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SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

MANDATE FOR POSSIBLE MAJOR TRANSACTION

IN RESPECT OF THE POSSIBLE ACQUISITION OF THE LAND PARCEL IN JIANGSU PROVINCE, THE PRC

POSSIBLE MAJOR TRANSACTION

The Board would like to seek Shareholders' authorisation for the HK Subsidiary, an indirectly 80%-owned subsidiary of the Company, to bid at the Tender for the Sale Shares of the Target Company, the major asset of which comprises the Land Parcel.

LISTING RULES IMPLICATIONS

Given one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Possible Acquisition (including the Maximum Consideration) exceeds 25% but less than 100%, the Possible Acquisition, if it materialises, will constitute a major transaction for the Company and is subject to the approval by the Shareholders under Chapter 14 of the Listing Rules.

If the HK Subsidiary's bidding is successful, it will thereupon become unconditionally obliged to purchase the Sale Shares and would not be able at the time to seek the approval of Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Directors are seeking the Shareholders' advance approval for the grant of the Proposed Mandate.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

GENERAL

The Circular containing, among other things, (i) details of the Possible Acquisition; (ii) financial information of the Group; (iii) accountants' report on the Target Company; (iv) valuation report on the Land Parcel; and (v) a notice of the SGM to be convened and held to consider, and if thought fit, to grant the Directors the Proposed Mandate, is expected to be despatched to the Shareholders on or before 17 February 2014.

The Board would like to seek Shareholders' authorisation for the HK Subsidiary, an indirectly 80%-owned subsidiary of the Company, to bid at the Tender for the Sale Shares of the Target Company, the major asset of which comprises the Land Parcel.

BACKGROUND OF THE POSSIBLE ACQUISITION

Procedure of the Tender

The Sale Shares are being offered for sale by way of tender convened at Shanghai Assets Exchange pursuant to 中華人民共和國合同法 (Contract Law of the PRC*), 企業國有產權轉讓管理暫行辦法 (Temporary Management Policy of National Assets Transfer*) and other national assets transfer related laws, regulation and policies in the PRC.

Shanghai Assets Exchange is fully responsible for the preparatory works for the Tender, including but not limited to invite potential bidders to participate in the Tender, to examine the qualification of the potential bidders and to formulate the form of transfer of the Sale Shares.

If at the expiry of the period for the application of the Tender, there shall be more than one qualified intended purchaser, the highest auction bid from a qualified intended purchaser would be entitled to acquire the Sale Shares. However, in the event that there shall be one qualified intended purchaser, the successful intended purchaser will be obliged to enter into the Share Transfer Agreement within three Business Days after the Tender.

Once the Group wins the Tender, it will enter into the Share Transfer Agreement with the Vendor in respect of the Possible Acquisition within three Business Days after the Tender. The Board therefore resolved to seek a prior approval from the Shareholders before the open bidding for entering into the Tender with a bidding price no more than the Maximum Consideration.

PRINCIPAL TERMS OF THE TENDER FOR THE SALE SHARES

Date of the Tender

The Tender is to be held for the period from 27 January 2014 to 6 March 2014. The application for participating in the Tender shall be completed at or before 4:00 p.m. on 5 March 2014. The Group intends to submit its application for the tender on or before the same date.

Parties

Purchaser/bidder: HK Subsidiary, an indirect 80%-owned subsidiary of the Company

Vendor: The Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable, enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Maximum Consideration for the bid

The starting price of the Tender is RMB900.0 million (equivalent to approximately HK\$1,152.0 million). Potential bidder(s) will be required to pay earnest money of RMB90.0 million (equivalent to approximately HK\$115.2 million) at or before 4:00 p.m. on 5 March 2014. Such earnest money will be applied towards settling part of the consideration for the acquisition of the Sale Shares and other related fees and/or expenses if the HK Subsidiary is successful in its bidding at the Tender. The Group intends to pay such earnest money on the same date when the Proposed Mandate is granted by the Shareholders. Should the Proposed Mandate not be granted by the Shareholders, the Group will not submit its application for the bid at the Tender.

Shareholders should note that, despite the Maximum Consideration granted by the Shareholders at the SGM, the final bid prices for the Sale Shares to be submitted by the HK Subsidiary at the Tender will depend on, among other things, the location and potential value of the Land Parcel, the preliminary valuation of the Land Parcel of not less than RMB900.0 million as at 31 December 2013 as assessed by an independent property valuer appointed by the Company, the Group's view on the property market and its prospects on the date of the Tender as well as the bid prices submitted by competitors at the Tender, but will in any event not exceed the Maximum Consideration. Based on the above, the Directors (including the independent non-executive Directors) consider that the Proposed Mandate including the Maximum Consideration is fair and reasonable.

It is currently expected that the HK Subsidiary will finance the payment for the Possible Acquisition by its internal resources and/or loans from shareholders of the HK Subsidiary.

If the HK Subsidiary wins the Tender, the HK Subsidiary will enter into the Share Transfer Agreement with the Vendor. The remaining consideration for the Sale Shares shall be paid by cash within three business days after the Share Transfer Agreement becoming effective.

