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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

The Company, China Horizon and King Success have commenced legal proceedings against Mr. Chau, Ms. Mo, New Nongkai, Ms. Yu Kwo, Mr. Siu, Mr Yu Ling, Mr. D C Lee and Ms. Angela Gong.

The Receivers without prejudice negotiations with Mr. Chau's representatives and BOCHK's representatives with a view to reaching an agreement with respect to the Proposal are ongoing notwithstanding the commencement of legal proceedings.

Trading in the shares of the Company 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 announcement(s) regarding any significant developments on the abovementioned legal proceedings as and when appropriate.

The Company refers to its announcement dated 27 April 2005 in relation to the Proposal.

The Company, China Horizon and King Success (wholly-owned subsidiaries of the Company) have commenced legal proceedings against Mr. Chau as the 1st defendant, Ms. Mo as the 2nd defendant, New Nongkai as the 3rd defendant, Ms. Yu Kwo as the 4th defendant, Mr. Siu as the 5th defendant, Mr. Yu Ling as the 6th defendant, Mr. D C Lee as the 7th defendant and Ms. Angela Gong as the 8th defendant. A writ of summons was issued in the Court on 12 May 2005.

The Receivers without prejudice negotiations with Mr. Chau's representatives and BOCHK's representatives with a view to reaching an agreement with respect to the Proposal are ongoing notwithstanding the commencement of legal proceedings. Shareholders should note that the Proposal being discussed is subject to a number of uncertainties and therefore may or may not proceed.

THE DEFENDANTS

Mr. Chau was at the relevant time, and is, a director of, and the chairman of, the Company. Ms. Mo was at the relevant time, the general manager of the Company and is understood to be the wife of Mr. Chau. New Nongkai is the controlling shareholder of the Company and is beneficially owned by Mr. Chau.

Ms. Yu Kwo entered into an agreement with King Success on 15 January 2003 pursuant to which King Success agreed to purchase the entire issued share capital of Hip Yick and to take an assignment of a shareholder's loan, for an aggregate consideration of approximately HK\$381 million (including HK\$10 million retained consideration) (the "Hip Yick Transaction"). Hip Yick owns 100% of Longbai, which in turn holds Hotel Longbai.

On or about 11 April 2003, Longbai was caused to enter into a loan agreement with SRCCU pursuant to which Longbai borrowed RMB350,000,000 (equivalent to approximately HK\$330,200,000) from SRCCU; Hotel Longbai was pledged as security for the said loan of RMB350,000,000 (equivalent to approximately HK\$330,200,000). RMB347,000,000 (equivalent to approximately HK\$327,400,000) of the moneys borrowed by Longbai from SRCCU was on 29 April 2003 diverted for no commercial or other legitimate purpose to Fuyou Securities Brokerage Co., Limited (富友證券經紀有限責任公司).

Mr. Siu entered into an agreement with King Success on 10 February 2003 pursuant to which King Success agreed to purchase the entire issued share capital of Eastar and to take an assignment of a shareholder's loan, for an aggregate consideration of HK\$330,761,760 (the "Eastar Transaction"). Eastar, through its wholly-owned subsidiary, China Honest Limited, owns 100% of Hongxin which in turn holds the Wuzhong Road Land.

On or about 27 March 2003, Hongxin was caused to enter into a loan agreement with SRCCU pursuant to which Hongxin borrowed RMB300,000,000 (equivalent to approximately HK\$283,000,000). The Wuzhong Road Land was pledged to SRCCU by Hongxin as security for such loan. The RMB300,000,000 (approximately HK\$283,000,000) which was borrowed by Hongxin from SRCCU was on-lent by Hongxin to Shanghai Huatip Trading Limited (上海華疊貿易有限公司) (a company incorporated in the PRC) for no commercial or legitimate purpose.

Mr. Yu Ling entered into an agreement with China Horizon on 4 November 2002 pursuant to which China Horizon agreed to purchase the entire issued share capital of Bowyer and to take an assignment of a shareholder's loan for an aggregate consideration of HK\$33,333,333 (the "Bowyer Transaction").

Mr. D C Lee was at various times an executive director of the Company until 1 March 2003. Ms. Angela Gong was at material times an executive director of the Company until 4 February 2005. Ms. Mo, Mr. D C Lee and Ms. Angela Gong were also at various times directors of King Success and China Horizon.

THE CLAIMS

The Company and/or King Success claim:

- against Ms. Yu Kwo:
 - (1) Repayment of the sum of HK\$371,000,000;
 - (2) Insofar as is necessary in all the circumstances, an order that the Hip Yick Transaction be set aside or rescinded on such terms, if any, as the Court in the circumstances thinks just.
- further or alternatively against Ms. Mo, Mr. D C Lee and Ms. Angela Gong:
 - (3) Damages, including damages or equitable compensation for breach of fiduciary duties in respect of the Hip Yick Transaction.
- and against Mr. Siu:
 - (4) Repayment of the sum of HK\$330,761,760;
 - (5) Insofar as is necessary in all the circumstances, an order that the Eastar Transaction be set aside or rescinded on such terms, if any, as the Court thinks just in the circumstances.
- further or alternatively against Ms. Mo, Mr. D C Lee and Ms. Angela Gong:
 - (6) Damages, including damages or equitable compensation for breach of fiduciary duties in respect of the Eastar Transaction.

