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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)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

THE AGREEMENT

Shanghai Zendai Land and the Purchaser entered into the Agreement after trading hours on 28 October 2011, pursuant to which the Purchaser has conditionally agreed to acquire and Shanghai Zendai Land has conditionally agreed to sell (i) the Sale Interest at the consideration of RMB7,000,000,000 (equivalent to approximately HK\$8,540,000,000); and (ii) the Shareholder's Loan at a consideration equivalent to its face value as at Completion (which shall not exceed RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000)).

As at 30 September 2011, the unaudited amount of the shareholder's loan owing to Shanghai Zendai Land by the Project Company amounted to RMB2,566,181,619 (equivalent to approximately HK\$3,130,741,576).

The maximum Consideration for the Disposal is RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000), which shall be satisfied in cash.

Completion is conditional upon the fulfilment or waiver of the conditions precedent as set out in the paragraph headed "Conditions precedent to the Disposal" below.

Based on the maximum Consideration, it is estimated that there will be a gain on the Disposal of approximately RMB138,000 (equivalent to approximately HK\$168,000), which is based on 65% of the difference between the maximum Consideration of RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000) and the aggregate sum of the unaudited net asset value of the Project Company (amounting to approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as at 30 June 2011) and the maximum amount of the Shareholder's Loan (amounting to RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000)).

The cash proceeds from the Disposal after deducting the expenses relating to the Disposal is estimated to be approximately RMB9,568,000,000 (equivalent to approximately HK\$11,673,000,000) and will be applied to settle primarily the amount due to the Purchaser, which amounted to approximately RMB8,540,000,000 (equivalent to approximately HK\$10,419,000,000) as at 30 September 2011, and the remaining balance (if any) to settle other bank loans.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Agreement, the Purchaser was owned as to 50% by Zhejiang Fosun. The Purchaser, by virtue of being an associate of Fosun, a substantial Shareholder, is a connected person of the Company within the meaning of the Listing Rules. As such, the entering into of the Agreement with the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given certain applicable percentage ratios (as defined in the Listing Rules) under Rule 14.07 of the Listing Rules exceed 75%, the Disposal also constitutes a very substantial disposal for the Company and is therefore subject to the requirements of reporting, announcement and independent shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

Fosun and its associates will be required to abstain from voting in relation to the resolutions to approve the Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, Fosun and its associates are interested in 2,431,815,000 Shares, representing approximately 19.47% of the total issued Shares. Apart from Fosun, there is no other Shareholder who has a material interest in the Agreement which is different from the other Shareholders.

The Independent Board Committee comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon has been established by the Company to advise the Independent Shareholders on the terms of the Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) letter from the Independent Board Committee; (iii) letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement; and (iv) the notice of SGM will be despatched by the Company to the Shareholders on or before 23 November 2011.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 31 October 2011 pending the issue and publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3 November 2011.

INTRODUCTION

Shanghai Zendai Land and the Purchaser entered into the Agreement after trading hours on 28 October 2011, pursuant to which the Purchaser has conditionally agreed to acquire and Shanghai Zendai Land has conditionally agreed to sell (i) the Sale Interest at the consideration of RMB7,000,000,000 (equivalent to approximately HK\$8,540,000,000); and (ii) the Shareholder's Loan at a consideration equivalent to its face value as at Completion (which shall not exceed RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000)).

THE AGREEMENT

Date

28 October 2011

Parties

Vendor: Shanghai Zendai Land, an indirect wholly-owned subsidiary of the Company

Purchaser: Shanghai Haizhimen Property Investment Management Co., Ltd. (上海海之門房地產投資管理有限公司), a limited liability company established under the laws of the PRC, and is owned as to 35%, 50%, 10% and 5% by the Company, Zhejiang Fosun, Greentown and Panshi respectively.

Details of the Disposal

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and Shanghai Zendai Land has conditionally agreed to sell (i) the Sale Interest, representing the entire registered capital of the Project Company at the consideration of RMB7,000,000,000 (equivalent to approximately HK\$8,540,000,000); and (ii) the Shareholder's Loan at a consideration equivalent to its face value as at Completion (which shall not exceed RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000)).

