
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Zendai Property Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR TRANSACTION IN RESPECT OF THE ACQUISITION OF PROPERTY ASSETS IN MODDERFONTEIN, JOHANNESBURG, SOUTH AFRICA

Financial adviser to the Company



高銀融資有限公司

GOLDIN FINANCIAL LIMITED

A notice convening a special general meeting of the Company to be held at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong, on Tuesday, 14 January 2014 at 10:30 a.m. is set out on pages 40 and 41 of this circular. A form of proxy for use at the special general meeting is enclosed.

Whether or not you intend to attend and vote at the special general meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

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DEFINITIONS

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

“Acquisition”	the acquisition of the Acquisition Assets in accordance with the Framework Agreement
“Acquisition Assets”	being the Immovable Properties and the Heartland Assets
“AECI”	AECI Limited, a company duly registered and incorporated in accordance with the laws of South Africa and listed on the JSE Limited
“AECI Parties” or “Vendors”	AECI, Heartland and ARE, jointly and severally
“AEL”	AEL Mining Services Limited, a company duly registered and incorporated in accordance with the laws of South Africa and is a third party independent of Zendai and connected persons of Zendai
“ARE”	AECI Real Estate (Proprietary) Limited, a company duly registered and incorporated in accordance with the laws of South Africa and is a wholly-owned subsidiary of AECI
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Act”	the Companies Act of South Africa, 71 of 2008, as amended
“Conditions Precedent”	the conditions precedent to the Acquisition
“connected persons”	has the meaning as ascribed to it under the Listing Rules
“Cost Period”	the period between 1 September 2013 up to and including the Effective Date
“Definitive Agreements”	the definitive agreements entered into between the Parties and/or the relevant parties (as the case may be) on the Signature Date as contemplated under the Framework Agreement

DEFINITIONS

“DevCo”	Zendai Development (South Africa) Proprietary Limited, a company duly registered and incorporated in accordance with the laws of South Africa
“Directors”	the directors of Zendai
“Effective Date”	the date on which all of the Conditions Precedent have been fulfilled or waived (as the case may be) and on which the Transaction Price plus VAT is paid to AECI by the Zendai Parties, which is anticipated to take place by no later than nine months from the Signature Date (or such other effective date as may be agreed upon in writing by the Parties)
“Employee Services”	the employee services contemplated under the Framework Agreement
“Employment Transfer Agreement”	the employment transfer agreement dated 4 November 2013 entered into between DevCo and Heartland in respect of the transfer of the employment of the existing Heartland Employees from Heartland to DevCo
“Existing Leases”	the existing leases over the buildings and portions of the Acquisition Assets to be transferred to the respective Zendai Parties on the Effective Date pursuant to the Definitive Agreements
“Final Guaranteed Amount”	in respect of each of DevCo and InvCo the Initial Guaranteed Amount less the aggregate price of each Immovable Property (inclusive of Net Improvement Costs up to and including 31 August 2013) of the Immovable Properties transferred to it by the AECI Parties on or after the Effective Date, subject to a maximum of ZAR547.97 million including VAT in aggregate
“First Tranche”	the first tranche of Immovable Properties to be transferred to the Zendai Parties by the Effective Date to the value of no less than ZAR450.00 million (or such lesser amount as agreed by Zendai)
“Framework Agreement”	the framework agreement dated 4 November 2013 entered into between the Zendai Parties and the AECI Parties in respect of the Acquisition

DEFINITIONS

“Heartland”	Heartland Properties (Proprietary) Limited, a company duly registered and incorporated in accordance with the laws of South Africa and is a wholly-owned subsidiary of AECI
“Heartland Assets”	including all of the assets (of whatsoever nature) used or owned by Heartland in relation to the normal, ordinary and regular operation of the business as at the Effective Date, the Heartland Employees including the employee liabilities under their existing employment contracts with Heartland in accordance with the Employment Transfer Agreement which will be transferred to DevCo on the Effective Date as a going concern
“Heartland Employees”	being 21 existing employees of Heartland who are to be transferred to DevCo on the Effective Date
“Heartland Key Employees”	being three existing employees of Heartland who are to be transferred to DevCo on the Effective Date
“Heartland Transfer of Assets Agreement”	the transfer agreement dated 4 November 2013 entered into between Heartland and DevCo in relation to the transfer of the Heartland Assets to DevCo by Heartland as a going concern
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Immovable Properties”	certain immovable properties located in the Modderfontein area to be acquired by the Zendai Parties from the AECI Parties pursuant to the Framework Agreement
“Improchem Lease”	the lease to be entered into between Heartland Leasing (Proprietary) Ltd, acting as agent, for AECI as the lessor and Improchem (Proprietary) Ltd as the lessee, a company within the AECI group of companies, in respect of the Improchem Building, a building being constructed on one of the Immovable Properties measuring 4,915 square meters being acquired by DevCo for a lease term of nine years and 11 months, and will be transferred to DevCo on the Effective Date

DEFINITIONS

“Individual Immovable Property Sale Agreements”	the sale agreements dated 4 November 2013 entered into between the Parties in relation to the sale of each of the Immovable Properties
“Initial Guaranteed Amount”	portion of the Transaction Price attributable to each of InvCo and DevCo plus VAT thereon less the aggregate price of each Immovable Property (inclusive of Net Improvement Costs up to and including 31 August 2013) transferred to each of them respectively as at the Effective Date, subject to a maximum of ZAR547.97 million including VAT in aggregate
“InvCo”	Zendai Investment Management (South Africa) Proprietary Limited, a company duly registered and incorporated in accordance with the laws of South Africa
“Irrevocable Undertaking”	the irrevocable undertaking dated 4 November 2013 from Mr. Dai to AECI pursuant to which Mr. Dai, together with his associates, who directly or indirectly are interested in approximately 38.67% of the total issued share capital of Zendai as at the date thereof, will vote such Shares in favour of all resolutions to approve the Framework Agreement and the transactions contemplated thereunder at the SGM
“Latest Practicable Date”	17 December 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	24 months after the Effective Date (subject to extension)
“Mr. Dai”	Mr. Dai Zhikang, being the executive Director, the Chairman of Zendai and the controlling Shareholder
“Net Improvement Costs”	the agreed net costs of any improvements to the Acquisition Assets, including planning costs and capital costs, undertaken or in progress by the AECI Parties

DEFINITIONS

“Net Improvement Costs Guarantee”	the guarantee in an amount of no more than ZAR227.07 million furnished to AECI for the Net Improvement Costs incurred between the Cost Period plus VAT and plus interest
“Other Definitive Agreements”	all Definitive Agreements other than the Individual Immovable Property Sale Agreements and Heartland Transfer of Assets Agreement
“Parties”	collectively Zendai, DevCo, InvCo, AECI, ARE and Heartland, being all parties to the Framework Agreement
“Performance Guarantee”	the guarantee from Standard Bank of South Africa Limited furnished on AECI’s behalf to DevCo and InvCo
“Remaining Acquisition Assets”	being the Acquisition Assets not transferred to the Zendai Parties by the Effective Date or the Long Stop Date as the case may be
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Framework Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.02 each in the share capital of Zendai
“Shareholder(s)”	holder(s) of Shares
“Signature Date”	the date of the signing of the Framework Agreement
“South Africa”	the Republic of South Africa
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Price”	the price in consideration for the Acquisition Assets in the amount of approximately ZAR930.68 million, which includes Net Improvement Costs of approximately ZAR52 million up to and including 31 August 2013 and excludes VAT in an amount of approximately ZAR130.30 million

