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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 AND CONNECTED TRANSACTION, POSSIBLE DISCLOSEABLE AND CONNECTED TRANSACTION, APPLICATION FOR WHITEWASH WAIVER, INCREASE IN AUTHORISED SHARE CAPITAL AND RESUMPTION OF TRADING

Financial adviser to the Company



Optima Capital Limited

THE AGREEMENT

After trading hours on 15 April 2008, the Parties entered into the Agreement pursuant to which the Company agreed to acquire from the Vendor the Sale Share and Shareholder's Loan at the Maximum Consideration, being HK\$1,011 million comprised of the Basic Consideration and the Further Consideration to be satisfied by the Company allotting and issuing the Consideration Shares to the Vendor.

The Basic Consideration was arrived at after arm's length negotiations between the Parties and was determined with reference to (i) the unaudited consolidated net asset value of the Target Group of approximately HK\$32.5 million as at 31 December 2007; (ii) the preliminary valuation of the Properties as at 31 March 2008 of approximately RMB1,811 million (equivalent to approximately HK\$2,015 million) as appraised by the Valuer using the direct comparison approach; (iii) the Board's estimation of a revaluation surplus of approximately RMB883.8 million (equivalent to approximately HK\$983.2 million) of the Properties after taking into account the estimated market value as mentioned in (ii) above, the book costs of the Properties and the adjustment on relevant tax effect; and (iv) the principal amount of the Shareholder's Loan which amounted to approximately HK\$97.3 million as at the date of the Agreement.

In the event the land use right certificate in relation to the Land has been obtained by the Target Group on or before the date of Completion, the Further Consideration shall be payable by the Company to the Vendor. The Further Consideration was arrived at after arm's length negotiations between the Parties and was determined with reference to (i) the location and development potential of the Land; (ii) the preliminary valuation of the Land as at 31 March 2008 of approximately RMB402 million (equivalent to approximately HK\$447 million) as appraised by the Valuer using the direct comparison approach and assuming the land use right of the Land has been obtained and the land premium of the Land has been fully paid; and (iii) the Board's estimation of a revaluation surplus of the Land of approximately RMB210.4 million (equivalent to approximately HK\$234.1 million) after taking into account the estimated market value as mentioned in (ii) above, the book costs of the Land and the adjustment on relevant tax effect.

Upon Completion, the Company will be interested in the entire issued share capital of the Target Company.

WHITEWASH WAIVER

As at the date of the Agreement, the Vendor, its immediate and ultimate beneficial owners, and parties acting in concert with any of them (including the Interested Directors) were interested in 2,893,990,000 Shares representing approximately 41.32% of the issued share capital of the Company.

Upon Completion and assuming no Shares will be issued or repurchased by the Company and the Option has not been exercised, the Vendor, its immediate and ultimate beneficial owners, and parties acting in concert with any of them (including the Interested Directors) will be interested in a total of 6,237,990,000 Shares upon the issue of the Basic Consideration Shares (if the land use right of the Land cannot be obtained before Completion), representing approximately 60.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Basic Consideration Shares, or 6,937,990,000 Shares upon the issue of the Adjusted Consideration Shares (if the land use right of the Land can be obtained before Completion), representing approximately 62.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Adjusted Consideration Shares respectively.

The Vendor, its immediate and ultimate beneficial owners and parties acting in concert with any of them will then be obliged to make an unconditional mandatory offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. An application will be made to the Executive by the Vendor for the Whitewash Waiver. Completion of the transactions contemplated under the Agreement is subject to, among other things, the Whitewash Waiver being granted and approved by the Independent Shareholders in accordance with the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM.

If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Agreement will not become unconditional and the Acquisition will not proceed.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 10,000,000,000 Shares, of which 7,003,738,182 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as to accommodate the issue of the Consideration Shares, the Board proposes to increase the authorised share capital of the Company from HK\$200,000,000 divided into 10,000,000,000 Shares to HK\$400,000,000 divided into 20,000,000,000 Shares by creation of additional 10,000,000,000 new Shares.

The increase in the authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM.

GENERAL

The Vendor is owned as to 85% by Giant Glory, the controlling Shareholder and as to 15% by Commonwealth, an investment holding company wholly-owned by Mr. Zhu. By virtue of it being an associate of Giant Glory, the Vendor is a connected person of the Company within the meanings of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given certain of the applicable percentage ratios of the Acquisition represent more than 25% but less than 100% for the Company, the Acquisition also constitutes a major transaction of the Company under the Listing Rules. Following Completion, Shanghai Zendai Commercial would become an indirect wholly-owned subsidiary of the Company. By virtue of Shanghai Zendai Investment being an associate of Mr. Dai, an executive Director and the controlling Shareholder, Shanghai Zendai Investment is a connected person of the Company within the meaning of the Listing Rules. As such, the Financial Assistance will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules upon Completion. Given certain of the applicable percentage ratios of the Financial Assistance represents 5% or more but less than 25% for the Company, the Financial Assistance will also constitute a discloseable transaction of the Company under the Listing Rules upon Completion. The Acquisition and the Financial Assistance are therefore subject to the requirements of reporting, announcement and Independent Shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

An 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, the Financial Assistance and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made by the Company upon the appointment of the independent financial adviser.

The SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval of, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares and the Whitewash Waiver by way of poll. Shareholders' approval for the increase in the authorised share capital of the Company shall also be obtained at the SGM.

Mr. Dai (an executive Director, chairman of the Company and the ultimate beneficial owner of Giant Glory), Giant Glory, Mr. Zhu, Conwealth, the Interested Directors, and those who are involved in or interested in the Acquisition and the Whitewash Waiver, and their respective associates and parties acting in concert with any of them will be required to abstain from voting in relation to the resolutions to approve, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares and the Whitewash Waiver at the SGM.

The circular containing, among other things, (i) further details of the Agreement, the Acquisition, the Financial Assistance, the Whitewash Waiver and the increase in authorised share capital of the Company; (ii) valuation report on the Properties and the Land; (iii) accountants' report of the Target Group; (iv) letter from the Independent Board Committee ; (v) letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Financial Assistance and the Whitewash Waiver; and (vi) the notice of SGM at which resolutions will be proposed to consider and, if thought fit, approve, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares, the Whitewash Waiver and the increase in the authorised share capital of the Company, will be despatched by the Company to the Shareholders as soon as possible in accordance with the relevant provisions of the Takeovers Code and the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:30 a.m. on 16 April 2008 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 9:30 a.m. on 30 April 2008.

After trading hours on 15 April 2008, the Parties entered into the Agreement, the major terms of which are set out below.

THE AGREEMENT

Date : 15 April 2008

Parties

Vendor : Jointex Investment Holdings Limited

Purchaser : The Company

Subject matter of the Agreement

Pursuant to the Agreement, the Company agreed to acquire from the Vendor the Sale Share and Shareholder's Loan at the Maximum Consideration of HK\$1,011 million (Shareholders' attention is also drawn to the adjustment as described in the paragraph headed "Adjustment mechanism" below).

Upon Completion, the Company will be interested in the entire issued share capital of the Target Company.

Consideration

Upon Completion, the Company will pay the Basic Consideration of HK\$836 million to the Vendor. Further Consideration of HK\$175 million may be payable by the Company to the Vendor subject to the adjustment mechanism as set out below.

The Basic Consideration and the Further Consideration (if applicable) shall be satisfied by the Company allotting and issuing 3,344,000,000 Consideration Shares and 700,000,000 Consideration Shares respectively to the Vendor within 21 days following the date of Completion. The Consideration Shares will be issued under the special mandate of the Company to be obtained at the SGM.

The Basic Consideration was arrived at after arm's length negotiations between the Parties and was determined with reference to (i) the unaudited consolidated net asset value of the Target Group of approximately HK\$32.5 million as at 31 December 2007 ("Unaudited Consolidated NAV"); (ii) the preliminary valuation of the Properties as at 31 March 2008 of approximately RMB1,811 million (equivalent to approximately HK\$2,015 million) as appraised by the Valuer using the direct comparison approach; (iii) the Board's estimation of a revaluation surplus of approximately RMB883.8 million (equivalent to approximately HK\$983.2 million) of the Properties after taking into account the estimated market value as mentioned in (ii) above, the book costs of the Properties and the adjustment on relevant tax effect ("Revaluation Surplus"); and (iv) the principal amount of the Shareholder's Loan, which amounted to approximately HK\$97.3 million as at the date of the Agreement. The Basic Consideration represents a discount of approximately 24.89% to the sum of the Unaudited Consolidated NAV and the Revaluation Surplus ("Adjusted NAV") and the Shareholder's Loan.

Adjustment mechanism

Pursuant to a cooperation agreement entered into between Zendai Chinasouth and 青島市嶗山區中韓街道辦事處小埠東社區居委會 (Qingdao City Laoshan District Zhonghan Street Office Xiaobudong Area Community Committee*) (the "Community Committee"), an Independent Third Party, the Community Committee will be responsible for the application of the land use right of the Land and under the title of Zendai Kai Lun. The costs of the Land payable to the Community Committee under the book of Zendai Kai Lun upon completion of the said application of land use right would be approximately RMB101.5 million (equivalent to approximately HK\$112.9 million).

