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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)

SETTLEMENT PROPOSAL INVOLVING WINDING-UP OF THE COMPANY A CONNECTED TRANSACTION AND A VERY SUBSTANTIAL DISPOSAL UNDER THE LISTING RULES

Settlement Proposal involving winding-up of the Company

On 5 July 2005, the Company, New Nongkai, BOCHK, BOC (HK) Nominees, the Receivers, the NNGI Receivers, Mr. Chau and Ms. Mo entered into the Settlement Deed in respect of the Settlement Proposal which involves, among other things, the winding-up of the Company by way of a members' voluntary winding-up, a distribution of the Company's assets to its Shareholders and a settlement of claims.

Subject to the provision for or payment or discharge of all debts and liabilities of the Company, the Company's distributable assets (after setting aside the outstanding and estimated further costs and expenses of the Company's receivership and winding-up) amounted to approximately HK\$1,920 million, shall be distributed as follows: (i) HK\$480 million shall be declared and paid in cash to the Minority Shareholders in proportion to the number of Shares held by them (subject to adjustment); (ii) HK\$1,440 million shall be declared in favour of BOC (HK) Nominees who is the registered Shareholder of 75% of the Company's shares, to such other party as BOC (HK) Nominees may direct. The distribution is equivalent to approximately HK\$0.629 per Share.

The distribution of HK\$1,440 million declared to BOC (HK) Nominees is made up of HK\$644 million which shall be paid in cash (equivalent to approximately HK\$0.281 per Share) (subject to adjustment) and a Non-Cash Distribution at a notional value of HK\$796 million (equivalent to approximately HK\$0.348 per Share) (not subject to any adjustment) making up a total distribution of HK\$0.629 per Share.

As described in the paragraph headed "Settlement of claims against New Nongkai and Mr. Chau by BOCHK" below, upon receipt by BOCHK in cleared funds of HK\$140 million to be paid by or on behalf of Mr. Chau, the receivership over New Nongkai will be discharged and Mr. Chau will regain control of New Nongkai. The Non-Cash Distribution comprises the proceeds from the Chau Claim (if any) or any right to receive the same (if assignable), the Great Center Claim and the entire issued share capital of Capital Sky which owns (among other things) the entire issued share capital of King Success which in turn owns (among other things) the entire issued shares in and the respective shareholders' loans to the BVI Subsidiaries which directly own properties in the PRC, at a notional value of HK\$796 million (will not be subject to any adjustment), of which HK\$735 million represents the acquisition costs of the three PRC properties and the balance represents an ascribed value to the various claims, such value being irrevocably accepted by the Primary Parties for the purposes of the Settlement Deed.

Without any admission whatsoever on the part of any of the Parties as to liability or as to the validity or quantum of the claims made by or against each other, the Parties have agreed to settle all existing or potential claims between them, including, without limitation, the BOCHK Claim, the Chau Claim and the Properties Transactions Claim, on the terms set out in the Settlement Deed.

The Settlement Deed is conditional upon, among other things, approval of the Settlement Proposal by the Independent Shareholders and the winding-up of the Company by the Shareholders and the sanction from the Court.

The resolution by the Shareholders to approve the winding-up of the Company and the resolution by the Independent Shareholders to approve the Settlement Deed and the delisting of shares are not inter-conditional. After passing of the resolution voting by way of poll by the Independent Shareholders to approve the Settlement Deed, a special resolution to approve the winding-up of the Company will be put to the Shareholders at the EGM.

The Company acting through the Receivers considers that it is appropriate to propose a resolution to the Independent Shareholders for their consideration for the withdrawal of listing of the Company on the Stock Exchange following the implementation of the Settlement Proposal. In accordance with Rule 6.12 of the Listing Rules, the approval of withdrawal of listing must be obtained from at least 75% of the Independent Shareholders voting by way of poll either in person or by proxy at the meeting.

General

The Settlement Proposal involves the winding-up of the Company and is a very substantial disposal under the Listing Rules and constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. An EGM will be convened to obtain the necessary approvals from the relevant Shareholders for the Settlement Proposal, the winding-up of the Company and the withdrawal of listing on the Stock Exchange following the implementation of the Settlement Proposal. New Nongkai, BOC (HK) Nominees, BOCHK, Mr. Chau, Ms Mo and their respective associates holding 75% of the shareholding are required to abstain from voting in respect of the resolution to approve the Settlement Proposal and the withdrawal of listing for the purposes of the Listing Rules.

The Company will despatch a circular containing, among other things, further details of the Settlement Proposal and the Group's assets and liabilities, the recommendation from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the EGM to the Shareholders as soon as practicable.

Shareholders should note that the Settlement Proposal, the winding-up of the Company and the withdrawal of listing are subject to a number of conditions and therefore may or may not proceed.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 2 June 2003 pending clarification of certain press articles regarding the Company and remains suspended. The Company will make further announcement(s) regarding any significant developments as and when appropriate.

BACKGROUND

On 27 April 2005, the Company announced that the Receivers have been engaged in without prejudice negotiations with Mr. Chau's representatives and BOCHK's representatives with a view to reaching an agreement with respect to 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 significant litigation commenced by the Company and certain other claims which the Company would otherwise proceed to litigate.

SETTLEMENT PROPOSAL INVOLVING WINDING-UP OF THE COMPANY

On 5 July 2005, the Company entered into the Settlement Deed in respect of the Settlement Proposal which involves, among other things, the winding-up of the Company by way of a members' voluntary winding-up, a distribution of the Company's assets to its Shareholders and a settlement of claims.

Parties to the Settlement Deed

The Parties are the Company, New Nongkai, BOCHK, BOC (HK) Nominees, the Receivers, the NNGI Receivers, Mr. Chau and Ms. Mo.

