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SHANGHAI MERCHANTS HOLDINGS LIMITED

上海商貿控股有限公司*

(Receivers and Managers appointed)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1104)

ANNOUNCEMENT

The Receivers refer to the notice of special general meeting of the Company dated 2 April, 2004, the circular to the Company's shareholders dated 2 April, 2004 and the announcement dated 14 April, 2004, all issued by Profit Harbour and Hong Lui Cynthia and wish to make a number of clarificatory statements.

In accordance with the Listing Rules, the Company's final results for the year ended 31 December, 2003 should be released by 30 April, 2004. Following the appointment of the Receivers on 17 June, 2003, the Receivers are still reviewing the books and records of the Group and are unable at this time to ascertain when the 2003 final results of the Group will be released. Accordingly, the release of the Group's 2003 final results will be delayed and the Stock Exchange has indicated that such

delay constitutes a non-compliance with the Listing Rules and it reserves the right to take appropriate action. A further announcement will be made once the time for release of the Group's 2003 final results can be ascertained.

Trading in the shares of the Company has been suspended with effect from 9:30 a.m. on 2 June, 2003 and will remain suspended until further notice.

Further announcement(s) regarding any significant developments on the above matters will be made as and when appropriate.

Reference is made to the notice of special general meeting of Shanghai Merchants Holdings Limited (Receivers and Managers appointed) (the "**Company**", together with its subsidiaries, the "**Group**") dated 2 April, 2004, the circular to the shareholders of the Company dated 2 April, 2004 (the "**Requisitionists' Circular**") and the announcement dated 14 April, 2004, all issued by Profit Harbour Investments Limited ("**Profit Harbour**") and Hong Lui Cynthia.

Reference is also made to the announcement of the Company dated 4 March, 2004 in relation to the summons issued by Profit Harbour for, among other things, the appointment of directors of the Company and the discharge of the Receivers.

REQUISITIONISTS' CIRCULAR

Summons of Profit Harbour

As stated in the Company's announcement dated 4 March, 2004, the Receivers would like to reiterate that the hearing of the summons issued by Profit Harbour for, among other things, orders relating to the appointment of Mr Yue Jialin and Mr Lau Yau Cheung, Brent as directors of the Company and the discharge of the Receivers took place on 3 February, 2004 and 27 February, 2004 at which Profit Harbour's application for the above orders was dismissed. The Receivers were also awarded costs of the application.

It was stated in the Requisitionists' Circular that:

“On 27th February, 2004, the Honourable Mr Justice Barma gave his judgment that it was open to Profit Harbour to requisition a Special General Meeting of the Company by making use of the procedure laid down in Article 58 of the Company's bye-laws without the need for any court application or any action by the Receivers.”

The Receivers wish to clarify that the procedure laid down in Article 58 of the Company's bye-laws for the requisition of a special general meeting is available to any shareholders holding not less than one-tenth of the issued share capital of the Company. This procedure is available without the need for an application to the Court and was not made available to Profit Harbour by reason of the judgment of the Honourable Mr Justice Barma.

Discharge of Receivers and Resumption of Trading

The Requisitionists' Circular also stated that:

“The Requisitionists would further request the receivers to apply to the court to discharge themselves and to make application to the Stock Exchange of Hong Kong Limited to resume trading of the shares of the Company.”

The Receivers wish to clarify that in their view, assuming a new board of directors is validly appointed at the Company’s special general meeting on 26 April, 2004, it is more appropriate for the new board of directors, instead of the Receivers, to apply to the Court for the discharge of the Receivers and to submit a viable resumption proposal to the Stock Exchange to resume trading of the shares of the Company.

DELAY IN THE RELEASE OF THE 2003 FINAL RESULTS

As referred to in the Company’s announcement dated 17 June, 2003, pursuant to an order of the Court dated 17 June, 2003 (the “17 June Order”), the Receivers were appointed as the joint and several receivers and managers of the Company.

Prior to the appointment of the Receivers, the books and records of the Group were seized by the Independent Commission Against Corruption (the “ICAC”). The Receivers have been allowed access to the Group’s papers and records now kept with the ICAC and their investigation of these records for the period from January 2003 to June 2003 are continuing.

Since their appointment on 17 June, 2003, the Receivers have taken such actions as they have considered appropriate in their capacity and have, among other matters, discovered a number of questionable transactions and/or transfers of funds

which occurred in the year ended 31 December, 2003. The Receivers have commenced actions against various third parties to recover monies paid by the Group and against certain of the directors and ex-directors of the Company and other third parties to obtain additional information on the affairs of the Group. Shareholders and other investors are referred to the Company's announcements dated 2 July, 15 July, 27 August, 26 September, 19 November and 8 December, 2003 and 13 January, 4 March, and 31 March, 2004 in relation to the transactions and/or transfers of funds and the actions taken by the Receivers.

Although Ms Mo Yuk Ping and Ms Gong Bei Ying remain on record as directors of the Company, the 17 June Order provided that the powers of all directors of the Company shall cease forthwith. In addition, prior to and following the appointment of the Receivers, all employees of the Group have either been dismissed or resigned.

In accordance with the Listing Rules, the Company's final results for the year ended 31 December, 2003 should be released by 30 April, 2004. Following the appointment of the Receivers on 17 June, 2003, the Receivers are still reviewing the books and records of the Group and are unable at this time to ascertain when the 2003 final results of the Group will be released. Accordingly, the release of the Group's 2003 final results will be delayed and the Stock Exchange has indicated that such delay constitutes a non-compliance with Rule 13.49(1) of the Listing Rules and it reserves the right to take appropriate action. A further announcement will be made once the time for release of the Group's 2003 final results can be ascertained.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company has been suspended with effect from 9:30 a.m. on 2 June, 2003 and will remain suspended until further notice.

FURTHER ANNOUNCEMENTS

Further announcement(s) regarding any significant developments on the above matters will be made by the Company as and when appropriate.

BOARD OF DIRECTORS

The board of directors of the Company currently comprises Ms Mo Yuk Ping and Ms Gong Bei Ying. Please note, however, that pursuant to the 17 June Order appointing the Receivers as joint and several receivers and managers of the Company, the powers of all directors of the Company have ceased.

For and on behalf of
Shanghai Merchants Holdings Limited
(Receivers and Managers Appointed)
Alan Chung Wah Tang
and
Alison Wong Lee Fung Ying
Joint and Several Receivers & Managers

Hong Kong SAR, 19 April, 2004

* *for identification purpose*

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