The consideration of the Acquisition will be adjusted upward to include the Further Consideration if the land use right of the Land can be obtained by the Target Group on or before the date of Completion. The Further Consideration was determined with reference to (i) the location and development potential of the Land; and (ii) the preliminary valuation of the Land as at 31 March 2008 of approximately RMB402 million (equivalent to approximately HK\$447 million) as appraised by the Valuer using the direct comparison approach and assuming the land use right of the Land has been obtained and the land premium of the Land has been fully paid; and (iii) the Board's estimation of a revaluation surplus of the Land of approximately RMB210.4 million (equivalent to approximately HK\$234.1 million) after taking into account the estimated market value as mentioned in (ii) above, the book costs of the Land and the adjustment on relevant tax effect ("Additional Revaluation Surplus").

If the land use right of the Land cannot be obtained on or before the date of Completion, the Further Consideration will not be payable to the Vendor and the Group will continue the application process to obtain the land use right for the Land after Completion.

The Further Consideration represents a discount of approximately 25.25% to the Additional Revaluation Surplus. The Maximum Consideration represents a discount of approximately 24.95% to the sum of the Adjusted NAV, the Shareholder's Loan and the Additional Revaluation Surplus.

The Directors (excluding the independent non-executive Directors) are of the opinion that the Basic Consideration, the Further Consideration and the adjustment mechanism available to the Company if the land use right of the Land has been obtained are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The issue price of the Consideration Shares of HK\$0.25 per Share represents:

- (i) a premium of approximately 12.11% over the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 6.84% over the average closing price of approximately HK\$0.234 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.93% over the average closing price of approximately HK\$0.236 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 17.76% to the audited consolidated net asset value per Share attributable to the equity holders of the Company of approximately HK\$0.304 as at 31 December 2007 based on the latest published audited consolidated financial statements of the Group for the year ended 31 December 2007.

The issue price of HK\$0.25 per Consideration Share was arrived at by the Parties after taking into account the trading prices of the Shares during the course of negotiation.

Based on the closing price of HK\$0.223 per Share as quoted on the Stock Exchange prior to the suspension of trading of Shares on the Last Trading Day, the total value of the Basic Consideration Shares was approximately HK\$745.71 million. The Basic Consideration Shares represent approximately 47.75% of the issued share capital of the Company as at the date of this announcement, and approximately 32.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Basic Consideration Shares.

Based on the closing price of HK\$0.223 per Share as quoted on the Stock Exchange prior to the suspension of trading of Shares on the Last Trading Day, the total value of the Adjusted Consideration Shares was approximately HK\$901.81 million. The Adjusted Consideration Shares represent approximately 57.74% of the issued share capital of the Company as at the date of this announcement, and approximately 36.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Adjusted Consideration Shares.

The Consideration Shares, when issued following Completion, will rank pari passu in all respects with the existing Shares then in issue.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent to Completion

Completion is subject to, among other things, the satisfaction of the following conditions precedent:

- (a) the Company having obtained the approval by the Independent Shareholders at the SGM in respect of the Agreement, the Acquisition, the issue of the Consideration Shares and the Whitewash Waiver;
- (b) the Company having obtained by the Shareholders at the SGM in relation to the increase in its authorised share capital;
- (c) the granting of the Whitewash Waiver to the Vendor and parties acting in concert with it by the Executive;
- (d) the Company having obtained all necessary consent and approval in relation to the Agreement and the transactions contemplated thereunder including but not limited to those from the relevant governmental or regulatory authorities;
- (e) (if applicable) the Company having obtained approval from the Bermuda Monetary Authority regarding the issue of the Consideration Shares;
- (f) the Listing Committee having granted the listing of, and permission to deal in, the Consideration Shares;
- (g) the Company having received a PRC legal opinion issued by a PRC law firm appointed by the Company in form and substance acceptable to the Company in relation to the transactions contemplated under the Agreement; and
- (h) the Company being satisfied with the results of its due diligence review in respect of the Target Group.

Neither party can waive conditions (a) to (f) above whereas condition (g) and (h) can be waived by the Company. As at the date of this announcement, none of the above conditions have been fulfilled.

For the avoidance of doubt, Completion is not subject to the land use right of the Land being successfully obtained by the Target Group (details of which are set out in the section headed "Adjustment mechanism" above) and the approval of the Financial Assistance by the Independent Shareholders at the SGM.

Should the Acquisition be approved while the Financial Assistance has not been approved by the Independent Shareholders at the SGM, the Company intends not to proceed to Completion unless the entire outstanding amount under the Financial Assistance was fully settled. In any event, the Company shall ensure full compliance with the relevant requirements under the Listing Rules regarding the Financial Assistance.

COMPLETION

Completion shall take place on the fifth business day after fulfilment or waiver (as the case may be) of all the conditions referred to above, provided the date of Completion shall not be later than 30 September 2008 or such other date as the Parties may agree.

The long stop date for satisfaction or waiver (as the case may be) of the conditions precedent of the Acquisition will be on or before 23 September 2008 or such other date as may be agreed by the Company in writing.