DEFINITIONS

“VAT”	value-added tax levied in terms of the Value-added Tax Act, 89 of 1991, as amended, which is equivalent to 14% as at the Latest Practicable Date
“Zendai” or “Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued shares of which are listed on the Stock Exchange
“Zendai Parties” or “Purchasers”	Zendai, DevCo and InvCo, jointly and severally
“Zendai Payment Guarantee”	the payment guarantee from Bank of China Limited, Johannesburg Branch furnished on behalf of DevCo and InvCo to AECI in the amount of approximately ZAR1,060.98 million
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ZAR”	South Africa rands, the lawful currency of South Africa

For the purpose of this circular, unless otherwise stated, conversion of ZAR into HK\$ is based on the approximate exchange rate of ZAR1.00 to HK\$0.76. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

LETTER FROM THE BOARD



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

Executive Directors:

Mr. Dai Zhikang (*Chairman*)
Mr. Wang Fujie
Mr. Zuo Xingping
Mr. Tang Jian

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-executive Directors:

Mr. Zhu Nansong
Mr. Wu Yang
Mr. Xu Xiaoliang
Mr. Gong Ping

***Head office and principal place
of business in Hong Kong:***

Unit 6108
61/F., The Centre
99 Queen's Road Central
Hong Kong

Independent non-executive Directors:

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Cai Gaosheng

20 December 2013

To the Shareholders, and for information only, holders of options of Zendai

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RESPECT OF THE ACQUISITION
OF PROPERTY ASSETS IN MODDERFONTEIN, JOHANNESBURG,
SOUTH AFRICA**

INTRODUCTION

On 4 November 2013 (after trading hours), the Zendai Parties and the AECI Parties entered into the Framework Agreement pursuant to which the Zendai Parties have conditionally agreed to acquire and the AECI Parties have conditionally agreed to sell the Acquisition Assets at a consideration of approximately ZAR930.68 million (equivalent to approximately

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LETTER FROM THE BOARD

HK\$707.31 million) together with VAT of approximately ZAR130.30 million (equivalent to approximately HK\$99.03 million) thereon, totaling an amount of approximately ZAR1,060.98 million (equivalent to approximately HK\$806.34 million).

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is above 25% but less than 100%, the Acquisition constitutes a major transaction for Zendai under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and shareholders' approval requirement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition; (ii) financial information of the Group; (iii) the valuation reports on the Immovable Properties; and (iv) the notice of the SGM.

THE FRAMEWORK AGREEMENT

Date

4 November 2013 (after trading hours)

Parties

Purchasers: (1) Zendai;

(2) DevCo, a wholly-owned subsidiary of Zendai;

(3) InvCo, a wholly-owned subsidiary of Zendai;

Vendors: (1) AECI;

(2) ARE;

(3) Heartland

To the best of the Directors' knowledge, information and belief, and having made reasonable enquiries, each of AECI, ARE and Heartland and its respective ultimate beneficial owners are third parties independent of Zendai and connected persons of Zendai.

Assets to be acquired

Under the Framework Agreement, the Zendai Parties have conditionally agreed to acquire and the AECI Parties have conditionally agreed to sell the Acquisition Assets.

The Acquisition Assets consist of the Immovable Properties, being certain property assets located in the Modderfontein area of Johannesburg, South Africa, comprising a number of land parcels and buildings, covering approximately 1,600 hectares, and the Heartland Assets.

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Consideration and payment terms

The purchase price payable by Zendai in consideration for the Acquisition Assets, being the Immovable Properties and the Heartland Assets, shall be an amount equivalent to the Transaction Price of approximately ZAR930.68 million (equivalent to approximately HK\$707.31 million) together with VAT of approximately ZAR130.30 million (equivalent to approximately HK\$99.03 million) thereon, which has been secured by way of the Zendai Payment Guarantee in the amount of approximately ZAR1,060.98 million (equivalent to approximately HK\$806.34 million) and has been provided by Zendai to AECI on the Signature Date. The Zendai Payment Guarantee shall remain in force until the earlier of (i) full payment of the Transaction Price is received by AECI or (ii) 11 months and 14 days from the Signature Date whereafter the Zendai Payment Guarantee will automatically be cancelled. The amount payable under the Zendai Payment Guarantee will be paid to AECI in full on the Effective Date.

The Transaction Price was determined after arm's length negotiations between AECI and Zendai after taking into account various factors, including but not limited to (i) the factors stated in the section headed "Reasons for and benefits of the Acquisition" as set out below; and (ii) the preliminary valuation of the Immovable Properties as at 31 August 2013 as appraised by an independent valuer of no less than ZAR1,100 million (equivalent to approximately HK\$836 million). Having considered that the Transaction Price represents a discount over the preliminary valuation of the Immovable Properties, the Directors are of the view that the Transaction Price is fair and reasonable. The total consideration for the Acquisition will be satisfied by internal resources of Zendai.

Performance Guarantee in respect of the transfer of the Acquisition Assets

Pursuant to the Framework Agreement, the AECI Parties shall transfer the First Tranche of the Immovable Properties to the value of no less than ZAR450.00 million (or such lesser amount as agreed by Zendai), to the Zendai Parties by no later than nine months from the Signature Date (which under certain circumstances could be extended for a further two months depending on the progress of transfer of such Immovable Properties).

In consideration for payment of the Transaction Price by Zendai on the Effective Date and as security for the AECI Parties' obligations to transfer the Remaining Acquisition Assets to the Zendai Parties, AECI has furnished Zendai on the Signature Date with the Performance Guarantee in an amount equal to the Initial Guaranteed Amount, subject to a maximum of ZAR547.97 million including VAT (equivalent to approximately HK\$416.46 million), being the Transaction Price less the value of the First Tranche of no less than ZAR450.00 million plus VAT. If the Zendai Parties are of the opinion that one or more of the Immovable Properties comprising the First Tranche cannot be transferred within a period of nine months from the Signature Date (subject to aforesaid extension), it shall have the right at any time after a period of 6 months after the Signature Date by written notice to the AECI Parties to reduce the amount of the First Tranche and the Initial Guaranteed Amount and the Final Guaranteed Amount shall be increased by the same amount plus VAT. The AECI Parties shall provide the Zendai Parties within 14 days of such increase with an amended Performance Guarantee to take into account such increase.

LETTER FROM THE BOARD

The Performance Guarantee shall remain in force until the earlier of (i) the date upon which all the Immovable Properties are transferred to the Zendai Parties or (ii) the Initial Guaranteed Amount is reduced to zero or (iii) the later of 14 days after the Long Stop Date (subject to extension as set out in the section headed “Long Stop Date” below).