As at 30 June 2011, the unaudited net asset value of the Project Company was approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as shown on its management accounts as of 30 June 2011. The Project Company did not record any turnover since its establishment in October 2010. The loss before and after tax of the Project Company for the six months ended 30 June 2011 were RMB213,000 (equivalent to approximately HK\$260,000) and RMB213,000 (equivalent to approximately HK\$260,000) respectively.

As at 30 September 2011, the unaudited amount of the shareholder's loan owing to Shanghai Zendai Land by the Project Company amounted to RMB2,566,181,619 (equivalent to approximately HK\$3,130,741,576).

Consideration

The maximum Consideration for the Disposal is RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000), which shall be satisfied in cash in the following manner:

- (i) RMB1,000,000,000 (equivalent to approximately HK\$1,220,000,000) as first instalment shall be payable within 10 days upon the signing of the Agreement;
- (ii) RMB914,000,000 (equivalent to approximately HK\$1,115,000,000) as second instalment shall be payable within 10 days upon the fulfilment of the condition precedent numbered (i) as set out in the paragraph headed "Conditions precedent to the Disposal" below;
- (iii) RMB2,871,000,000 (equivalent to approximately HK\$3,503,000,000) as third instalment shall be payable within 30 days upon the fulfilment of the condition precedent numbered (i) as set out in the paragraph headed "Conditions precedent to the Disposal" below; and
- (iv) the remaining balance shall be payable within 30 days after Completion.

The maximum Consideration of RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000) was determined after arm's length negotiations between the parties to the Agreement with reference to, among other things, (i) the maximum amount of Shareholder's Loan of RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000); (ii) factors set out in the paragraph headed "Reasons for the Disposal" below; (iii) the unaudited net asset value of the Project Company of approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as at 30 June 2011; and (iv) the preliminary valuation of the Land Parcel of RMB9,884,000,000 (equivalent to approximately HK\$12,058,000,000) by an independent valuer as at 30 September 2011.

The Company is of the view that it will benefit by entering into the Agreement with the Purchaser so as to minimise the capital commitment required on the part of the Company for the development of the Land Parcel and to improve the gearing level by settling the debts of the Group. For more details, please refer to the paragraph headed "Information on the Group" below.

Based on the factors mentioned above, the Consideration is considered by the Directors (excluding the independent non-executive Directors who will form their view after being advised by the independent financial adviser) as fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Disposal

Pursuant to the Agreement, Completion is subject to the fulfilment or waiver (where applicable as provided below) of the following conditions:

- (i) the compliance by the Company with the disclosure and independent shareholders' approval requirements under the Listing Rules (including but not limited to Chapter 14 and Chapter 14A of the Listing Rules) in relation to the Agreement and the transactions contemplated thereunder;
- (ii) the Disposal not being in breach of and in full compliance with the applicable laws and regulations, including but not limited to, the obtaining of any approval, consents and authorisation from the necessary governmental and regulatory bodies and satisfaction of relevant standards and conditions;
- (iii) the obtaining by Shanghai Zendai Land of the approval of the Agreement and the transactions contemplated thereunder from the board of directors and shareholders of Shanghai Zendai Land;
- (iv) the obtaining by the Purchaser of the approval of the Agreement and the transactions contemplated thereunder from the board of directors and shareholders of the Purchaser;
- (v) payment of part of the Consideration in accordance with the time as set out in the paragraph headed "Consideration" above; and
- (vi) (if required) the obtaining of approval or filing of the transfer of the Sale Interest and the Shareholder's Loan pursuant to the Agreement from the Shanghai Municipal Commission of Commerce in compliance with 《關於外商投資企業境內投資的暫行規定》(Rules for Investment in China by Enterprises with Foreign Investment)* and/or the applicable laws and regulations.

Conditions (i), (ii), (iii) (iv) and (vi) cannot be waived by Shanghai Zendai Land or the Purchaser. Shanghai Zendai Land may at its absolute discretion in writing waive condition (v).

In the event that the above conditions precedent are not fulfilled or waived (as the case may be) on or before the Long Stop Date, the Agreement shall be terminated automatically.

Completion

Completion shall take place upon the registration procedure regarding of the change in shareholding of the Project Company having been completed at the registry of the Industry and Commerce Bureau which shall take place within 30 days after the fulfilment or waiver (as the case may be) of the above conditions precedent.