Further announcement will be published by the Company to inform the Shareholders and the public of the Completion, the status of obtaining the land use right of the Land and the final consideration for the Acquisition upon Completion.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has no outstanding share option under the share option scheme of the Company adopted on 18 July 2002.

Pursuant to the subscription agreement dated 1 February 2005, the Option was granted by the Company to Value Partners, an Independent Third Party, for the Funds (in its capacity as the fund manager of the Funds), the option period of which commenced on 24 February 2008 and ending on the second anniversary thereafter. As at the date hereof, the Option is exercisable at HK\$0.24 per Share (subject to adjustment) and the maximum number of new Shares to be allotted and issued upon the exercise of Option at such exercise price is 265,833,333. Details of the grant of the Option are set out in the announcement of the Company dated 2 February 2005.

Neither the Fund nor any member of Value Partners were involved in or interested in the negotiation of the Acquisition.

Save for the Option, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Assuming (i) no Shares will be issued and/or repurchased by the Company from the date of this announcement up to Completion; (ii) a total of 3,344,000,000 Basic Consideration Shares will be issued upon Completion; (iii) a total of 4,044,000,000 Adjusted Consideration Shares will be issued upon Completion; and (iv) a total of 265,833,333 Shares will be issued upon exercise in full of the Option, and to the best knowledge of the Directors based on the public filings made pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the shareholding structure of the Company immediately before and after Completion will be as follows:

Name of Shareholder	Existing shareholding		Shareholding immediately after the allotment and issue of the Basic Consideration Shares		Shareholding immediately after the allotment and issue of the Adjusted Consideration Shares		Shareholding immediately after the allotment and issue of the Basic Consideration Shares and the exercise in full of the Option		Shareholding immediately after the allotment and issue of the Adjusted Consideration Shares and the exercise in full of the Option	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Giant Glory (note 1)	2,733,990,000	39.04	2,733,990,000	26.42	2,733,990,000	24.75	2,733,990,000	25.76	2,733,990,000	24.17
Vendor (note 2)	–	–	3,344,000,000	32.32	4,044,000,000	36.60	3,344,000,000	31.51	4,044,000,000	35.74
Mr. Zhu (note 3)	50,000,000	0.71	50,000,000	0.48	50,000,000	0.45	50,000,000	0.47	50,000,000	0.44
Interested Directors (excluding Mr. Dai) (note 4)	110,000,000	1.57	110,000,000	1.06	110,000,000	1.00	110,000,000	1.04	110,000,000	0.97
Vendor and its parties acting in concert	2,893,990,000	41.32	6,237,990,000	60.28	6,937,990,000	62.80	6,237,990,000	58.77	6,937,990,000	61.32
The Directors (excluding the Interested Directors) (note 5)	55,000,000	0.79	55,000,000	0.53	55,000,000	0.50	55,000,000	0.52	55,000,000	0.49
Public										
Honour Great Holdings Limited (note 6)	538,130,000	7.68	538,130,000	5.20	538,130,000	4.87	538,130,000	5.07	538,130,000	4.76
China Alliance Properties Limited (note 7)	632,980,000	9.04	632,980,000	6.12	632,980,000	5.73	632,980,000	5.96	632,980,000	5.59
The Funds	–	–	–	–	–	–	265,833,333	2.50	265,833,333	2.35
Other public Shareholders	2,883,638,182	41.17	2,883,638,182	27.87	2,883,638,182	26.10	2,883,638,182	27.17	2,883,638,182	25.49
Subtotal of public Shareholders	4,054,748,182	57.89	4,054,748,182	39.18	4,054,748,182	36.70	4,320,581,515	40.71	4,320,581,515	38.19
Total	7,003,738,182	100	10,347,738,182	100	11,047,738,182	100	10,613,571,515	100	11,313,571,515	100

Notes:

- The entire issued share capital of Giant Glory is beneficially wholly-owned by Mr. Dai, an executive Director and chairman of the Company. Save for the Shares held through Giant Glory, Mr. Dai does not hold any Shares personally.
- The Vendor is beneficially owned as to 85% by Giant Glory and 15% by Conwealth, an investment holding company beneficially wholly-owned by Mr. Zhu.
- The 50,000,000 Shares represent the personal interest of Mr. Zhu other than his indirect interest in the Shares held through the Vendor.
- The total shareholdings of the Interested Directors (excluding Mr. Dai whose interest in the Company is held indirectly through Giant Glory) of 110,000,000 Shares are beneficially owned as to 50,000,000 Shares by Mr. Fang, 10,000,000 Shares by Mr. Tang and 50,000,000 Shares by Mr. Zhang.
- The total shareholdings of the Directors (excluding the Interested Directors) of 55,000,000 Shares are beneficially owned as to 30,000,000 Shares by Mr. Lu, 20,000,000 Shares by Mr. Wang and 5,000,000 Shares by Mr. Ye.
- Ms. Liu Lijuan is the beneficial owner of the entire issued share capital of Honour Great Holdings Limited and therefore is deemed to be interested in the Shares held by Honour Great Holdings Limited pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
- Guo Guangchang has 58% control of Fosun International Holdings Limited (based on latest publicly available record, the balance of the 42% interest in Fosun International Holdings Limited were owned as to 22% by Liang Xinjun, 10% by Wang Qunbin and 10% by Fan Wei), which has 100% control of Fosun Holdings Limited, which has 77.67% control of Fosun International Limited, a company listed on the Stock Exchange, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which has 47.12% control of Shanghai Fortei Land Co., Limited, a company listed on the Stock Exchange, which has 100% control of China Alliance Properties Limited.