BOCHK, not a creditor of the Company, granted loan facility to New Nongkai which owns 75% of the Company's issued share capital. Mr. Chau is beneficially interested in the entire issued share capital of New Nongkai. As security for the loan facility, New Nongkai pledged the shares of the Company to BOCHK and BOC (HK) Nominees is the registered holder of approximately 75% of the issued share capital of the Company.

Pursuant to ICAC actions for alleged manipulation of share prices of the Company, the Company considers that the defendants Mo Yuk-ping, Chung Sau-ling, Sammy Lam Kai-sing and Cheung Pak-yau, who are also suspected to be Chau's associates, should abstain from voting at the EGM in any event. According to the information available, the remaining approximately 25% of the Company's issued share capital is held by the public.

Principal features of the Settlement Proposal

The Settlement Proposal involves, among other things, the winding-up of the Company by way of a members' voluntary winding-up pursuant to section 228(1)(b) of the Companies Ordinance.

Distributions upon winding-up of the Company

The terms of the Settlement Proposal are agreed on the basis that the respective values of the Company's distributable assets (being the Company's assets agreed by the Parties to be distributed by the Company upon its winding-up in accordance with the terms of the Settlement Deed) would be as follows:

As at 5 July 2005
HK\$ million

Cash and cash equivalents (being the amount estimated in the Settlement Deed as the existing cash held by the Company, inclusive of the capped reserve of HK\$36 million to be set aside for the payment of the costs and expenses of the Company's receivership and winding-up as described below)	1,160
Value of the Non-Cash Distribution (being the notional value agreed and irrevocably accepted by the Primary Parties for the purposes of the Settlement Deed which is ascribed to the proceeds from the Chau Claim (if any) or any right to receive the same (if assignable), the Great Center Claim and the entire issued share capital of Capital Sky which owns (among other things) the entire issued share capital of King Success which in turn owns (among other things) the entire issued shares in and the respective shareholders' loans to the BVI Subsidiaries which directly own properties in the PRC). Details of the claims are set out in the Chau Claim, Greater Center Claim in this announcement. Information regarding the valuation of the properties in the PRC is set out under BVI Subsidiaries of this announcement.	796
Total	<u>1,956</u>

The cash and cash equivalents held by the Company were determined after taking into account the assets of the Company and all known liabilities. Details of the Company's financial position can be referred to the Interim Report for the six months ended 31 December 2004. There have not been material changes since the issuance of the Interim Report.

The Primary Parties shall use their best endeavours to procure that the Receivers be appointed as the liquidators of the Company and ensure that the distributions are effective and completed in accordance with the provisions of the Settlement Deed. The Primary Parties agree that a capped cash reserve of HK\$36 million be set aside out of the Company's distributable assets for the payment of the costs and expenses of the Company's receivership and winding-up.

Subject to the provision for or payment or discharge of all debts and liabilities of the Company, (after setting aside the above reserve for payment of the costs and expenses of the Company's receivership and winding-up) the Parties agree that the following distributions be made:

1. HK\$480 million shall be declared and paid in cash to the Minority Shareholders, who together own 25% shareholding of the Company, in proportion to the number of Shares held by them (equivalent to approximately HK\$0.629 per Share in cash) (which shall be adjusted as described below, if necessary);
2. HK\$644 million shall be declared in favour of BOC (HK) Nominees and be paid in cash to BOC (HK) Nominees or to such other party as BOC (HK) Nominees may so direct (equivalent to approximately HK\$0.281 per Share in cash) (which shall be adjusted as described below, if necessary); and
3. the Non-Cash Distribution, at a notional value of HK\$796 million agreed and irrevocably accepted by the Primary Parties for the purposes of the Settlement Deed (equivalent to a notional value of approximately HK\$0.348 per Share in non-cash form), shall be declared in specie in favour of BOC (HK) Nominees and be made, pursuant to the consent and direction of BOC (HK) Nominees, to New Nongkai provided that the instrument for effecting the Non-Cash Distribution shall only be delivered after the cash distributions mentioned in paragraphs 1 and 2 above have been effected and delivered. The total distribution to BOC (HK) Nominees amounted to HK\$1,440 million (equivalent to approximately HK\$0.629 per Share) is made up of HK\$644 million (equivalent to approximately HK\$0.281 per Share) plus HK\$796 million (equivalent to approximately HK\$0.348 per Share in non-cash form).

As described in the paragraph headed "Settlement of claims against New Nongkai and Mr. Chau by BOCHK" below, upon receipt by BOCHK in cleared funds of HK\$140 million to be paid by or on behalf of Mr. Chau, the receivership over New Nongkai will be discharged and Mr. Chau will regain control of New Nongkai.

Assets of the Company other than those specified in the Settlement Deed (as described above), or the proceeds from the sale thereof (if any), will be distributed to the Shareholders on a pari passu basis and in proportion to their respective shareholdings in the Company, and to the extent those assets are not capable of realisation or distribution, they will be written off as part of the winding-up of the Company.

In the event that the costs and expenses of the Company's receivership and winding-up required to be paid out of the above reserve are less than HK\$36 million, any surplus shall be distributed only among the Minority Shareholders in proportion to the Shares held by them. BOC (HK) Nominees and New Nongkai have agreed to waive their entitlements to the pari passu distribution over any such surplus.

In the event that the Company's cash and cash equivalents (after setting aside the reserve for the payment of the costs and expenses of the Company's receivership and winding-up) are, or have an actual value that is, greater or less than the value of HK\$1,124 million at the date immediately prior to the making of any distributions, the cash distributions shall be adjusted and made to the Shareholders on a pari passu basis and in proportion to their respective shareholdings in the Company.