The Initial Guaranteed Amount shall be reduced from time to time by the value of each Immovable Property transferred to the Zendai Parties plus VAT and the Initial Guaranteed Amount so reduced from time to time shall be the Final Guaranteed Amount.

The AECI Parties shall as soon as possible and by no later than the Long Stop Date, procure the transfer of all Acquisition Assets required to be transferred to the Zendai Parties. Failing such transfer, the Zendai Parties will be entitled, but not obliged, to call for payment under the Performance Guarantee within 14 days after the Long Stop Date.

As advised by the South Africa legal advisers to the Company, applications for subdivision of certain Immovable Properties have to be made by the property owner to the City of Johannesburg Metropolitan Municipality before the transfer of Immovable Properties, which shall take nine months to finalise and are unlikely to be refused. As further advised by the South Africa legal advisers to the Company, there is no legal impediment to the Immovable Properties concerned being sub-divided and transferred to the Zendai Parties, save for Founders Hill, being one of the Immovable Properties.

In respect of the transfer of Founders Hill, the South Africa legal advisers to the Company advised that Founders Hill may not be transferred to the Group until Section 82 of the Township Ordinance is complied with, where such provision requires full services be installed in the township. Through the entering into of the lease agreement in respect of the lease of Founders Hill, further details of which are set out in (i) under the section headed “Definitive Agreements” below, DevCo may use, develop, sub-divide or in any way deal with Founders Hill so as to give DevCo full rights as if it were the owner thereof until the aforesaid Township Ordinance is complied with. Nevertheless, the transfer of Founders Hill to the Zendai Parties will be deemed to be satisfied for the purposes of the Performance Guarantee upon AECI, at its cost, registers a mortgage bond over the Founders Hill properties in favour of the relevant Zendai Parties to the satisfaction of Zendai to secure the obligations of the relevant AECI Parties to transfer Founders Hill to the relevant Zendai Party. The Company considers that such arrangements are sufficient to protect its interests in Founders Hill before completion of the transfer of Founders Hill takes place.

Net Improvement Costs Guarantee

During the ordinary course of the business, the AECI Parties in accordance with their existing business plans and models, will incur further Net Improvement Costs during the Cost Period. AECI shall take such steps and enter into such contracts and incur such expenditure as is necessary in order to implement improvements to the Immovable Properties based on the estimated budget approved by Zendai in respect of Net Improvement Costs for the Cost Period. Zendai shall on the Signature Date provide AECI with the Net Improvement Costs Guarantee in an amount of no more than ZAR227.07 million (equivalent to approximately HK\$172.57 million) inclusive of VAT.

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The amount paid by the AECI Parties for the Net Improvement Costs during the Cost Period shall bear interest at the prime overdraft lending rate published by Standard Bank of South Africa Limited from time to time from the date of payment by the AECI Parties to date of payment by or on behalf of both DevCo and InvCo, both days inclusive.

Existing Leases related to the existing buildings and portions of the Acquisition Assets and the Improchem Lease

Pursuant to the Framework Agreement, all Existing Leases over the buildings and portions of the Acquisition Assets will be transferred to the respective Zendai Parties on the Effective Date so that the respective Zendai Parties will lawfully be the lessor under all the Existing Leases. AECI will notify all lessees of the Existing Leases and ensure that all and any cessions required to give effect to this warranty are complied with by the Effective Date. In addition, the Improchem Lease in respect of the lease of Improchem Building, a building being constructed on one of the Immovable Properties being acquired by DevCo, will be transferred to DevCo on the Effective Date. According to the Existing Leases and the Improchem Lease, the buildings and portions of the Acquisition Assets under all Existing Leases and the Improchem Lease cover an aggregated area of approximately 15 hectares, representing less than 1% of the total area of the Acquisition Assets, and are short term leases which is less than 5 years other than the Improchem Lease which is for nine years and 11 months. The aggregated annual rental under the Existing Leases was approximately ZAR47.08 million in 2012 and the proposed annual rental under the Improchem Lease is approximately ZAR4.61 million (excluding VAT).

In view of the size of aforesaid buildings which is insignificant as compared to that of the Acquisition Assets and the relatively short lease term of the Existing Leases, the Directors are of the view that the Existing Leases and the Improchem Lease will not bring any material effect to the operation and development plan on the Acquisition Assets.

Employee Services

Pursuant to the Framework Agreement, the Heartland Key Employees will be transferred to DevCo on the Effective Date and taking into account that the AECI Parties are entirely dependent on the Heartland Key Employees in respect of the transfer of the Remaining Acquisition Assets to the Zendai Parties, the Parties also agreed that the Heartland Key Employees will, after the transfer of their employment to the Zendai Parties, assist the AECI Parties regarding the transfer of the Remaining Acquisition Assets. In consideration of the Employee Services to be provided by Zendai, AECI will pay DevCo at an aggregated consideration of not more than ZAR4.67 million (equivalent to approximately HK\$3.55 million) for a three-year term commencing from the Effective Date to 31 December 2016.

LETTER FROM THE BOARD

Definitive Agreements

In addition to the Framework Agreement, the Parties and/or other relevant parties (as the case may be) have also entered into the Definitive Agreements, being the Individual Immovable Property Sale Agreements for the purchase and sale of each Immovable Property, the Heartland Transfer of Assets Agreement for the transfer of the Heartland Assets, and Other Definitive Agreements. The list of Other Definitive Agreements is summarised as below:

- (i) lease agreement entered into between DevCo and AECI in respect of the lease of Founders Hill, being one of the Immovable Properties, by AECI to DevCo, pursuant to which DevCo may use, develop, sub-divide or in any way deal with Founders Hill so as to give DevCo full rights as if it were the owner thereof, provided such dealing is lawful, commencing from the Effective Date until the date of registration of transfer of Founders Hill into the name of DevCo at an annual rental of ZAR12.00 plus VAT;
- (ii) property management services agreement entered into among DevCo, InvCo and AECI in respect of the provision of property management services and the secretarial and accounting services by AECI in relation to the leasing and management of all the buildings under the Existing Leases and being acquired by the DevCo and InvCo at a fee of approximately ZAR7.28 million per annum (which shall escalate annually by 8% on each anniversary of the commencement date) from the first day immediately following the Effective Date until the third anniversary of the Effective Date;
- (iii) bulk service co-operation agreement entered into among DevCo, InvCo, AECI and AEL in respect of the continued supply of bulk primary potable water, sewerage, electricity, storm water and all other existing services which is currently supplied to the Immovable Properties by AEL to regulate, on a temporary basis, the continued supply of the aforesaid bulk services to the Immovable Properties until such time as arrangement have been made by InvCo for the existing bulk services to be supplied by the relevant local authority at a rate equivalent to the tariff paid by AEL for such bulk services from the authority supplying such bulk services to AEL commencing from the Effective Date for a period of 10 years which may be extended upon agreement between the parties;
- (iv) sub-lease agreement entered into between InvCo and AECI in respect of lease of the museum building and the surrounding area, being an existing building situated on one of the Immovable Properties namely Erven 7 Founders Hill Township measuring approximately 18.90 hectares and is to continue to be used as a museum and any other activities ancillary thereto, by InvCo to AECI, which shall commence from the later date of the Effective Date and the date of signing the joint use agreement as set out in (v) below, for an initial period of 10 years which may be extended by AECI for a further period of 10 years at an annual rental payable by AECI to InvCo of ZAR12,000.00 (excluding VAT);