WHITEWASH WAIVER

As at the date of the Agreement, the Vendor, its immediate and ultimate beneficial owners, and parties acting in concert with any of them (including the Interested Directors) were interested in 2,893,990,000 Shares representing approximately 41.32% of the issued share capital of the Company.

Upon Completion and assuming no Shares will be issued or repurchased by the Company and the Option has not been exercised, the Vendor, its immediate and ultimate beneficial owners, and parties acting in concert with any of them (including the Interested Directors) will be interested in a total of 6,237,990,000 Shares upon the issue of the Basic Consideration Shares (if the land use right of the Land cannot be obtained before Completion), representing approximately 60.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Basic Consideration Shares, or 6,937,990,000 Shares upon the issue of the Adjusted Consideration Shares (if the land use right of the Land can be obtained before Completion), representing approximately 62.80% of the issued share capital of the Company as enlarged by allotment and issue of the Adjusted Consideration Shares respectively.

The Vendor, its immediate and ultimate beneficial owners and parties acting in concert with any of them will then be obliged to make an unconditional mandatory offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code. An application will be made to the Executive by the Vendor for the Whitewash Waiver. Completion of the transactions contemplated under the Agreement is subject to, among other things, the Whitewash Waiver being granted and approved by the Independent Shareholders in accordance with the Takeover Codes. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM.

If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Agreement will not become unconditional and the Acquisition will not proceed.

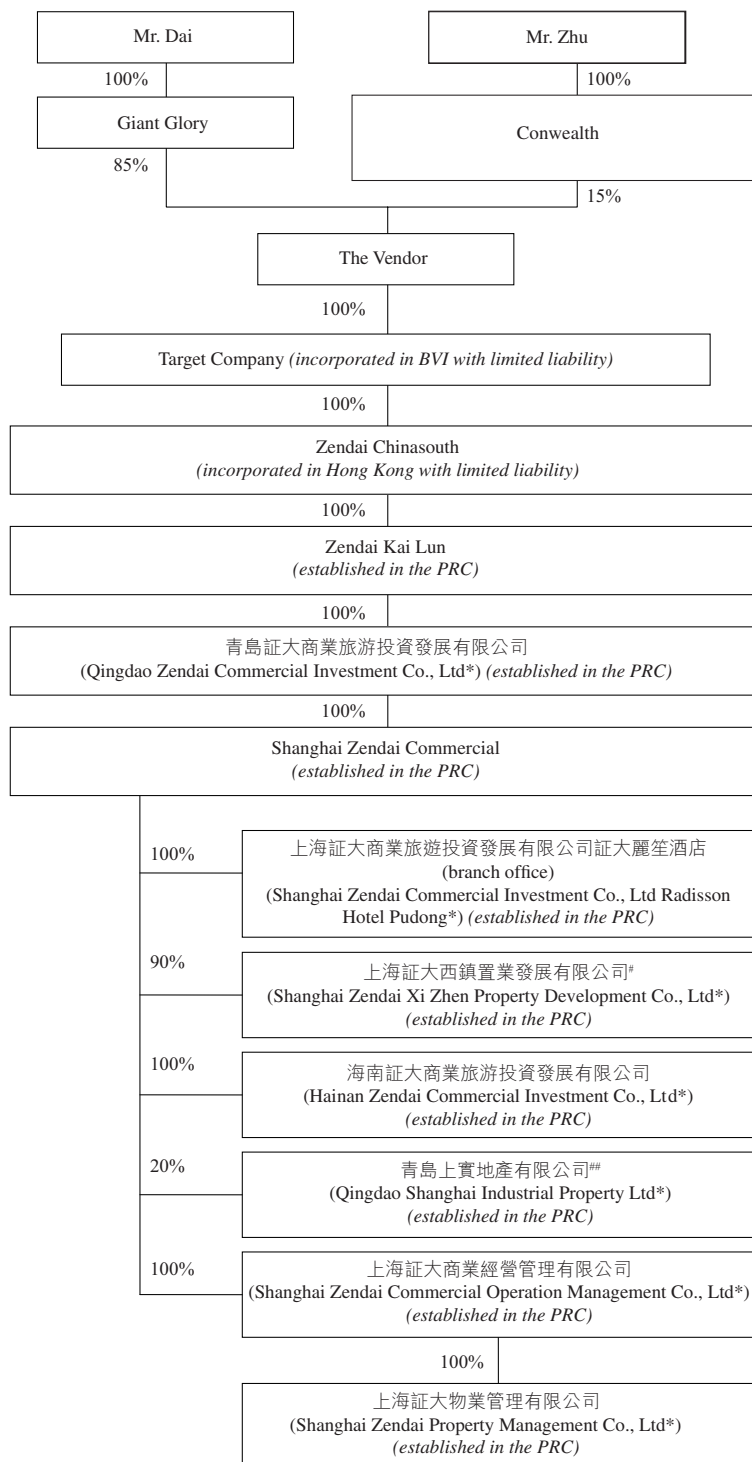
Save and except for the Consideration Shares to be issued to the Vendor under the Agreement, the Vendor, its immediate and ultimate beneficial owners, and parties acting in concert with any of them had not dealt in the Shares or other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares in the six-month period immediately prior to the date of this announcement.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company and is wholly owned by the Vendor. The Target Group is principally engaged in property development, investment and management and hotel investment. As advised by the Vendor, the Target Group has been restructured to its existing structure through the process of corporate reorganisation of Mr. Dai's private group. The total investment to the Vendor for the Target Group was approximately HK\$364.7 million.