In the event that the Company's distributable assets are or have an actual value that is greater or less than HK\$1,956 million set out in the above table at the date immediately prior to the making of any distributions, the capped reserve of HK\$36 million as costs and expenses of the Company's receivership and winding-up and the value of the Non-Cash Distribution will not be subject to any adjustment.

In the event that the Company and/or the liquidators are unable to lawfully effect the cash distributions by 31 December 2005, the Parties shall be relieved of all further obligations under the Settlement Deed.

Without any admission whatsoever on the part of any of the Parties as to liability or as to the validity or quantum of the claims made by or against each other, the Parties have agreed to settle all existing or potential claims between them, including, without limitation, the BOCHK Claim, the Chau Claim and the Property Transactions Claim, on the terms set out in the Settlement Deed.

Settlement of claims against New Nongkai and Mr. Chau by BOCHK

Pursuant to the Settlement Deed, Mr. Chau agreed to procure the payment of HK\$140 million to BOCHK. Mr. Chau procured the payment of HK\$50 million to BOCHK immediately upon the execution of the Settlement Deed. Mr. Chau has agreed to pay, or procure the payment of, the balance of HK\$90 million to an escrow account (to be established with BOCHK and to be held in the name of the NNGI Receivers as the escrow agent) on or before the business day immediately prior to the date of the EGM. Within two business days of the receipt by the NNGI Receivers of documents evidencing the Board approval, the Shareholders' approval and the Court sanction of the Settlement Proposal, the NNGI Receivers shall release the said HK\$90 million to BOCHK.

Without in any way limiting the power of the NNGI Receivers, BOCHK, BOC (HK) Nominees, New Nongkai, the NNGI Receivers and Mr. Chau agree that upon receipt in cleared funds by BOCHK of HK\$50 million, BOCHK shall consent, and New Nongkai and/or the NNGI Receivers shall take steps to effect, the appointment of Mr. Chau or such other person as he may direct, as a director of New Nongkai. Upon receipt by BOCHK in cleared funds of HK\$140 million to be paid by or on behalf of Mr. Chau, the receivership over New Nongkai will be discharged and Mr. Chau will regain control of New Nongkai. Upon receipt by BOCHK in cleared funds of HK\$140 million to be paid by or on behalf of Mr. Chau and the receipt by BOC (HK) Nominees of HK\$644 million (subject to adjustment) from the cash distribution made by the Company upon its winding-up (i.e., the receipt by BOCHK and BOC (HK) Nominees of a total cash sum of HK\$784 million), BOCHK shall release New Nongkai and Mr. Chau in respect of the BOCHK Claim.

Chau Claim

As disclosed in the Company's previous announcements dated 28 July 2003, 29 August 2003, 15 September 2003, 18 March 2005, 9 January 2004 and 5 February 2004 and its various financial reports, the Company commenced High Court Action No. 2704 of 2003 against Mr. Chau and Ms Mo for the recovery of certain misappropriated funds. The Company obtained in August 2003 a judgment in default against Mr. Chau in the amount of US\$34.2 million (equivalent to approximately HK\$267 million) (plus interest and costs), which default judgment was set aside in November 2004. The Receivers were appointed as the joint and several receivers over certain assets of Mr. Chau in August 2003 with powers to apply the same in satisfaction of the abovementioned judgment. On 3 March 2005, the Court ordered the discharge of the receivership over Mr. Chau's assets upon the undertaking by Mr. Chau and Ms Mo not, without leave of the Court, to deal with certain assets of Mr. Chau. The proceeds, if any, from the Chau Claim of US\$34.2 million (equivalent to approximately HK\$267 million) or any right to receive the same (if assignable) are included in the Non-Cash Distribution.

Following the payment of HK\$50 million to BOCHK procured by Mr. Chau, the Company and/or the Receivers, Mr. Chau and Ms Mo have undertaken not to take any further steps in the Chau Claim (including any variation or discharge of the undertakings of Mr. Chau and Ms Mo to the Court pursuant to the Court order made on 3 March 2005 as described above). Upon receipt in cleared funds by BOCHK and/or BOC(HK) Nominees of HK\$784 million, and payment of all of the Company's creditors, the distributions upon the winding-up of the Company and the costs and expenses of the Company's receivership and winding-up, the Company and/or the Receivers, Mr. Chau and Ms Mo shall fully and absolutely discharge and release all claim whatsoever against each other arising under or in connection with the Chau Claim. The Company and the Receivers reserve their rights to take any action against Mr. Chau and Ms Mo (including but not limited to the Chau Claim) in the event that the Settlement Deed is rendered invalid in whatsoever manner.

Release of the Property Transactions Claims

Pursuant to the Settlement Deed, "Property Transactions" means:

- (a) the acquisition of Bowyer for approximately HK\$33.3 million by China Horizon Limited, the Company's subsidiary, from Mr. Yu Ling in or about November 2002 and the transfer of funds received by the vendor to the NNGI Account subsequent to the acquisition;
- (b) the acquisition of Hip Yick for HK\$371 million by King Success, the Company's subsidiary, from Ms Yu Kwo in or about January 2003, and the transfer of funds received by the vendor to the NNGI Account subsequent to the acquisition;
- (c) the acquisition of Eastar for approximately HK\$330.8 million by King Success, the Company's subsidiary, from Mr. Siu Yim Wah in or about February 2003 and the transfer of funds received by the vendor to the NNGI Account subsequent to the acquisition;
- (d) the pledging of Hotel Longbai by Mr. Chau and/or the Company's subsidiary, at the instigation of Mr. Chau and/or his associates, to SRCCU for RMB350 million on or about 11 April 2003 pursuant to a loan agreement between Longbai and SRCCU, and the subsequent transfer of the funds raised from that pledge to Fuyou on or about 29 April 2003;
- (e) the pledging of Hongxin Land by Mr. Chau and/or the Company's subsidiary, at the instigation of Mr. Chau and/or his associates, to the SRCCU for RMB300 million on or about 27 March 2003, and the subsequent on-lending of those funds to Huatip on or about 13 May 2003.