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- (v) joint use agreement entered into between InvCo and AECI in respect of the joint use and benefit of the heritage site known as Frans Hoenig House, being an existing building situated on one of the Immovable Properties namely Erven 7 Founders Hill Township measuring approximately 18.90 hectares, between InvCo and AECI, pursuant to which both parties shall contribute to the day to day maintenance of such site in equal shares and the payment of consumption accounts in the proportion that its use of such site for a term of 20 years commencing from the Effective Date which can be terminated by AECI at any time after the second anniversary of such joint use agreement on 6 months written notice to InvCo;
- (vi) Modderfontein reserve agreement entered into among DevCo, Heartland, Greater Modderfontein Property Umbrella Association and AECI pursuant to which DevCo, as an owner of land in the Modderfontein area, and AECI will procure that from the Effective Date the Modderfontein Conservation Area, which is owned by AECI and not being portion of the Immovable Properties, will continue to be administered as a conservation amenity for the public and local community and members of the Greater Modderfontein Property Umbrella Association, a non-profit company set up by Heartland;
- (vii) management agreement of the Gypsum Dumps entered into among DevCo, InvCo and AECI, pursuant to which AECI undertakes to manage the Gypsum Dumps, being an existing historic gypsum residue situated on one of the Immovable Properties measuring approximately 85 hectares, for nil consideration from the Effective Date until the date of registration of transfer of such Immovable Properties into the name of the Zendai Parties;
- (viii) co-operation landowners agreement entered into among the Zendai Parties and AECI, pursuant to which all parties agreed to co-operate in relation to any and all environmental matters that may arise and have an impact on the respective properties located in Modderfontein adjoined by a common boundary and owned by AECI and Zendai and surrounding environment from the Effective Date for a term of five years; and
- (ix) Employment Transfer Agreement entered into between DevCo and Heartland in respect of the transfer of the employment of the existing Heartland Employees from Heartland to DevCo pursuant to which all the rights and obligations between Heartland and the Heartland Employees as at the Effective Date shall continue in force as if they had been rights and obligations between DevCo and the Heartland Employees.

All the above Definitive Agreements were entered into between the Parties after arms' length negotiations given the current structure of the Framework Agreement and status of the Acquisition Assets and are based on normal commercial terms. The Directors are of the view that the transactions under the Definitive Agreements are conducted in the ordinary course of business of the Company and that the entering into of the Definitive Agreements will not change the Company's intention towards the development of the Acquisition Assets and will not bring any material effect to the operation and development plan on the Acquisition Assets.

LETTER FROM THE BOARD

Conditions Precedent to the Acquisition

The Framework Agreement will become unconditional upon the fulfilment or waiver (as the case may be) of the following Conditions Precedent:

- (i) the conclusion of each Definitive Agreement and each Definitive Agreement becoming unconditional in accordance with its terms, save for any condition contained therein requiring the Framework Agreement to become unconditional;
- (ii) the provision by Zendai to AECI with the Zendai Payment Guarantee and Net Improvement Costs Guarantee;
- (iii) the provision by AECI to Zendai with the Performance Guarantee;
- (iv) Zendai having delivered to AECI the Irrevocable Undertaking from Mr. Dai;
- (v) Heartland Leasing (Proprietary) Ltd, acting as agent for AECI and Improchem (Proprietary) Ltd entering into the Improchem Lease in respect of the Improchem Building, a building being constructed on one of the Immovable Properties measuring 4,915 square meters, satisfactory to Zendai and AECI;
- (vi) each of Heartland and ARE having delivered to Zendai a copy of a special resolution of the shareholders in terms of section 112(2) read with 115(2)(a) of the Companies Act, specifically approving the disposal by, where applicable, Heartland or ARE of its Acquisition Assets;
- (vii) Zendai having delivered to AECI a certified copy of the resolutions of the Shareholders approving the transactions contemplated by the Framework Agreement and the Definitive Agreements (and in the case of the Definitive Agreements, to the extent necessary).
- (viii) the unconditional approval in writing of the applicable competition authorities in terms of the Competition Act 89 of 1998 having been obtained in respect of the sales contemplated by the Framework Agreement (or if such approval is conditional, the Parties having each respectively in writing approved each such condition and delivered such written approval to the other Party); and
- (ix) provided that the above Conditions Precedent are fulfilled or waived (as the case may be), the Immovable Properties to the value of no less than ZAR450.00 million (or such lesser amount as agreed by Zendai) being transferred by the AECI Parties to the Zendai Parties.

The Parties may by written agreement only, waive any Condition Precedent which is capable of being waived in whole or in part prior to the date on which it is required to be fulfilled, save for condition (vii) above. Conditions (i), (ii), (iii), (iv) and (v) have been fulfilled on the Signature Date while conditions (vi), (vii) and (viii) shall be fulfilled or waived

LETTER FROM THE BOARD

(as the case may be) by no later than 28 February 2014. By no later than nine months from the Signature Date (which could be extended for a further two months depending on the progress of transfer of such Immovable Properties), condition (ix) shall be fulfilled or waived (as the case may be). The Parties shall, where it is within their respective power and control to do so, use their reasonable commercial endeavours to procure the fulfilment or waiver (as the case may be) of each of the Conditions Precedent within the respective dates as stated above.

If any Condition Precedent is not fulfilled or waived (as the case may be) on or prior to the respective dates as stated above, or extended date in the case of condition (ix), the Framework Agreement and the Definitive Agreements shall never become effective, save for the surviving provisions which by necessary implication must continue after termination shall continue to be of force or effect. If any Condition Precedent is not fulfilled or waived (as the case may be), neither Party shall have any claim against the other Party as a result of or in connection with any such non-fulfilment or non-waiver (other than a claim for a breach by a Party of any of its obligations under the Conditions Precedent), nor the Parties indemnify each other accordingly.

Long Stop Date

The Long Stop Date shall be the date by which AECI must transfer all the Immovable Properties to DevCo and InvCo, being 24 months from the Effective Date, (subject to any extension due to the occurrence of any force majeure events), which could be extended by either Zendai or AECI by written notice to the other for a period of 12 months, and could be further extended for a period of six months by further written notice provided the Performance Guarantee remains valid and enforceable, or could be extended by Zendai alone if the Performance Guarantee does not remain valid and enforceable.

Should the original Long Stop Date, being 24 months from the Effective Date, be extended other than the occurrence of any force majeure events, each AECI Party shall pay, as an agreed and liquidated damages to the respective Zendai Parties, an amount equal to the rate of interest charged by their respective bankers to the respective Zendai Parties for funding of any Acquisition Assets occupied by them respectively and not transferred to the respective Zendai Parties by the original Long Stop Date, up to a maximum rate of 10% (ten percent) per annum (nominal annual compounded annually).