The group structure of the Target Group and the simplified structure of the Group as at the date of this announcement are as follows:

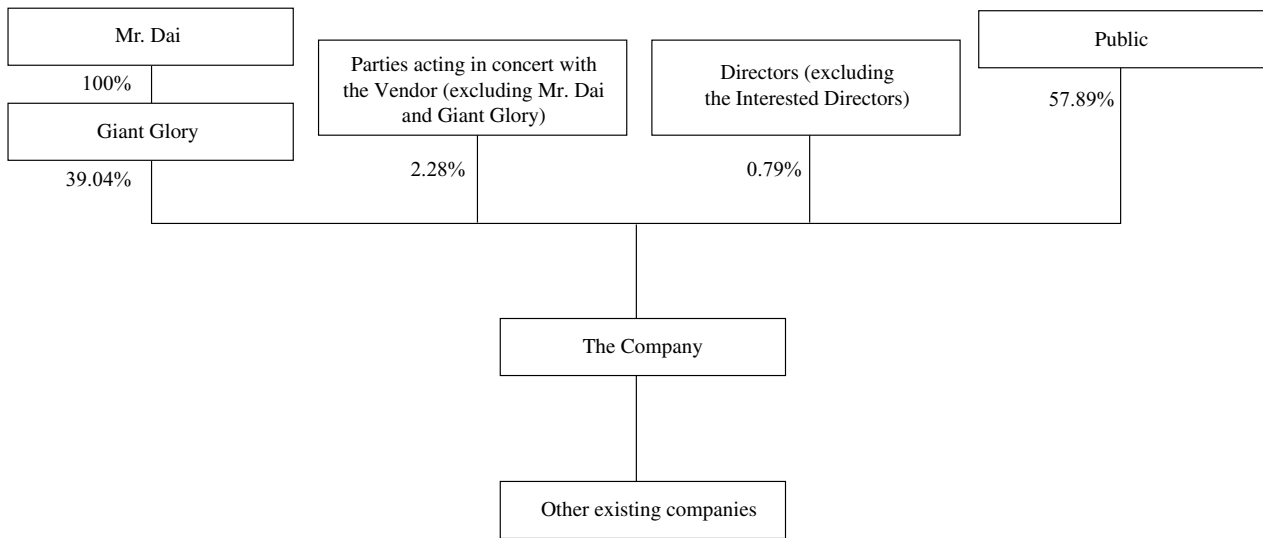
Target Group



The remaining 10% shareholding interests of 上海証大西鎮置業發展有限公司 (Shanghai Zendai Xi Zhen Property Development Co., Ltd*) is owned by 上海証大置業有限公司 (Shanghai Zendai Real Estate Company Limited*), an indirect wholly owned subsidiary of the Company.