Upon Completion, the Project Company will cease to be a subsidiary of the Company. The Group will not consolidate the financial statements of the Project Company.

POTENTIAL FINANCIAL EFFECTS OF THE DISPOSAL

Based on the maximum Consideration, it is estimated that there will be a gain on the Disposal of approximately RMB138,000 (equivalent to approximately HK\$168,000), which is based on 65% of the difference between the maximum Consideration of RMB9,570,000,000 (equivalent to approximately HK\$11,675,000,000) and the aggregate sum of the unaudited net asset value of the Project Company (amounting to approximately RMB6,999,787,000 (equivalent to approximately HK\$8,539,740,000) as at 30 June 2011) and the maximum amount of Shareholder's Loan (amounting to RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000)).

The cash proceeds from the Disposal after deducting the expenses relating to the Disposal is estimated to be approximately RMB9,568,000,000 (equivalent to approximately HK\$11,673,000,000) and will be applied to settle primarily the amount due to the Purchaser, which amounted to approximately RMB8,540,000,000 (equivalent to approximately HK\$10,419,000,000) as at 30 September 2011, and the remaining balance (if any) to settle other bank loans.

REASONS FOR THE DISPOSAL

Given its unique location, the Board is of the view that the Land Parcel is of outstanding development potential and the realisation of the Land Parcel upon completion of the development will enhance the Group's profitability in the future. Given the Group's extensive experience in developing large-scale office and commercial complex such as Shanghai Zendai Wudaokou Financial Center (上海五道口金融中心) and Shanghai Zendai Thumb Plaza (上海証大大拇指廣場), the Board is confident that the Land Parcel (外灘國際金融中心(8-1)地塊) will be another landmark development in Shanghai.

However, having regarded to the current PRC property market conditions, the Board considers that the massive capital needed for the development of the Land Parcel will be a financial burden to the Group. Therefore, it is the intention of the Company to develop the Land Parcel by a project company with other investors in order to maintain the potential profit upon completion of the development while minimising the capital commitment required on the part of the Company for the development.

The Group considers that the Disposal represents a good opportunity for the Group to liquidate part of its interest in the Land Parcel in order to reorganise its assets portfolio and reduce the financial burden of the Group for the development of the Land Parcel. It is expected that the Disposal would bring cash inflow to the Group to reduce the Group's liabilities and as a result improve the gearing level of the Group.

As such, the Directors (excluding the independent non-executive Directors who will form their view after being advised by the independent financial adviser) consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PURCHASER

The Purchaser, Shanghai Haizhimen Property Investment Management Co., Ltd. (上海海之門房地產投資管理有限公司), a limited liability company established under the laws of the PRC, and is owned as to 35%, 50%, 10% and 5% by the Company, Zhejiang Fosun, Greentown and Panshi respectively.

The Purchaser was established for the purpose of development and investment in projects located in Shanghai, the PRC. As at the date of this announcement, the Purchaser has not commenced any operation since its establishment in October 2010 and the Forte Pledge has been executed.

INFORMATION ON THE GROUP

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, provision of travel and related services.

The Group is a diversified property development company in the PRC, 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. The Group is committed to pursuing promising integrated commercial and residential property projects in the PRC. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to the Shareholders.

Shanghai Zendai Land is an investment holding company of property project companies in the PRC.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a limited liability company established under the laws of the PRC. The major asset of the Project Company comprises the Land Parcel.

The Land Parcel (外灘國際金融中心(8-1)地塊) is located in the Bund of 黃浦區 (Huangpu District), between 豫園 (Yu Garden) and 十六鋪 (Shiliupu), Shanghai and covers a total site area of 45,471.9 square meters with planned above-ground spaces in the gross floor area of approximately 270,000 square metres and an additional 100,000 square metres of underground spaces.

This part of the Bund is considered to be the prestigious central business district of the financial and commercial community in Shanghai. Located beside the Huangpu River, the Land Parcel provides a fantastic view of the Huangpu River, Shanghai World Financial Center (上海浦東上海環球金融中心) and Jin Mao Tower (金茂大廈) in Pudong district.