As described in the Company's announcement dated 19 May 2005, the Company (as the first plaintiff) and two of its subsidiaries (as the second and third plaintiffs) commenced High Court Action No. 879 of 2005 against Mr. Chau, Ms Mo, New Nongkai, Ms Yu Kwo, Mr. Siu Yim Wah, Mr. Yu Ling, Mr. Lee Deng Charn (a former Director) and Ms Gong Bei Ying Angela (a former Director) in relation to the Property Transactions for an aggregate amount of approximately HK\$735 million (plus interest and costs).

Upon successful implementation of the Settlement Proposal, inter alia, receipt in cleared funds by BOCHK/BOC (HK) Nominees of HK\$784 million, and payment of all of the Company's creditors, the distributions upon the winding-up of the Company and the costs and expenses of the Company's receivership and winding-up, the Company and the Receivers shall take all reasonable steps to discontinue High Court Action No. 879 of 2005 and shall discharge and release any and all of the Property Transactions Claims that the Company may have against BOCHK, Mr. Chau, Ms Mo, New Nongkai and all other defendants who are not a party to the Settlement Proposal. The Company and the Receivers reserve their rights to take any action in respect of the Property Transactions Claims in the event that the Settlement Deed is rendered invalid in whatsoever manner.

Great Center Claim

The Great Center Claim is included in the Non-Cash Distribution. As disclosed in the Company's previous announcements dated 28 July 2003, 7 August 2003 and 29 August 2003 and its various financial reports, the Company commenced High Court Action No. 2636 of 2003 against Great Center Limited (In liquidation) for money amounted to approximately HK\$53.2 million received by Great Center Limited (In liquidation) which belonged to the Company. The Company obtained in August 2003 a judgment in default in the amount of approximately HK\$53.2 million (plus interest and costs). Shanghai Merchants, previously controlled by Chau, has also brought proceedings against Great Center. According to information available to the Receivers, the only significant asset of Great Center consists of a bank deposit of US\$4.5 million. The Company has disputed the proprietary claims made by Shanghai Merchants to the aforesaid bank deposit. No legal proceedings have been taken out in connection therewith.

Conditions precedent to the Settlement Deed

The following are conditions precedent to the operation of the Settlement Proposal as contained in the Settlement Deed:

1. approval by a majority of the Directors voting at a meeting of the Board convened for the purposes of approving the Company entering into the Settlement Deed;
2. the passing by the Independent Shareholders of a resolution at the EGM to approve the Settlement Deed and the transactions contemplated thereunder for the purposes of the Listing Rules, voting by way of poll;
3. the passing by the Shareholders of a special resolution at the EGM to approve, among other things, the winding-up of the Company (to the extent to which BOC (HK) Nominees may vote in respect of such resolution, BOCHK agreed to procure BOC (HK) Nominees to and BOC (HK) Nominees undertakes to vote in favour of such resolution); and

4. sanction from the Court in respect of the Receivers and the NNGI Receivers entering into the Settlement Deed in their capacity as receivers and on behalf of the Company and New Nongkai respectively and their implementation of the Settlement Deed including, without limitation, the making of the distributions.

Subject to their duties owed to the Court and without prejudice to the confidentiality of the communication between the Receivers and the NNGI Receivers to the Court, the Receivers and the NNGI Receivers shall use their best endeavours to obtain sanction from the Court on or before 31 July 2005. Subject to compliance with the Listing Rules and the requirements of the relevant securities regulator(s), the Company by its Board shall use its best endeavours to issue within 42 days of execution of the Settlement Deed (or such other date as may be agreed in writing by the Primary Parties) a notice to convene the EGM.

The Parties may agree in writing to amend or waive any of the conditions precedent, to the extent that such conditions precedent are capable of being waived or amended, either unconditionally or subject to further terms. As at the date of the announcement, none of the parties has expressed any intention to vary or waive any of the conditions precedent.

The long stop date of the Settlement Deed is 31 December 2005 or such other date as the Primary Parties may agree in writing. If the conditions precedent are not satisfied on or before such long stop date, the Settlement Deed shall be terminated and shall be of no further effect.

INFORMATION ON THE GROUP

The Company is an investment holding company. The principal activities of its subsidiaries are property investment, hotel investment and property development in the PRC.