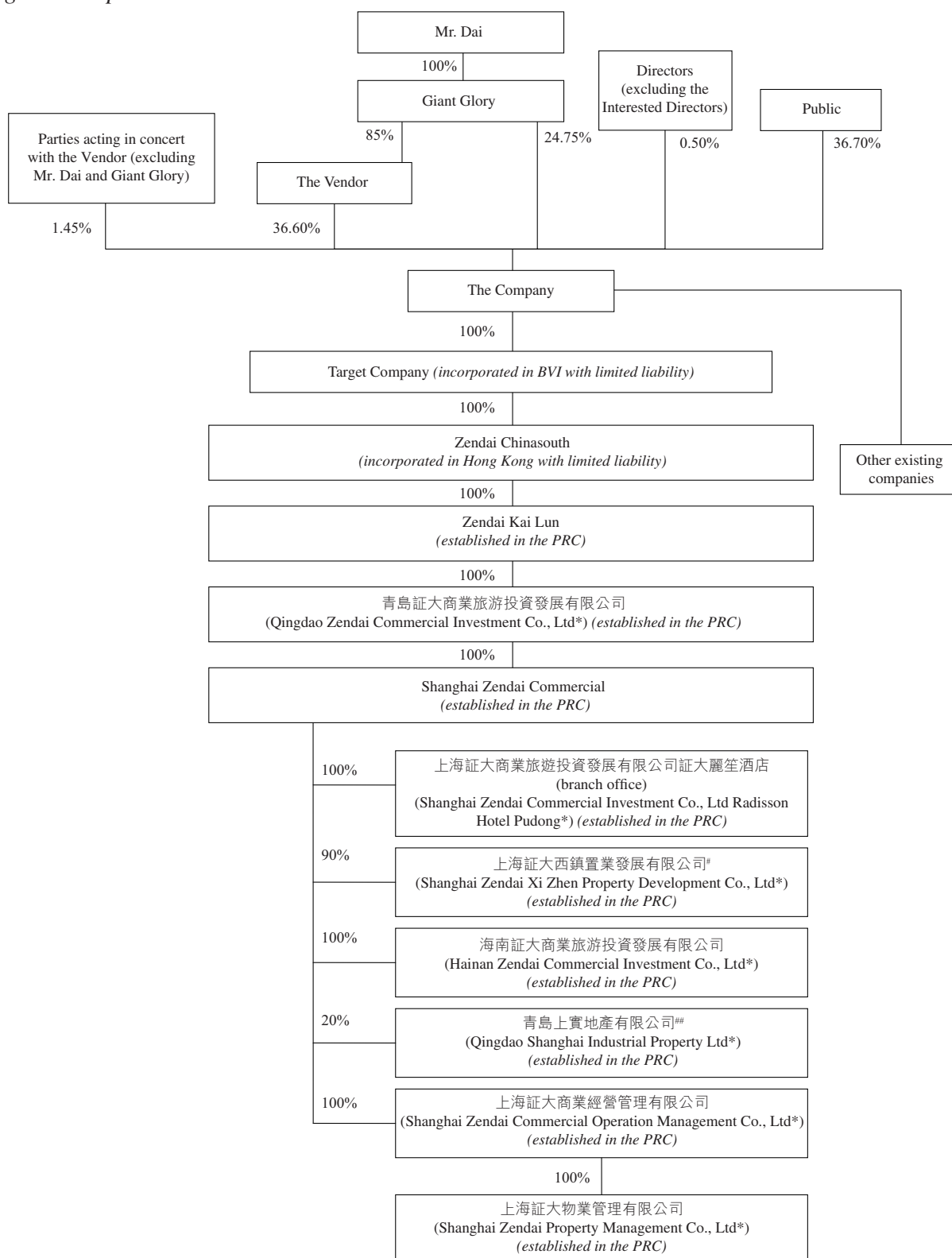
青島上實地產有限公司 (Qingdao Shanghai Industrial Property Limited*) is owned as to 15% and 10% respectively by City International Limited and Supreme Star Investments Limited, each being an indirect wholly-owned subsidiary of the Company, 20% by the Target Group and 55% by 上海上實城市發展投資有限公司 (Shanghai Industrial City Development Investment Company Limited*), an Independent Third Party.

The Group



Following Completion, assuming the allotment and issue of the Adjusted Consideration Shares to the Vendor, the structure of the Group as enlarged by the Acquisition will be as follows:

Enlarged Group



The remaining 10% shareholding interests of 上海証大西鎮置業發展有限公司 (Shanghai Zendai Xi Zhen Property Development Co., Ltd*) is owned by 上海証大置業有限公司 (Shanghai Zendai Real Estate Company Limited*), an indirect wholly owned subsidiary of the Company.

青島上實地產有限公司 (Qingdao Shanghai Industrial Property Limited*) is owned as to 15% and 10% respectively by City International Limited and Supreme Star Investments Limited, each being an indirect wholly-owned subsidiary of the Company, 20% by the Target Group and 55% by 上海上實城市發展投資有限公司 (Shanghai Industrial City Development Investment Company Limited*), an Independent Third Party.