Conditions precedent for participating in the Tender

The Group should satisfy the following criteria for participating in the Tender:

- (a) the approval of the Proposed Mandate by the Shareholders in accordance with the Listing Rules being obtained;
- (b) completion of the application for participating in the Tender by producing corporate documents of the Group such as business registration certificate and the relevant board resolution or shareholders' resolution during the prescribed period as elaborated above; and
- (c) full payment of the earnest money before the prescribed deadline as elaborated above.

If the Group wins at the Tender, it will enter into the Share Transfer Agreement within three Business Days from the date on which the Group wins at the Tender. The completion of the registration of the transfer of the Sale Shares is expected to take place within 20 Business Days upon the receipt of the certificate in respect of the transfer of the Sales Shares issued by Shanghai Asset Exchange.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The Group is principally engaged in construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties.

The Group is a diversified property development company, focusing on the development, investment and management of residential and commercial properties in the PRC. The Group currently has property projects under development in 12 cities which are located in the three regions including northern China, Shanghai city and its surroundings and Hainan province.

In this connection, the Group has identified the Land Parcel and considered that the Possible Acquisition is a good investment opportunity for the Group to further increase its land reserve in the PRC region through a bid to maximize return and enhance Shareholders' value.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Possible Acquisition are fair and reasonable and the Possible Acquisition is in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDOR, TARGET COMPANY AND THE LAND PARCEL

According to the Tender Document, the Vendor is principally engaged in the property development in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Vendor holds the Sale Shares of the Target Company.

According to the Tender Document, the Target Company was established in the PRC on 15 November 2013 and is an investment holding company, the major asset of which comprises the Land Parcel as at the date of this announcement. The Group will appoint an independent reporting accountant to prepare an accountants' report on the financial information of the Target Company for the purpose of inclusion in the Circular.

The Land Parcel is located in Jiangsu Province, the PRC, and covers a total site area of 13,220.1 square meters with planned above-ground spaces in the gross floor area of approximately 85,930.72 square metres. The Land Parcel is designated for commercial and serviced apartment use. Further details of the Land Parcel will be included in the Circular.

LISTING RULES IMPLICATIONS

Given one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Possible Acquisition (including the Maximum Consideration) exceeds 25% but less than 100%, the Possible Acquisition, if it materialises, will constitute a major transaction for the Company and is subject to the approval by the Shareholders under Chapter 14 of the Listing Rules.

If the HK Subsidiary's bidding is successful, it will thereupon become unconditionally obliged to purchase the Sale Shares and would not be able at the time to seek the approval of Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Directors are seeking the Shareholders' advance approval for the grant of the Proposed Mandate.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders has a material interest in the grant of the Proposed Mandate and the transactions contemplated thereunder. No Shareholder is required to abstain from voting on the resolution to approve the grant of the Proposed Mandate and the transactions contemplated thereunder at the SGM.

GENERAL

The Circular containing, among other things, (i) details of the Possible Acquisition; (ii) financial information of the Group; (iii) accountants' report on the Target Company; (iv) valuation report on the Land Parcel; and (v) a notice of the SGM to be convened and held to consider, and if thought fit, to grant the Directors the Proposed Mandate, is expected to be despatched to the Shareholders on or before 17 February 2014.

As the Possible Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for business
“Circular”	the circular of the Company in respect of the Possible Acquisition which is expected to be despatched to the Shareholders on or before 17 February 2014
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued shares of which are listed on the Stock Exchange
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“HK Subsidiary”	a limited company to be incorporated in Hong Kong which is owned as to 80% by the Company and as to 20% by an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	independent third parties of and not connected with the Company and its connected persons
“Land Parcel”	a parcel of land located in Jiangsu Province, the PRC with site areas of approximately 13,220.1 square metres, which is designated for commercial and serviced apartment use
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Consideration”	being the maximum amount for the Possible Acquisition under the Proposed Mandate to be approved by the Shareholders at the SGM
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Possible Acquisition”	the possible acquisition of the Sale Shares by the Company through the Tender if it is successful at the Tender
“Proposed Mandate”	the authorities proposed to be granted to the Directors in advance by the Shareholders at the SGM to engage in the Possible Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire registered capital of the Target Company, being the subject under the Tender
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the grant of the Proposed Mandate and the transactions contemplated thereunder
“Shanghai Assets Exchange”	上海聯合產權交易所 (Shanghai United Assets and Equity Exchange*)
“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Share Transfer Agreement”	the share transfer agreement for the Sale Shares to be entered into between the HK Subsidiary and the Vendor if the HK Subsidiary is successful at the Tender
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	a company established in the PRC with limited liability, the major asset of which comprises the Land Parcel
“Tender”	the public tender for the sale of Sale Shares held by the Shanghai Assets Exchange
“Tender Document”	tender document in respect of the Tender released by Shanghai Assets Exchange
“Vendor”	a limited company established in the PRC which holds the Sale Shares

On behalf of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 29 January 2014

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Wang Fujie, Mr. Zuo Xingping and Mr. Tang Jian. The non-executive Directors are Mr. Zhu Nansong, Mr. Wu Yang, Mr. Xu Xiaoliang and Mr. Gong Ping. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng.

For the purpose of this announcement, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 = HKD1.28.

* *For identification purpose only*