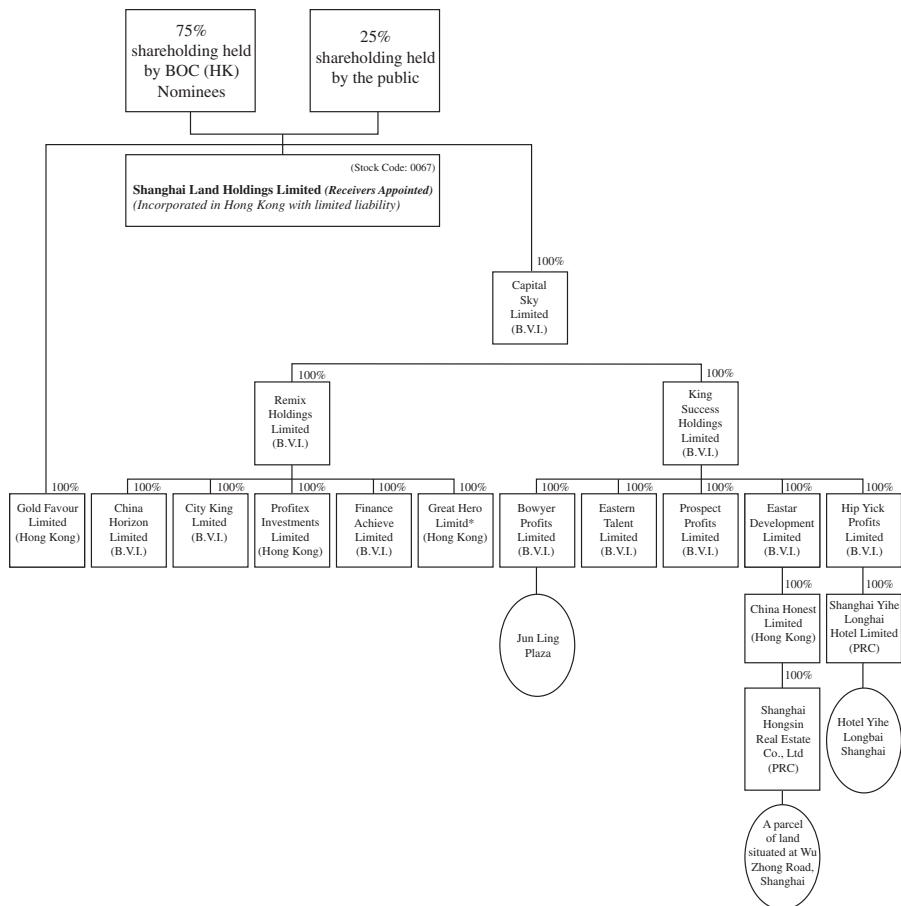
The Group's financial results extracted from the audited accounts of 2004 and 2003 are as follows:

	Year ended 30 June	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	58,268	15,106
Loss attributable to shareholders	158,293	246,668
Consolidated Net assets	1,944,823	2,103,116

Details of the Company and the Group's financial position can be referred to the Annual Report for the year ended 30 June 2004 and the Interim Report for the six months ended 31 December 2004. There are no material changes since the issuance of the Interim Report.

The following chart shows the shareholding of the Company and its interests in the subsidiaries as at 30 June 2005.

Organization Chart of Shanghai Land Holdings Limited (Receivers' Appointed) As at 30 June 2005



* Money Lenders Licence ceased to have effect on 8 November 2003

Particulars of the subsidiaries are as follows:

Name	Country of incorporation	Percentage of equity interest attributable to the Company	Principal activities	Net Assets/(Liabilities) as at 30 June 2005 HK\$
Gold Flavour Limited	Hong Kong	100%	Provision of nominee and secretarial services	(9,367)
Capital Sky	BVI	100%	Investment holding	(17,667)
Remix Holdings Limited	BVI	100%	Investment holding	(64,632)
China Horizon Limited	BVI	100%	Dormant	(13,572)
City King Limited	BVI	100%	Dormant	88,453

Profitex Investments Limited	Hong Kong	100%	Provision of management services	(37,130,278)
Finance Achieve Limited	BVI	100%	Not yet commenced business	(13,486)
Great Hero Limited	Hong Kong	100%	Dormant	(14,340)
King Success	BVI	100%	Investment holding	(861,512)
Bowyer	BVI	100%	Property investment	11,784,308*
Eastern Talent Limited	BVI	100%	Not yet commenced business	(9,001)
Prospect Profits Limited	BVI	100%	Not yet commenced business	(14,032)
Eastar	BVI	100%	Investment holding	110,043
China Honest	Hong Kong	100%	Investment holding	39,618,664
Hongxin	PRC	100%	Property development	134,657,773*
Hip Yick	BVI	100%	Investment holding	(1,927,190)
Longbai	PRC	100%	Hotel investment	(761,196,410)*

* Net assets/(liabilities) as at 31 May 2005

The Company

The major assets of the Company include (i) cash and cash equivalents amounting to HK\$1,160 million as at 30 June 2005, (ii) indirect interests in the BVI Subsidiaries which respectively own certain units and car parking spaces in Jun Ling Plaza, Hongxin Land and Hotel Longbai and (iii) claims which it has or may have against various parties.

The Settlement Proposal involves, among other things, the winding-up of the Company by way of a members' voluntary liquidation, a distribution of the Company's assets to its Shareholders and a settlement of claims with various parties.

The assets of the Company will be distributed to the Shareholders and, unlike a disposal, will not give rise to any proceeds nor result in any gain or loss to the Company.

Capital Sky

Capital Sky is an investment holding company, wholly owned by the Company, and is the intermediate holding company for all the Company's indirect subsidiaries that are included in the Non-cash Distribution.

BVI Subsidiaries

Three BVI subsidiaries, Bowyer, Hongxin and Longbai own properties in the PRC.

The major assets of Bowyer are certain units and car parking spaces at Jun Ling Plaza which are held as investment properties.

Hongxin owns the Hongxin Land which has been purportedly pledged to secure borrowings of RMB 300 million from SRCCU pursuant to a loan agreement dated 27 March 2003. Longbai owns Hotel Longbai which has been purportedly pledged to secure borrowings of RMB 350 million from SRCCU pursuant to a loan agreement dated 11 April 2003.

SRCCU has filed enforcement applications with the Intermediate Court of the PRC against Hongxin and Longbai regarding the Purported Loans. The Company understands that the Intermediate Court should be proceeding with the procedures for the execution of the Hongxin Enforcement Notice and the Longbai Enforcement Notice. Hongxin may lose ownership of Hongxin Land and Longbai may lose ownership of Hotel Longbai as a result of the Enforcement Notices.

The Company may or may not be able to comply with Rule 13.24 of the Listing Rules regarding its suitability for listing if the enforcement actions are completed resulting in the Group losing the Hongxin Land and Hotel Longbai.

