The Company will make further announcement(s) to inform the Shareholders of further developments as and when appropriate.

In respect of the Longbai Purported Loan as set out in the announcement of the Company dated 14 July 2004, the Intermediate Court at the hearing held on 6 July 2004 reserved judgment as regards Longbai's application for suspension of the execution of the Longbai Enforcement Notice. A court hearing in respect of the statement of claim filed by Longbai against SRCC to apply for the invalidation of the Longbai Purported Loan Agreements was held on 24 August 2004. At the hearing, the Intermediate Court did not deliver any judgment and did not indicate any definite time as to when judgment would be given. Judgment in respect of Longbai's application for suspension of the execution of the Longbai Enforcement Notice is still being reserved by the Intermediate Court.

Trading in the shares of the Company 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 of directors of the Company comprises nine directors. The executive directors are Mr Chau Ching Ngai, Ms Gong Bei Ying, Mr Jiang Dong Liang, Mr Koo Hoi Yan, Donald and Mr Mao Wei Ping. The non-executive directors are Ms Fan Cho Man and Mr Tan Lim Heng. The independent non-executive directors are Mr Mok Chiu Kuen and Mr Ho Yau Hoo, Ronald.

## 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
“High Court”	上海市高級人民法院 (High People’s Court of Shanghai) of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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
“Intermediate Court”	上海市第一中級人民法院 (Shanghai No.1 Intermediate Court) of the PRC
“Judgment”	the Judgment dated 17 November 2004 issued by the Intermediate Court stating that, among other things, the Hongxin Purported Loan Agreements are legally binding, the Intermediate Court does not support Hongxin’s applications for the invalidation of the Hongxin Purported Loan Agreements, the return by SRCC of the interest of RMB4,071,000 paid by Hongxin and payment of an amount of approximately RMB194,500, being the interest accrued on the interests paid by Hongxin, and further ruled that Hongxin must bear the court fees of approximately RMB1,510,000, which have already been paid.
“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
“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

“Shanghai Huatip” 上海華疊貿易有限公司 (Shanghai Huatip Trading Company Limited), a company established in the PRC

“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 Hongxin Purported Loan and Longbai Purported Loan

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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, 26 November 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.