SHANGHAI MERCHANTS HOLDINGS LIMITED
上 海 商 貿 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

It was resolved at the Board meeting held on 14 June 2003 that,

(i) the AGM convened to be held on 18 June 2003 be postponed to a later date until further notice; and

(ii) the Application be made to the High Court of Hong Kong for the appointment of receivers of the Company.

It is expected that the Application will be made on 17 June 2003.

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 announcement. Further announcement(s) will be made by the Company on the adjournment of the AGM and the latest developments of the Group including the Appointment as and when appropriate.

Reference is made to the announcements of Shanghai Merchants Holdings Limited (the "Company", together with its subsidiaries, the "Group") dated 28 May 2003 and 29 May 2003 and various recent press articles regarding the surveillance of Mr. Chau Ching Ngai ("Mr. Chau"), the ultimate controlling shareholder of the Company, by PRC authorities, the pledge of Mr. Chau's interest in the Company as security for a loan facility granted to Mr. Chau by Sun Hung Kai Investment Services Limited, and the investigation currently being conducted by the Independent Commission Against Corruption on Ms. Mo Yuk Ping, the chairman of the Company (the "Recent Events").

The directors (the "Directors") of the Company wish to announce that at a meeting of the board of Directors held on 14 June 2003 (the notice of which was served to all Directors and which was attended by Ms. Gong Bei Ying, an executive Director, and two independent non-executive Directors, namely, Mr. Gordon Ng and Mr. Lau Siu, who together formed the quorum for the meeting), it was resolved, among other things, that:

(i) as the executive Directors require extra time to consider whether the Recent Events would affect the truth and fairness of the financial statements of the Group for the year ended 31 December 2002 (the "2002 Financial Statements"), the holding of the forthcoming annual general meeting ("AGM") of the Company on 18 June 2003 for the purpose of, among others, receiving and considering the 2002 Financial Statements and the reports of the Directors and auditors for the year ended 31 December 2002 be postponed to a later date until further notice; and

(ii) an application (the "Application") be made to the High Court of Hong Kong for the appointment of receivers of the Company to take all proper actions to preserve the assets of the Company, to carry on the business of the Company and to do all such things as ancillary and necessary for the purpose of protecting the value and assets of the Company.

The Company has appointed Sidley Austin Brown & Wood on 14 June 2003 as its legal advisers to deal with the Application and it is expected that the Application will be made on 17 June 2003.

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 announcement. Further announcement(s) will be made by the Company on the adjournment of the AGM and the latest developments of the Group including the Application as and when appropriate.

By the Order of the Board
Shanghai Merchants Holdings Limited
Gordon Ng
Independent Non-executive Director

Hong Kong SAR, 16 June 2003

* *For identification purpose only*

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