REASONS FOR AND BENEFITS OF THE 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

LETTER FROM THE BOARD

view of the continuation of the austerity measures towards the property market implemented by the PRC government, the Group, apart from focusing on the PRC market, has been exploring real estate development projects that are suitable for the Group in terms of scale, in order to expand into in the overseas market.

The Acquisition Assets consist of certain property assets located in Modderfontein, Johannesburg, South Africa, comprising a number of land parcels and buildings, covering approximately 1,600 hectares. Modderfontein is strategically placed on the main route to the OR Tambo International Airport, being the primary airport for domestic and international travel from and to South Africa and Sandton (the central business district of Johannesburg). Johannesburg is the largest city of South Africa in terms of population and is expected to continue to grow under governmental support through massive infrastructure spending over the next 10 years. It is the intention of the Group to develop the Acquisition Assets as a mixed-use zone including residential, commercial, light industrial and retail developments. Given the unique location of the Acquisition Assets, the Board considers that the Acquisition Assets are of outstanding development potential and the Acquisition will allow Zendai to capture the potential growth in the future. In addition to the Group's first overseas project located in New Zealand, the Board is of the view that the Acquisition provides an opportunity for the Group to further expand its landbank to the South African region, which helps diversifying the investment portfolio of the Group in order to build a more stable income stream for the Group.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Framework Agreement and the transaction contemplated thereunder are fair and reasonable and the Acquisition is in the interest of Zendai and the Shareholders as a whole.

INFORMATION ON THE VENDORS

Each of the Vendors, namely AECI, ARE and Heartland, is a company incorporated in the South Africa with limited liability.

AECI is principally engaged in the development, production and supply of explosives and specialty chemicals, manufacture and sale of specialty fibres. AECI, through its subsidiaries ARE and Heartland develops and sells properties in South Africa. AECI is listed on JSE Limited, being the largest stock exchange in Africa.

ARE and Heartland are both wholly-owned subsidiaries of AECI, all of whom own some of the Acquisition Assets.

EFFECTS ON EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Given that the consideration of the Acquisition will be funded by the internal resources of the Group, the Board considers that the Acquisition will not have any material impact on the earnings and assets and liabilities of the Group.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Acquisition.

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LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition (including the provision of the Zendai Payment Guarantee and the Net Improvement Costs Guarantee) is above 25% but less than 100%, the Acquisition constitutes a major transaction for Zendai under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and shareholders' approval requirements.

As the transactions under the Other Definitive Agreements are of revenue nature and are conducted in the ordinary course of business of the Company, the transactions under the Other Definitive Agreements should be exempt from the requirements of Chapter 14 of the Listing Rules pursuant to Rule 14.04(1)(g) of the Listing Rules. In the event that the entering into of the Other Definitive Agreements constitute notifiable transactions under Chapter 14 of the Listing Rules, further announcements will be issued by Zendai as and when appropriate in accordance with the Listing Rules' requirements.

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 Framework Agreement and the transactions contemplated thereunder. No Shareholder is required to abstain from voting on the resolution to approve the Framework Agreement and the transactions contemplated thereunder at the SGM. Mr. Dai, being the executive Director, the Chairman of Zendai and the controlling Shareholder, has given the Irrevocable Undertaking to AECI pursuant to which Mr. Dai, together with his associates who directly or indirectly are interested in approximately 38.67% of the total issued share capital of Zendai, will vote such Shares in favour of all resolutions to approve the Framework Agreement and the transactions contemplated thereunder at the SGM.

SGM

The SGM will be held at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 14 January 2014 at 10:30 a.m., the notice of which is set out on pages 40 to 41 of this circular, for the Shareholders to consider and, if thought fit to approve, the Agreement and the transactions contemplated thereunder.

Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the view that the Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

By order of the Board
SHANGHAI ZENDAI PROPERTY LIMITED
Dai Zhikang
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the financial years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 are disclosed in the Company's annual reports for the financial years ended 31 December 2010, 2011 and 2012 and interim report for the six months ended 30 June 2013 respectively. All of these financial statements have been published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.zendai.com.

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 October 2013, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group had outstanding borrowings of approximately HK\$6,200,922,000, details of which are set out below:

	<i>HK\$'000</i>
Bank loans, secured and guaranteed by a related company	
– current	2,911,400
– non-current	2,516,010
Amount due to a joint venture, unsecured	688,520
Amounts due to minority owners of subsidiaries, unsecured	84,992

Securities

As at 31 October 2013, property, plant and equipment of approximately HK\$348,706,000, payment for leasehold land held for own use under operating leases of approximately HK\$614,837,000, investment properties of approximately HK\$2,408,234,000, properties under development and for sales of approximately HK\$1,491,787,000 and bank deposits of approximately HK\$868,416,000 were pledged to secure certain bank loans granted to the Group.

Included in HK\$2,516,010,000 non-current bank loans is a loan of HK\$300,000,000 which carries a covenant that requires Mr. Dai Zhikang, the controlling shareholder and an executive director of the Company to beneficially own, directly or indirectly, 35% or more of the issued share capital and ownership interests in the Company or to remain as the single largest shareholder of the Company.

Contingent liabilities

As at 31 October 2013, the Group provided guarantees to the extent of approximately HK\$262,827,600 to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These

guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

Referring to the paragraph under the heading “Litigation” in Appendix III, in the event that the Appeal is unsuccessful, the agreement on Wudaokou Disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK\$3,619,795,000) to the Purchaser.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 October 2013, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

3. WORKING CAPITAL

After taking into account the bases that (i) the Acquisition can be completed as currently envisaged; (ii) no material change in general economic performance in the People’s Republic of China and the real estate sector maintains a steady sentiment in the consumption of properties; (iii) no material change in regulatory policies leading to adverse impact on the banks’ general lending policies to property developers; (iv) the Group’s present internal financial resources as well as the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will continue to focus on the development, investment and management of commercial and residential properties, which consist of various integrated commercial complex, grade A office buildings and residential buildings in Shanghai as well as other cities in the PRC. Notwithstanding the continuation of the austerity measures towards the property market implemented by the PRC government, given the support of mortgage loans on the

first-time homeowners from the PRC government, as well as the gradual increase in consumption power as a result of the accelerating urbanization progress, the Group believes that there will still be rigid demand for real estate in the future and will further promote its “Thumb Integrated Commercial and Residential Projects” on the basis of its existing projects and projects under planning in order to cope with the substantial demand for commercial and residential properties in the PRC in the future.

Apart from focusing on the mainland market, the Group will also focus on the international market in line with the capital outflows from China. In addition to the Group’s first overseas project located in New Zealand which is currently progressing as scheduled and the Acquisition, the Directors will further look for real estate development projects and prudently assess various potential business opportunities so as to develop new projects when opportunities arise to expand income source. The Directors will also from time to time closely monitor the financial position and liquidity position of the Group with a view to enhancing the capital management and treasury function of the Group and catering for any changes in the real estate market. As such, the Directors expect that the financial position of the Group would remain solid taking into account the financial resources available to the Group and the substantial assets base of the Group.

The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from Avista Valuation Advisory Limited, an independent property valuer, in connection with its opinion of market value of the property interests in the South Africa as at 30 September 2013.