The Land Parcel is designated for integrated office, commercial, financial and cultural use. Upon completion of development, the office and commercial-related gross floor area of above-ground spaces shall be not less than 70% and 15% of the developed area respectively. The terms for the grant of the land use right of the Land Parcel for office use and commercial use are 50 years and 40 years respectively.

IMPLICATIONS OF THE LISTING RULES

As at the date of the Agreement, the Purchaser was owned as to 50% by Zhejiang Fosun. The Purchaser, by virtue of being an associate of Fosun, a substantial Shareholder, is a connected person of the Company within the meaning of the Listing Rules. As such, the entering into of the Agreement with the Purchaser constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given certain applicable percentage ratios (as defined in the Listing Rules) under Rule 14.07 of the Listing Rules exceed 75%, the Disposal also constitutes a very substantial disposal for the Company and is therefore subject to the requirements of reporting, announcement and independent shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

Fosun and its associates will be required to abstain from voting in relation to the resolutions to approve the Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, Fosun and its associates are interested in 2,431,815,000 Shares, representing approximately 19.47% of the total issued Shares. Apart from Fosun, there is no other Shareholder who has a material interest in the Agreement which is different from the other Shareholders.

The Independent Board Committee comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon has been established by the Company to advise the Independent Shareholders on the terms of the Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details of the Agreement, and the transactions contemplated thereunder; (ii) letter from the Independent Board Committee; (iii) letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement; and (iv) the notice of SGM will be despatched by the Company to the Shareholders on or before 23 November 2011.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 31 October 2011 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 3 November 2011.

DEFINITIONS

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

“Agreement”	the agreement dated 28 October 2011 entered into between Shanghai Zendai Land and the Purchaser in relation to the Disposal
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to Shanghai Zendai Land for the purchase of the Sale Interest and the Shareholder’s Loan pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest and the Shareholder’s Loan by Shanghai Zendai Land to the Purchaser pursuant to the Agreement
“Forte Pledge”	the pledge of 45% of the total issued shares of 上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)* by the Company to 上海復地投資管理有限公司 (Shanghai Forte Investment Management Company Limited)*, a subsidiary of Fosun
“Fosun”	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and the issued shares of which are listed and traded on the Stock Exchange
“Greentown”	杭州綠城置業投資有限公司 (Hangzhou Greentown Real Estate Investment Co., Ltd.)*, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Greentown Holdings
“Greentown Holdings”	Greentown China Holdings Limited (綠城中國控股有限公司)*, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon established by the Company to advise the Independent Shareholders on the terms of the Agreement
“Independent Shareholders”	Shareholders other than Fosun and its associates
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Land Parcel”	a parcel of land located in 黃浦區小東門街道574、578地塊 (Lots 574 and 578 of Xiaodongmen Jiedao, Huangpu district, Shanghai, the PRC) with site areas of approximately 45,471.9 square metres, which is designated for integrated office, financial, commercial and cultural use
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 18 months after the date of the Agreement or such other date as the parties to the Agreement may agree from time to time
“Panshi”	上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Co., Ltd.)*, a limited liability company established under the laws of the PRC
“Project Company”	上海証大外灘國際金融服務中心置業有限公司 (Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited)*, a limited liability company established under the laws of the PRC
“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
“Purchaser”	Shanghai Haizhimen Property Management Co., Ltd. (上海海之門房地產管理有限公司), a limited liability company established under the laws of the PRC and is indirectly owned as to 35% by the Company
“Sale Interest”	the entire registered capital of the Project Company
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Agreement and the transactions contemplated thereunder
“Shanghai Zendai Land”	上海証大置業有限公司 (Shanghai Zendai Land Company Limited)*, an indirect wholly-owned subsidiary of the Company

“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	the shareholder’s loan owing to Shanghai Zendai Land by the Project Company, which shall not exceed RMB2,570,000,000 (equivalent to approximately HK\$3,135,000,000) on the date of Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhejiang Fosun”	Zhejiang Fosun Commerce Development Limited (浙江復星商業發展有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Fosun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

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 = HK\$1.22.

Hong Kong, 2 November 2011

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Wang Fujie, Mr. Zhu Nansong, Mr. Zuo Xingping, Ms. Zhou Yan, Mr. Tang Jian. The non-executive Directors are Mr. Wu Yang, Mr. Zhou Chun, Mr. Dong Wenliang and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

* *For identification purpose only*