The Company has obtained valuation reports from two independent property valuers, (1) AG Wilkinson & Associates and (2) DTZ Debenham Tie Leung Limited in respect to the properties in PRC.

The following table shows the respective open market values and forced sale values as at 30 April 2005 of the abovementioned properties according to the valuation reports of AG Wilkinson & Associates (shown under (1) below) and DTZ Debenham Tie Leung Limited (shown under (2) below), and where applicable, the amounts of the Purported Loans (plus interest) as at 30 June 2005 purportedly secured by Hongxin Land and Hotel Longbai.

		Open market value	Forced sale value	Amount due to SRCCU	Acquisition cost
The Group's investment properties in Jun Ling Plaza	(1)	RMB38.6 million	(1) RMB28.9 million	N/A	HK\$33 million
	(2)	RMB42.9 million	(2) RMB32.2 million		
Hongxin Land	(1)	RMB365.0 million	(1) RMB306.0 million	RMB387.6 million	HK\$331 million
	(2)	RMB476.8 million	(2) RMB333.7 million		
Hotel Longbai	(1)	RMB205.0 million	(1) RMB174.0 million	RMB415.4 million	HK\$371 million
	(2)	RMB296.8 million	(2) RMB207.4 million		
Total amount	(1)	RMB608.6 million	(1) RMB508.9 million	RMB803.0 million	HK\$735 million
	(2)	RMB816.5 million	(2) RMB573.3 million		

The valuation by DTZ Debenham Tie Leung Limited is being converted from HK\$ to RMB at the exchange rate of HK\$1 to RMB1.05.

The valuation was carried out on 30 April following the commencement of the negotiation on the settlement to determine if there are other options, such as redemption of the two properties allegedly pledged to SRCCU. Given that the two properties are subject to enforcement orders and may yield nothing to the Company, a significant portion of the ascribed value of non-cash distribution was based on the acquisition costs of the three PRC properties.

The registered capital of Hongxin was US\$16,700,000 prior to the appointment of the Receivers as legal representatives and directors of Hongxin. According to the new business licence, Hongxin's registered capital is listed at US\$30,000,000, of which only US\$16,700,000 has been paid up. The investment amount which was originally listed at US\$50,000,000 is subsequently listed at US\$90,000,000 pursuant to Hongxin's Certificate of Approval. Hongxin has requested the Foreign Economic Commission of Huangpu District Shanghai ("FEC") to extend the deadline for paying up the additional registered capital to 24 November to 2005. In light of the judgment by the Intermediate Court on Hongxin in respect of the Purported Loan dated 17 November 2004, the FEC has verbally rejected Hongxin's application to extend the payment of the additional registered capital to 24 November 2005. Should the business licence of Hongxin be revoked, Hongxin might have a going concern problem.

REASONS FOR AND BENEFITS OF THE SETTLEMENT PROPOSAL

Since their appointment on 7 June 2003, the Receivers have been exploring alternatives with a view to preserving and/or maximising the value of the assets of the Company for the benefit of the Shareholders, in particular the Minority Shareholders. As disclosed in the various announcements and financial reports made by the Company since the commencement of the receivership of the Company, the Company, through the Receivers, have commenced a number of legal proceedings against various parties with a view to, among other things, recovering misappropriated funds. Significant efforts have also been made to maintain the Group's major business operations and assets in Shanghai, the PRC.

Having considered the various developments, the time and costs and uncertainties involved in the pursuit of litigation by the Group against various parties as well as the difficulties involved in maintaining the continued listing status of the Company and restoring the trading of the Shares, the Receivers have been considering the return of the Company's capital to Shareholders through a members' voluntary liquidation of the Company and bringing the receivership to an end. The Receivers have been engaged in without prejudice arm's length negotiations with representatives of Mr. Chau and BOCHK, being respectively the beneficial holder and registered holder (via their respective vehicles/nominees) of the controlling equity interest of the Company, which led to the terms of the settlement being agreed. Upon implementation of the Settlement Proposal and the winding-up of the Company, the Minority Shareholders will receive an aggregate cash sum of HK\$480 million (equivalent to approximately HK\$0.629 per Share) (subject to adjustment) whilst BOC (HK) Nominees will receive a cash sum of HK\$644 million (equivalent to approximately HK\$0.281 per Share in cash) (subject to adjustment). BOC (HK) Nominees will also receive a non-cash distribution with a notional value of HK\$796 million (equivalent to a notional value of approximately HK\$0.348 per Share in non-cash form) agreed and irrevocably accepted by the Primary Parties for the purposes of the Settlement Deed which is ascribed to the proceeds from the Chau Claim (if any) or any right to receive the same (if assignable), the Great Center Claim and the entire issued share capital of Capital Sky which owns (among other things) the entire issued share capital of King Success which in turn owns (among other things) the entire issued shares in and the respective shareholders' loans to the BVI Subsidiaries. Such non-cash distribution will be transferred by BOC (HK) Nominees to New Nongkai upon receipt by BOCHK of HK\$140 million to be paid by or on behalf of Mr. Chau. The closing price of the Shares prior to the suspension of trading in the Shares on the Stock Exchange on 2 June 2003 was HK\$0.345 per share.

The Receivers consider that the Settlement Proposal through the winding-up of the Company is in the interests of the Independent Shareholders and the terms of the Settlement Proposal are fair and reasonable so far as the Independent Shareholders are concerned. The Board has previously resolved that the Receivers put forward the Settlement Proposal to the Shareholders for their consideration and approval. A meeting of the Board will be held to, among other things, seek the Board's approval in respect of the entering into of the Settlement Deed. The views of the Board and the Independent Board Committee (who will formally express their view after receiving advice from the independent financial adviser) on the terms of the Settlement Deed will be contained in the circular to be despatched to the Shareholders.