Suite 807, 8th Floor, AXA Centre, 151 Gloucester Road,
Wan Chai, Hong Kong

TEL : (852) 3907 0680 FAX : (852) 3914 6388

info@avaval.com

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20 December 2013

The Board of Directors
Shanghai Zendai Property Limited
Unit 6108, 61/F
The Centre
99 Queen's Road Central
Hong Kong

Dear Sirs,

In accordance with the instructions to us to value property interests contracted to be acquired by Shanghai Zendai Property Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the Republic of South Africa ("South Africa") (details of the properties are more particularly listed in the Summary of Values of this report), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 30 September 2013 (the "valuation date").

The valuation is our opinion of market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

Where, due to the nature of the buildings and structures of the property in the South Africa, there are no market sales comparables readily available, the property interests have been valued on the basis of their depreciated replacement costs.

Depreciated replacement cost is defined as “the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have been provided by the Group with copy of extract of the title documents relating to the property interests. Where possible, we have examined the original documents to verify the existing title to the property interests in South Africa and any material encumbrances that might be attached to the property interests or any amendments which may not appear on the copies handed to us.

However, we have not searched the original documents to verify the ownership or to ascertain any amendment. Due to the current registration system of South Africa under which the registration information is not accessible to the public, no investigation has been made for the title of the property interests in South Africa and the material encumbrances that might be attached. In the course of our valuation, we have relied considerably on the legal opinion given by the Company’s South Africa legal adviser – (Edward Nathan Sonnenbergs), concerning the validity of title of the properties in South Africa.

We have inspected the exterior and, where possible, the accessible portions of the interior of the properties being appraised. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the properties are free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the properties taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that whilst we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the properties. We are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the properties.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the properties but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the properties or on adjoining or neighbouring land or that the properties had been or are being put to contaminated use, we reserve right to revise our opinion of values.

We have not investigated any industrial safety, environmental and health related regulations in association with the existing and/or planned manufacturing process. It is assumed that all necessary licences, procedures and measures were implemented in accordance with the Government legislation and guidance.

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or other professional advisers on such matters as tenure, statutory notices, planning approval, zoning, easements, completion date of building, identification of property, particulars of occupation, site areas, floor areas, tenancy details, matters relating to tenure and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans and the like to verify them.

We have no reason to doubt the truth and accuracy of the information provided to use by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was no material change of the properties in between dates of our inspection and the valuation date.

In accordance with our standard practice, we must state that this report is for the exclusive use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Wherever the content of this report is extracted and translated from the relevant documents and there are discrepancies in wordings, those parts of the original documents will take prevalent.

Unless otherwise stated, all amounts are denominated in South Africa rands (ZAR). Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has about 6 years' experience in the valuation of properties in the PRC and 9 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia and Mongolia.

SUMMARY OF VALUES**Property interests contracted to be acquired by the Group in South Africa**

No.	Property	Market value in existing state as at 30 September 2013 (ZAR)
1.	Land parcels located in Longlake No. 710, Longmeadow No. 297, Klipfontein No. 12, Linbro Park, Modderfontein No. 35, Modderfontein Extension 2, Zuurfontein No. 33 Gauteng Johannesburg South Africa	610,000,000
2.	Land parcels located in Longmeadow No. 296, Klipfontein No. 12, Modderfontein No. 34 Gauteng Johannesburg South Africa	470,000,000
3.	Land parcels located in Founders Hill Gauteng Johannesburg South Africa	No commercial value
		Total (ZAR): <u><u>1,080,000,000</u></u>

VALUATION CERTIFICATE

Property interests contracted to be acquired by the Group in South Africa

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2013 (ZAR)
1.	Land parcels located in Longlake No. 710, Longmeadow No. 297, Klipfontein No. 12, Linbro Park, Modderfontein No. 35, Modderfontein Extension 2, Zuurfontein No. 33 Gauteng Johannesburg South Africa	<p>The property comprises nine vacant land parcels situated in the province of Gauteng in Johannesburg,</p> <ul style="list-style-type: none"> • A land parcel in Longlake No. 710 and Longmeadow No. 297 with John Street at its north, Marlboro Drive at its southwest and Arden Road at its northeast; • A land parcel in Klipfontein No. 12 with Mastiff Road at its northwest, Allandale Road at its northeast and Brine Avenue at its southeast; • Two land parcels in Linbro Park with Hilton Road at its northwest and Clulee Road at its southeast; • Two land parcels in Modderfontein No. 35 and a land parcel in Modderfontein Extension 2 with Douglas Drive at its west, Centenary Street at its southeast and Arden Road at its north; and • Two land parcels in Zuurfontein No. 33 with Modderfontein Road at its north, Wildepruim Street at its east and Vuurslag Lane at its south. <p>The immediate locality of the property is generally rural in nature intermingled with residential houses and warehouses. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property has a total site area of approximately 6,900,000 sq.m.</p> <p>The property is currently held under a freehold interest.</p>	The property was vacant.	610,000,000

Notes:

1. Except the land parcel in Klipfontein No. 12 is held by AECI Limited and a land parcel in Modderfontein No. 35 is held by AECI Real Estate (Proprietary) Limited, the registered owner of the remainder of the property is Heartland Properties (Proprietary) Limited.
2. As advised by the South Africa legal adviser, the property can be freely occupied, transferred, used, leased or mortgaged by the registered owner.
3. Pursuant to the Framework Agreement dated 4 November 2013, the property is contracted to be acquired by the Group. The salient terms and conditions of the said agreement are set out in the section headed “THE FRAMEWORK AGREEMENT” on page 8 of this circular.
4. The property was last inspected by Oswald Au and Bosco Cheung, Director and Manager respectively of AVISTA Valuation Advisory Limited, during the period of 5 to 7 November 2013.
5. We have confirmed with the Company that there was no material difference between the valuation date and the date of inspection.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2013 (ZAR)
2.	Land parcels located in Longmeadow No. 296, Klipfontein No. 12, Modderfontein No. 34 Gauteng Johannesburg South Africa	<p>The property comprises six land parcels situated in the province of Gauteng in Johannesburg,</p> <ul style="list-style-type: none"> Three land parcels in Longmeadow No. 296 and a land parcel in Klipfontein No. 12 with Allandale Road at its northeast, John Street at its northwest and Arden Road at its south; and Two land parcels in Modderfontein No. 34 with Ardeer Road at its southwest and High Street at its southeast. <p>The immediate locality of the property is generally rural in nature intermingled with residential houses and warehouses. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property has a total site area of approximately 7,100,000 sq.m.</p> <p>The property is generally a vacant land. For portions of the property, approximately 146 buildings or structures with total gross area of approximately 83,000 sq m are erected. The buildings and structures are mainly occupied as warehouses and workshops with ancillary offices and are of building ages over 60 years.</p> <p>The property is currently held under a freehold interest.</p>	<p>The property was mainly vacant except portions of the property are subject to various tenancy agreements generally expiring in 2014 at a total monthly rent of approximately ZAR1,450,000.</p>	470,000,000

Notes:

1. Except two land parcels in Longmeadow No. 296 are held by AECI Real Estate (Proprietary) Limited, the registered owner of the remainder of the property is AECI Limited.
2. We have been provided with a legal opinion regarding the property interests by the South Africa legal adviser, which contains, inter alia, the following:
 - a. Each land parcel of the property is not held in separate title deeds. An application for subdivision have to be made to the City of Johannesburg Metropolitan Municipality by the registered owner before the land parcels can be freely transferred to other parties.
 - b. Before the said subdivision, the registered owner may grant the rights to occupy, use and develop the property to the Group. The South Africa legal adviser also deems that there is not any legal impediment to the property being subdivided and transferred to the Group.