The Company and/or China Horizon claim:

- against Mr. Yu Ling:
 - (7) Repayment of the sum of HK\$33,333,333;
 - (8) Insofar as is necessary in all the circumstances, an order that the Bowyer Transaction be set aside or rescinded on such terms, if any, as the Court in the circumstances thinks just.
- further or alternatively against Ms. Mo, Mr. D C Lee and Ms. Angela Gong:
 - (9) Damages including damages or equitable compensation for breach of fiduciary duties in respect of the Bowyer Transaction.
- and against Mr. Chau:
 - (10) A declaration that Mr. Chau is jointly and severally liable, together with Ms. Yu Kwo, Mr. Siu and Mr. Yu Ling in their respective proportions as vendors in the relevant transactions, to repay the said sums totalling HK\$735,095,093 and an order that they do pay the Company, China Horizon and King Success the said sums;
 - (11) Further or alternatively, without prejudice to the claims of Company, China Horizon and King Success for rescission of the Hip Yick Transaction, Eastar Transaction and Bowyer Transaction, damages or equitable compensation for breach of fiduciary duties;
 - (12) Further or alternatively, without prejudice to the other relief prayed for, a declaration that Mr. Chau is a constructive trustee in respect of all monies misappropriated or otherwise sourced from the Company, China Horizon and King Success in connection with the said transactions or any of them and/or misapplied for the benefit of Mr. Chau in breach of his fiduciary among other duties;
 - (13) As an alternative to damages and subject to the Company and/or China Horizon and/or King Success so electing and insofar as it is not inconsistent with the claim for rescission, an account of profits arising out of Mr. Chau's breaches of fiduciary duties.

And the Company and/or China Horizon and/or King Success claim:

- against New Nongkai:
 - (14) A declaration that New Nongkai is liable to the Company and/or China Horizon and/or King Success as a constructive trustee for knowing receipt of the aggregate sum of HK\$735,095,093 and for knowing or dishonest assistance of Mr. Chau in respect of his breaches of fiduciary duties and for an order for payment of the sums received by New Nongkai and/or misapplied for the benefit of New Nongkai:

- (15) A declaration that New Nongkai is jointly and severally liable with Mr. Chau for payment of the monies claimed against them and an order for payment of the same.
- against Ms. Yu Kwo, Mr. Siu and Mr. Yu Ling:
- (16) Without prejudice to the relief claimed against them above, a declaration that Ms. Yu Kwo, Mr. Siu and Mr. Yu Ling are each liable as constructive trustees for knowing receipt of the respective portions of the monies ostensibly paid to them in their own right as vendors in connection with the relevant transaction and/or that they are jointly and severally liable together with Mr. Chau for repayment in respect of the same for knowing or dishonest assistance in respect of Mr. Chau's breaches of fiduciary and other duties; and an order for repayment of the same.
- against Ms. Mo, Mr. D C Lee and Ms. Angela Gong;
- (17) A declaration that Ms. Mo, Mr. D C Lee and Ms. Angela Gong are jointly and severally liable together with Mr. Chau for damages or equitable compensation for breach of their own fiduciary and other duties and for knowing or dishonest assistance in respect of Mr. Chau's breaches of his fiduciary duties; and an order for payment of such damages or equitable compensation.
- against Mr. Chau, Ms. Mo, New Nongkai, Ms. Yu Kwo, Mr. Siu, Mr. Yu Ling, Mr. D C Lee and Ms. Angela Gong:
- (18) Damages for conspiracy.
- (19) Interest.
- (20) Costs.
- (21) Further or other relief.

GENERAL

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (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 announcement(s) regarding any significant developments on the abovementioned legal proceedings as and when appropriate.

As at the date of this announcement, the board of directors of the Company comprises eight directors. The executive directors are Mr. Chau Ching Ngai, 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:

"BOCHK"	Bank of China (Hong Kong) Limited
"Bowyer"	Bowyer Profits Limited, a company which holds interests in Shanghai
"China Horizon"	China Horizon Limited, a wholly-owned subsidiary of the Company
"Company"	Shanghai Land Holdings Limited (Receivers Appointed)
"Eastar"	Eastar Development Limited, a company which owns 100% of Hongxin which in turn owns the Wuzhong Road Land
"Group"	the Company and its subsidiaries
"Hip Yick"	Hip Yick Profits Limited, a company which owns 100% of Longbai which in turn holds Hotel Longbai
"Hongxin"	Shanghai Hongxin Real Estate Development Company Limited (上海宏興房地產發展有限公司)
"Hotel Longbai"	Hotel Yihe Longbai Shanghai, which is situate at Hong Qiao Road, Hong Qiao District, Shanghai, the PRC
"King Success"	King Success Holdings Limited, a wholly-owned subsidiary of the Company
"Longbai"	Shanghai Yihe Longbai Hotel Limited (上海逸和龍柏酒店有限公司)
"Ms. Angela Gong"	Ms. Gong Bei Ying Angela
"Mr. Chau"	Mr. Chau Ching Ngai
"Mr. D C Lee"	Mr. Lee Deng Charng
"Ms. Mo"	Ms. Mo Yuk Ping
"Mr. Siu"	Mr. Siu Yim Wah
"New Nongkai"	New Nongkai Global Investments Limited (Receivers and Managers Appointed)
"Proposal"	a proposal which may involve, among other things, the return of the Company's capital to Shareholders through liquidation of the Company as part of a settlement of certain litigation commenced by the Group and of certain other claims the Group has against various parties

“Receivers” Messrs. Stephen Liu Yiu Keung and Yeo Boon Ann, both of 18th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

“Shareholders” the shareholders of the Company

“SRCCU” Shanghai Rural Credit Cooperatives Union (上海市農村信用合作社聯合社) and its branches

“Wuzhong Road Land” A parcel of land at Wuzhong Road, Shanghai which is owned by Hongxin

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

Hong Kong, 19 May 2005

Unless otherwise specified in this announcement, HK\$1.00 has been taken to be equivalent to RMB1.06. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at such a rate.

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