GENERAL

The Settlement Proposal involves the winding-up of the Company and is a very substantial disposal under the Listing Rules.

New Nongkai, wholly owned by Mr. Chau, is the beneficial owner of 75% of the Company's issued share capital. BOCHK granted loan facility to New Nongkai and as security to the loan facility, New Nongkai pledged its 75% shareholding in the Company to BOCHK and BOC (HK) Nominees is the registered shareholder of approximately 75% of the issued share capital of the Company. Ms Mo is understood to be the wife of Mr. Chau. According to the information available, the remaining approximately 25% of the Company's issued share capital is held by the public.

Therefore, New Nongkai, BOC (HK) Nominees, BOCHK, Mr. Chau and Ms Mo have material interests in the Settlement Proposal and they fall within the definitions of connected persons of the Company under Rules 1.01 and 14A.11 of the Listing Rules. The Settlement Proposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

An EGM will be convened to obtain the necessary approvals from the relevant Shareholders for the Settlement Proposal and the winding-up of the Company. A resolution by the Independent Shareholders to approve the Settlement Deed is required for the purposes of the Listing Rules. New Nongkai, BOC (HK) Nominees, BOCHK, Mr. Chau, Ms Mo and their respective associates are required to abstain from voting in respect of the resolution to approve the Settlement Proposal.

The resolution by the Shareholder to approve the winding-up of the Company and the resolution by the Independent Shareholders to approve the Settlement Deed and the delisting of shares are not inter-conditional. After passing of the resolution voting by way of poll by the Independent Shareholders to approve the Settlement Deed, a special resolution to approve the winding-up of the Company will be put to the Shareholders at the EGM.

The Company acting through the Receivers considers that it is appropriate to propose a resolution to the Independent Shareholders for their consideration for the withdrawal of listing of the Company on the Stock Exchange following the implementation of the Settlement Proposal. In accordance with Rule 6.12 of the Listing Rules, the approval of withdrawal of listing must be obtained from at least 75% of the Independent Shareholders voting by way of poll either in person or by proxy at the meeting.

An Independent Board Committee has been established to consider the Settlement Proposal and to advise the Independent Shareholders in respect of the Settlement Proposal and the withdrawal of listing of the Company on the Stock Exchange. Tai Fook Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will despatch a circular containing, among other things, further details of the Settlement Proposal and the Group's assets and liabilities, the recommendation from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the EGM to the Shareholders as soon as practicable.

Shareholders should note that the Settlement Proposal, the winding-up of the Company and the withdrawal of the listing are subject to a number of conditions and therefore may or may not proceed.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 2 June 2003 and remains suspended. The Company will make further announcement(s) regarding any significant developments as and when appropriate.

As at the date of this announcement, the Board comprises nine Directors. The executive Directors are Mr. Chau Chung 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, Mr. Ho Yu Hoo, Ronald and Mr. Choi Man On.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:

"associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"BOCHK"	Bank of China (Hong Kong) Limited, the provider of the Facility to New Nongkai, the principal business of which is the provision of banking and related financial services
"BOCHK Claim"	any debt, liability or obligation of New Nongkai or Mr. Chau to BOCHK arising out of or in connection with the Facility and the relevant loan agreements, guarantee, pledge and share mortgages
"BOC (HK) Nominees"	Bank of China (Hong Kong) Nominees Limited, a wholly-owned subsidiary of BOCHK (according to the notice dated 2 December 2003 filed by BOCHK with the Company pursuant to section 324 of Part XV of the Securities and Futures Ordinance) and the registered holder of approximately 75% of the issued share capital of the Company, the principal business of which is nominee services
"Bowyer"	Bowyer Profits Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company, which owns certain units and car-parking spaces in Jun Ling Plaza
"BVI Subsidiaries"	Bowyer, Eastar and Hip Yick
"Capital Sky"	Capital Sky Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company

“Chau Claim”	a claim in the amount of US\$34.2 million (equivalent to approximately HK\$267 million) (plus interest and costs) against Mr. Chau and Ms Mo made by the Company as described in the subsection headed “Principal features of the Settlement Proposal” under the section headed “Settlement Proposal Involving Winding-up of the Company” in this announcement
“Company”	Shanghai Land Holdings Limited (Receivers Appointed), a company incorporated in Hong Kong and the shares of which are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Court”	the High Court of Hong Kong
“Director(s)”	director(s) of the Company
“EaSTAR”	EaSTAR Development Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company, which, through China Honest Limited, owns 100% of Hongxin which in turn owns the Hongxin Land
“EGM”	the extraordinary general meeting to be convened and held to seek approvals from the Shareholders for the Settlement Proposal and winding-up of the Company
“Facility”	a demand loan facility provided by BOCHK as lender and New Nongkai as borrower pursuant to the terms of a loan agreement dated 23 April 2002 (as amended by supplemental agreements dated 3 May 2002 and 12 June 2002)
“Great Center Claim”	a claim in the amount of approximately HK\$53.2 million (plus interest and costs) against Great Center Limited (In liquidation) made by the Company as described in the subsection headed “Principal features of the Settlement Proposal” under the section headed “Settlement Proposal Involving Winding-up of the Company” in this announcement
“Group”	the Company and its subsidiaries
“High Court Action No. 879 of 2005”	High Court Action No. 879 of 2005 commenced by the Company (as the first plaintiff) and two of its subsidiaries (as the second and third plaintiffs) against Mr. Chau, Ms Mo, New Nongkai, Ms Yu Kwo, Mr. Siu Yim Wah, Mr. Yu Ling, Mr. Lee Deng Chang (a former Director) and Ms Gong Bei Ying Angela (a former Director) in relation to the Property Transactions for an aggregate amount of approximately HK\$735.1 million (plus interest and costs) as described in the Company’s announcement dated 19 May 2005
“Hip Yick”	Hip Yick Profits Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company, which owns 100% of Longbai which in turn owns Hotel Longbai
“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 an indirect wholly-owned subsidiary of the Company, which owns Hongxin Land
“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 SRCCU RMB301,447,005.54 with accrued penalty interest and an enforcement fee of RMB303,447
“Hongxin Land”	a parcel of land situated at Lot Number 26, Wu Zhong Road, Hong Qiao Town, Minhang District, Shanghai, the PRC, which is held by Hongxin for development purposes
“Hotel Longbai”	上海逸和龍柏飯店 (Hotel Yihe Longbai Shanghai), which is situated at 2451 Hong Qiao Road, Hong Qiao Region, Changning District, Shanghai, the PRC, which is being operated by Longbai
“Independent Board Committee”	a committee of the Board comprising the independent non-executive Directors, namely, Mr Mok Chiu Kuen, Mr. Ho Yau Hoo, Ronald and Mr. Choi Man On, established to advise the Independent Shareholders in respect to the Settlement Proposal
“Independent Shareholders”	Shareholders other than New Nongkai, BOC (HK) Nominees, BOCHK, Mr. Chau, Ms Mo and their respective associates
“Jun Ling Plaza”	Jun Ling Plaza, an office building located at 500 Chengdu North Road, Huangpu District, Shanghai, the PRC
“King Success”	King Success Holdings Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longbai”	上海逸和龍柏酒店有限公司 (Shanghai Yihe Longbai Hotel Limited), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, which owns Hotel Longbai