- c. There are no approved building plans for all of the existing buildings or structures erected over the property. In addition, the building ages of the buildings or structures had exceeded the useful lifespan. In this regard, we have attributed nil values to the buildings or structures erected over the property.
- 3. Pursuant to the Framework Agreement dated 4 November 2013, the property is contracted to be acquired by the Group. The salient terms and conditions of the said agreement are set out in the section headed “THE FRAMEWORK AGREEMENT” on page 8 of this circular.
- 4. The property was last inspected by Oswald Au and Bosco Cheung, Director and Manager respectively of AVISTA Valuation Advisory Limited, during the period of 5 to 7 November 2013.
- 5. We have confirmed with the Company that there was no material difference between the valuation date and the date of inspection.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2013 (ZAR)
3.	Land parcels located in Founders Hill Gauteng Johannesburg South Africa	<p>The property comprises twenty four land parcels situated in Founders Hill with Modderfontein Road at its south, Schleiss Road at its northeast and High Street at its northwest within the province of Gauteng in Johannesburg.</p> <p>The immediate locality of the property is generally rural in nature intermingled with residential houses and warehouses. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property has a total site area of approximately 1,700,000 sq.m..</p> <p>The property is generally a vacant land. For portions of the property, approximately 54 buildings or structures with total gross area of approximately 18,000 sq m are erected. The buildings and structures are mainly occupied for recreational use with ancillary offices and are of building ages over 60 years.</p> <p>The property is currently held under a freehold interest.</p>	<p>The property was mainly vacant except portions of the property are subject to various tenancy agreements generally expiring in 2014 at a total monthly rent of approximately ZAR560,000.</p>	No commercial value

Notes:

1. Except six land parcels of the property are held by Heartland Properties (Proprietary) Limited, the registered owner of the remainder of the property is AECI Limited.
2. We have been provided with a legal opinion regarding the property interests by the South Africa legal adviser, which contains, inter alia, the following:
 - a. The property may not be transferred to the Group until Section 82 of the Township Ordinance is complied with, while the said Ordinance requires full services be installed in the township.
 - b. Before the said compliance has been completed, the registered owner may grant the rights to occupy and use of the property to the Group via a lease.
 - c. There are no approved building plans for all of the existing buildings or structures erected over the property. In addition, the building ages of the buildings or structures had exceeded the useful lifespan. In this regard, we have attributed nil values to the buildings or structures erected over the property.
3. Pursuant to the Framework Agreement dated 4 November 2013, the property is contracted to be acquired by the Group. The salient terms and conditions of the said agreement are set out in the section headed "THE FRAMEWORK AGREEMENT" on page 8 of this circular.

4. As at the valuation date, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the valuation date would be ZAR95,000,000, assuming the relevant title certificates of the property have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
5. The property was last inspected by Oswald Au and Bosco Cheung, Director and Manager respectively of AVISTA Valuation Advisory Limited, during the period of 5 to 7 November 2013.
6. We have confirmed with the Company that there was no material difference between the valuation date and the date of inspection.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

Name of Director	Number of Shares/ underlying Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Wang Fujie (<i>Note 2</i>)	10,000,000 (L)	Beneficial owner	0.07%
Mr. Dai Zhikang ("Mr. Dai") (<i>Note 1</i>)	5,753,635,000 (L)	Interests of controlled corporations	38.67%
Mr. Dai (<i>Note 2</i>)	10,000,000 (L)	Beneficial owner	0.07%
Mr. Zhu Nansong	50,000,000 (L)	Beneficial owner	0.34%
Mr. Tang Jian	10,000,000 (L)	Beneficial owner	0.07%
Mr. Lo Mun Lam, Raymond (<i>Note 2</i>)	5,000,000 (L)	Beneficial owner	0.034%
Mr. Lai Chik Fan (<i>Note 2</i>)	5,000,000 (L)	Beneficial owner	0.034%

(L) denotes long position

Notes:

1. Mr. Dai was deemed to be interested in an aggregate of 5,753,635,000 Shares held by Giant Glory Assets Limited, Jointex Investment Holdings Limited, Shanghai Zendai Investment Development (Hong Kong) Company Limited and Gold Lucky Investment Holdings Limited, respectively, where Mr. Dai being the director of each of the aforesaid companies, and each of the number of the Shares held is as follows:
 - (a) 2,326,560,000 Shares were held by Giant Glory Assets Limited which is wholly-owned by Mr. Dai;
 - (b) 2,932,000,000 Shares were held by Jointex Investment Holdings Limited which is owned as to 85% by Giant Glory Assets Limited;
 - (c) 455,175,000 Shares are held by Shanghai Zendai Investment Development (Hong Kong) Company Limited which is owned as to 60% by Mr. Dai; and
 - (d) 39,900,000 Shares are held by Gold Lucky Investment Holdings Limited which is wholly-owned by Mr. Dai.
2. These Shares represent the Shares to be allotted and issued upon the exercise of share option granted.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, except Mr. Zhu Nansong being the director of Jointex Investment Holdings Limited, and save as disclosed above, none of the Directors was a director or employee of a company which had an interest of short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and his associates had any interests which competes or was likely to compete, either directly or indirectly, with the Company's business.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTEREST IN ASSETS

None of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2012 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACTS

There was no contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisting as at the Latest Practicable Date.

7. LITIGATION

Reference is made to the announcements of the Company dated 30 December 2011, 31 May 2012, 5 June 2012, 2 August 2012, 29 November 2012, 30 November 2012 and 24 April 2013. On 4 June 2012, Shanghai Zendai Land Company Limited ("Shanghai Zendai Land"), a wholly-owned subsidiary of Zendai, was served a document of summons issued by Shanghai No. 1 Intermediate People's Court ("the Court") in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen Property Management Co., Ltd., the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited. On 24 April 2013, the Court issued a first instance judgment (the "Judgment") and granted an order to (i) invalidate the agreement on disposal ("Wudaokou Disposal") of Shanghai Zendai Wudaokou Property Company Limited ("Shanghai Zendai Wudaokou"); (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party; and (iii) restate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer. On 7 May 2013, an appeal (the "Appeal") was lodged with the Higher People's Court of Shanghai against the Judgment. Since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. As at the Latest Practicable Date, the results of the Appeal were still pending.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Group.

