Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

The Stock Exchange of Hong Kong Ltd.

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

ANNOUNCEMENT

In relation to the matter of Shanghai Merchants Holdings Limited
(Stock Code: 1104)

Proceeding to the third stage of the delisting procedures as stipulated under Practice Note 17 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")

The Exchange announces that effective from the date of this announcement, Shanghai Merchants Holdings Limited will be put into the third stage of the Delisting Procedures.

Pursuant to the Delisting Procedures, the Company will have a final six months for the submission of a valid resumption proposal to the Exchange. If the Company does not put forward a valid resumption proposal by 9 May 2005, being six months from the date of this announcement, the Exchange intends to cancel the listing of the Company.

The Stock Exchange of Hong Kong Limited (the "Exchange") announces that effective from the date of this announcement, Shanghai Merchants Holdings Limited (the "Company") will be put into the third stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules (the "Delisting Procedures"). Practice Note 17 formalises the procedures to be adopted in dealing with long suspended companies.

Dealing in the shares of the Company has been suspended since 2 June 2003. The Company has been placed into the second stage of the Delisting Procedures pursuant to Practice Note 17 since 25 March 2004. Prior to the expiry of the second stage of the Delisting Procedures on 24 September 2004, the Company has not submitted a valid resumption proposal. A valid resumption proposal means a proposal that, if it were implemented, would enable the Company to demonstrate that it complies with Rule 13.24 of the Listing Rules. Rule 13.24 of the Listing Rules requires the Company to carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Exchange to warrant the continued listing of the Company's securities on the Exchange.

In view of the absence of a viable resumption proposal prior to the expiry of the second stage of the Delisting Procedures and the Company's continued failure to demonstrate that it is able to meet the requirements as stipulated under Rule 13.24 of the Listing Rules, the Company will now proceed to the third stage of the Delisting Procedures. The Company will have a final six months for the submission of a valid resumption proposal to the Exchange. A viable resumption proposal should be submitted at least 10 business days before the expiry of the six-month period. If the Company does not submit a valid resumption proposal as required, the Exchange intends to cancel the listing of the Company on the expiry of the six-month period from the date of the notice (i.e. 9 May 2005).

The Exchange will make a further announcement in due course if the delisting takes place.

Hong Kong, 10 November, 2004

Please also refer to the published version of this announcement in South China Morning Post.