“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 SRCCU RMB354,934,911.58 with accrued penalty interest and an enforcement fee of RMB356,935
“Minority Shareholders”	Shareholders other than New Nongkai and/or BOC (HK) Nominees
“Mr. Chau”	Mr. Chau Ching Ngai, the Chairman of the Company
“Ms. Mo”	Ms. Mo Yuk Ping, the former general manager of the Company and understood to be the wife of Mr. Chau
“New Nongkai”	New Nongkai Global Investments Limited (Receivers and Managers Appointed), a company wholly owned by Mr. Chau, which is beneficially interested in approximately 75% of the issued share capital of the Company, the principal business of which is investment holding
“NNGI Account”	an account in the name of New Nongkai held at the BOCHK in connection with the Facility and the rights, title, interests and benefits of New Nongkai in such account have been charged to BOCHK by way of a first fixed charge
“NNGI Receivers”	Mr. Kennic Lai Hang Lui and Ms Ruby Mun Yee Leung, the joint and several receivers and managers of New Nongkai, who, to the best of the knowledge of the Receivers and the Board, are the connected persons of the Company by virtue of being parties to the Settlement Proposal (as defined in the Listing Rules)
“Non-Cash Distribution”	the proceeds from the Chau Claim (if any) or any right to receive the same (if assignable), the Great Center Claim and the entire issued share capital of Capital Sky which owns (among other things) the entire issued share capital of King Success which in turn owns (among other things) the entire issued shares in and the respective shareholders’ loans to the BVI Subsidiaries, at an ascribed notional value of HK\$796 million, of which HK\$735 million represents the acquisition costs of the three PRC properties and the balance represents the ascribed value to the various claims, such value being irrevocably accepted by the Primary Parties for the purposes of the Settlement Deed
“Parties”	parties to the Settlement Deed, namely the Company, New Nongkai, BOCHK, BOC (HK) Nominees, the Receivers, the NNGI Receivers, Mr. Chau and Ms. Mo
“PRC”	The People’s Republic of China
“Primary Parties”	the Company, New Nongkai, BOCHK, BOC (HK) Nominees, the Receivers, the NNGI Receivers and Mr. Chau
“Property Transactions”	has the meaning ascribed thereto in the subsection under the section headed “Settlement Proposal involving winding-up of the Company” in this announcement
“Property Transactions Claims”	any current or future debt, liability or obligation of BOCHK, Mr. Chau, Ms Mo and/or New Nongkai arising out of or in connection with the Property Transactions
“Purported Loans”	the loan of RMB300 million purportedly made by SRCCU to Hongxin pursuant to a loan agreement dated 27 March 2003 and the loan of RMB350 million purportedly made by SRCCU to Longbai pursuant to a loan agreement dated 11 April 2003
“Receivers”	Messrs. Stephen Liu Yiu Keung and Yeo Boon Ann, the joint and several receivers of the Company, who are the connected persons of the Company (save for their capacity as the Receivers) by virtue of being parties to the Settlement Proposal (as defined in the Listing Rules)
“Shanghai Merchants”	Shanghai Merchants Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange
“Settlement Deed”	a conditional settlement deed entered into on 5 July 2005 amongst the Company, New Nongkai, BOCHK, BOC (HK) Nominees, the Receivers, the NNGI Receivers, Mr. Chau and Ms. Mo in respect of the Settlement Proposal
“Settlement Proposal”	a settlement proposal which involves, among other things, the winding-up of the Company by way of a members’ voluntary liquidation, a distribution of the Company’s assets to its Shareholders and a settlement of claims, which is more fully described in the section headed “Settlement Proposal involving winding-up of the Company” in this announcement
“Share(s)”	ordinary share(s) of HK\$0.50 each in the capital of the Company
“Shareholders”	the holders of the Shares
“SRCCU”	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

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

Hong Kong, 27 July 2005

Unless otherwise specified in this announcement, HK\$1.00 has been taken to be equivalent to RMB1.06 and US\$1.00 has been taken to be equivalent to HK\$7.80. No representation is made that any amounts in RMB or HK\$ or US\$ could have been or could be converted at such a rate.

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