8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have given opinion or advice which are contained in this circular:

Name	Qualification
Avista Valuation Advisory Limited	An independent valuer
BDO Limited	Certified Public Accountants
Edward Nathan Sonnenbergs	A South Africa legal adviser

The above experts have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which had been, since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group (including any company which will become a subsidiary of Zendai by reason of an acquisition which has been agreed or proposed since 31 December 2012, being the date to which the latest audited consolidated financial statements of the Group have been made up) within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the agreement dated 29 December 2011 (“VSD Agreement”) entered into among Shanghai Zendai Land, 浙江嘉和實業有限公司 (Zhejiang Jiahe Industrial Co., Ltd.*, “Greentown Jiahe”) and 上海長燁投資管理諮詢有限公司 (Shanghai Changye Investment Management Co., Ltd.*, “Shanghai Changye”) in relation to, among others, the disposal by Shanghai Zendai Land to Shanghai Changye of the entire equity interest in Shanghai Zendai Wudaokou and the shareholder’s loan payable to Shanghai Zendai Land by Shanghai Zendai Wudaokou, details of which are disclosed in the circular of the Company dated 28 February 2012;
- (b) the agreement dated 29 December 2011 entered into between Shanghai Zendai Wudaokou and 上海磐石投資有限公司 (Shanghai Panshi Investment Co., Ltd.)* in relation to the transfer of the entire equity interest in 上海盤石投資管理有限公司 (Shanghai Panshi Investment and Management Company Limited)*, details of which are disclosed in the announcement of the Company dated 5 January 2012;

- (c) the first supplemental agreement dated 9 January 2012 entered into among Shanghai Zendai Land, Greentown Jiahe and Shanghai Changye to supplement the VSD Agreement, details of which are disclosed in the circular of the Company dated 28 February 2012;
- (d) the second supplemental agreement dated 15 February 2012 entered into between Shanghai Zendai Land and Shanghai Changye to supplement the VSD Agreement, details of which are disclosed in the circular of the Company dated 28 February 2012;
- (e) the land grant contract dated 13 September 2012 entered into between Changchun Land Bureau and 吉林省君誠房地產開發有限公司 (Jilin Juncheng Property Development Company Limited)*, an indirectly wholly-owned subsidiary of the Company, in relation to the acquisition of land use rights of a parcel of land located in Jingyue Economic Development Zone, Changchun City, Jilin Province, the PRC, details of which are disclosed in the announcement of the Company dated 17 September 2012;
- (f) the agreement dated 9 October 2012 entered into between Shanghai Zendai Land and 杉杉控股有限公司 (Shan Shan Holdings Co., Ltd.*, “Shan Shan Holdings”) in relation to the disposal of 30% of the registered capital of 中科廊坊科技谷有限公司 (Zhongke Langfang Technology Valley Co., Ltd.)* by Shanghai Zendai Land to Shan Shan Holdings, details of which are disclosed in the announcement of the Company dated 9 October 2012;
- (g) the framework agreement dated 16 November 2012 entered into among 南京証大大拇指商業發展有限公司 (Nanjing Zendai Thumb Plaza Development Co., Ltd.*, “Nanjing Zendai”), 海門証大濱江置業有限公司 (Haimen Zendai Property Company Limited)*, Golden Land International Development Limited, the Company and 蕪湖歌斐資產管理有限公司 (Wuhu Gefei Asset Management Co., Limited)* in relation to the disposal of up to 10% equity interest of Nanjing Zendai, details of which are disclosed in the circular of the Company dated 24 December 2012;
- (h) the cooperation agreement dated 22 November 2012 entered into between the Company and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited)* in relation to the establishment of a project company for the development of a parcel of land located in Yantai Development Zone, Shandong Province, the PRC, details of which are disclosed in the announcement of the Company dated 22 November 2012;
- (i) the supplemental agreement dated 27 November 2012 entered into among 南京証大大拇指商業發展有限公司 (Nanjing Zendai Thumb Plaza Development Co., Ltd.*), 海門証大濱江置業有限公司 (Haimen Zendai Property Company Limited)*, Golden Land International Development Limited, the Company and 蕪湖歌斐資產管理有限公司 (Wuhu Gefei Asset Management Co., Limited)* to supplement the framework agreement in (g) above;

- (j) the land grant contract dated 16 January 2013 entered into between Nanjing Land Bureau as vendor and Nanjing Zendai as purchaser in relation to the acquisition of land use rights of a parcel of land located in 江蘇省南京市雨花台區站中七路 (Zhanzhongqi Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC) with site areas of approximately 93,526.4 square metres, details of which are disclosed in the circular of the Company dated 25 February 2013;
- (k) the land grant contract dated 17 January 2013 entered into between Langfang Land Bureau as vendor and 廊坊市証合泰房地產開發有限公司 (Langfang Zhenghetai Property Development Company Limited*) as purchaser in relation to the acquisition of land use rights of a parcel of land located in 河北省廊坊市龍河工業區 (Langfang Longhe Hi-Tech Industrial Zone, Langfang City, Hebei Province, the PRC) with a site area of approximately 45,492 square meters, details of which are disclosed in the announcement of the Company dated 17 January 2013; and
- (l) the Framework Agreement and the Definitive Agreements.

10. MISCELLANEOUS

- (a) The secretary of the Company and the qualified accountant of the Company is Mr. Wong Ngan Hung, who is a member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The head office and principal place of business of the Company in Hong Kong is situated at Unit 6108, 61/F., The Centre, 99 Queen's Road Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at Unit 6108, 61/F., The Centre, 99 Queen's Road Central, Hong Kong during normal business hours (except Saturdays and public holidays) from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2012;

- (c) the letter and valuation certificate relating to the Immovable Properties prepared by Avista Valuation Advisory Limited, the texts of which are set out in Appendix II to this circular;
- (d) the written consents referred to in the paragraph under the heading “Experts and consents” in this appendix;
- (e) the material contracts referred to in the paragraph under the heading “Material contracts” in this appendix; and
- (f) a copy of the circular of the Company dated 25 February 2013 and this circular.



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Shanghai Zendai Property Limited (the “**Company**”) will be held at Unit A 29/F., Admiralty Centre I, 18 Harcourt Road, Hong Kong, on Tuesday, 14 January 2014, at 10:30 a.m., to consider and, if thought fit, pass, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the framework agreement dated 4 November 2013 (the “**Framework Agreement**”, a copy of which has been produced to this meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) entered into among Zendai, Zendai Development (South Africa) Proprietary Limited, Zendai Investment Management (South Africa) Proprietary Limited, AECI Limited, AECI Real Estate (Proprietary) Limited and Heartland Properties (Proprietary) Limited in relation to the sale and purchase of certain assets located in the Modderfontein area of Johannesburg, South Africa and the performance and implementation of the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (b) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents as they in their absolute discretion consider necessary or expedient to give effect to the Framework Agreement and the implementation of all transactions contemplated thereunder.”

By order of the Board
Dai Zhikang
Chairman

Hong Kong, 20 December 2013

* *for identification purpose only*

NOTICE OF SGM

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business

in Hong Kong:

Unit 6108, 61/F., The Center
99 Queen's Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a certified copy of such power of attorney must be lodged with the Company's branch registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof, (as the case may be).
3. In the case of joint holders, the vote of the senior who tenders a vote, whether present in person or by proxy, will be accepted to the exclusion of the vote(s) of other joint holder(s), and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

As at the date of this notice, 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.