The principal and material assets held by the Target Group includes mainly the following properties:

証大麗笙酒店 (Radisson Hotel Pudong)*

証大麗笙酒店 (Radisson Hotel Pudong*) is owned by Shanghai Zendai Commercial. It is located at the 証大大拇指商業廣場 (Zendai Thumb Plaza*) and is a 18-storey five-star hotel building comprising 361 hotel guest rooms with a 4-storey ancillary building and a one-level basement. 証大麗笙酒店 (Radisson Hotel Pudong*) has commenced business since March 2006. The hotel is managed by the Carlson Companies, an Independent Third Party, under the brand name “Radisson” with a management contract to expire in 2016. The average occupancy rate of the hotel in 2007 was approximately 67%.

Retail shops and car park spaces in 証大大拇指商業廣場 (Zendai Thumb Plaza)*

Shanghai Zendai Commercial also owns retail shops with an aggregate leasable area of approximately 5,921.63 square metres and car park spaces in 証大大拇指商業廣場 (Zendai Thumb Plaza*). 証大大拇指商業廣場 (Zendai Thumb Plaza*) is superbly located in 上海市浦東聯洋新區 (Lian Yang new district, Pudong Shanghai), close to 世紀公園 (Century Park) and 陸家咀金融區 (Lujiazui Financial District). It is a modern commercial complex with a large shopping mall and underground parking facilities. As at 31 December 2007, approximately 94.22% of the retail shops had been rented deriving annual rental income amounted to approximately RMB14.4 million (equivalent to approximately HK\$16.0 million).

Parcel of land located in Qingpu District, Shanghai

上海証大西鎮置業發展有限公司 (Shanghai Zendai Xi Zhen Property Development Co., Ltd*) owns a parcel of land located in 上海市青浦區朱家角鎮 (Zhujiajiao Town, Qingpu District, Shanghai). The land is a vacant site with a site area of approximately 140,099 square metres which is planned to be developed into a composite development with, among others, mid- to high-end service apartment, retail spaces, hotel and club house facilities with gross floor area of approximately 99,953 square metres.

Parcel of land located in Laoshan District, Qingdao

青島上實地產有限公司 (Qingdao Shanghai Industrial Property Limited*) owns a parcel of commercial and residential land located in 山東青島市嶗山區 (Laoshan District, Qingdao, Shandong). The land has a site area of approximately 43,163.70 square metres which is planned to be developed into a comprehensive development with service apartment, apartment and basement car parks. The Group currently owns 25% of the equity interest in 青島上實地產有限公司 (Qingdao Shanghai Industrial Property Limited*). Upon Completion, the Group’s equity interest in 青島上實地產有限公司 (Qingdao Shanghai Industrial Property Limited*) will be increased to 45%. The remaining 55% equity interest is owned by an Independent Third Party.

The Land

As referred to in the paragraph headed “Adjustment mechanism” above, the application for the transfer of the land use right of the Land to Zendai Kai Lun is still in progress. The Land, situated at the northwest side of the junction of 山東省青島市海爾路、同安路 (Tong’an Road and Haier Road, Laoshan District, Qingdao, Shandong Province), the PRC, with a site area of approximately 40,000 square metres, is planned to be developed into a comprehensive development consisting retail shops, hotel, timeshare hotel, service apartment, conference centre and basement car parks with a total gross floor area of 181,700 square metres.

Financial information of the Target Group

Under Rule 14.58(7) of the Listing Rules, the Company is required to include the net profits (both before and after taxation and extraordinary items) of the Target Group for the two financial years immediately preceding the transaction (the “Required Financial Information”) in this announcement. In connection with the abovementioned requirements, an application for waiver was made by the Company to the Stock Exchange for excluding such information to be included in this announcement (the “Waiver”). Such application was made for reasons that (i) the Required Financial Information is unaudited and unpublished figures (which is the only available form as at the date of this announcement) and if disclosed in this announcement, they will constitute profit forecasts within the meaning of Rule 10 of the Takeovers Code which would need to be reported on by an auditor and a financial adviser of the Company; and (ii) it would be burdensome for the Company to withhold this announcement until such reports are available.

If the Waiver is granted, an announcement containing the Required Financial Information will be published at the time of despatch of the Circular by the Company. In addition, the Required Financial Information will be included in the Circular.

As at 31 December 2007, the unaudited consolidated net assets value of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards was approximately HK\$32.5 million. An accountants’ report on the Target Group containing, among others, the consolidated income statement, consolidated balance sheet and consolidated cashflow statement will be included in the Circular.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and financial results of the Target Company will be consolidated into the Group’s consolidated accounts.

As at 31 December 2007, Shanghai Zendai Investment, an investment holding company and an associate of Mr. Dai, had amounts owed to Shanghai Zendai Commercial, a member of the Target Group, which arose in the ordinary and usual course of business operations of Shanghai Zendai Commercial prior to the corporate reorganisation of the Target Group completed during 2007, of a total of approximately RMB145.5 million (equivalent to approximately HK\$161.9 million based on the reference exchange rate of RMB0.8989 = HK\$1.00 adopted in this announcement, or approximately HK\$155.5 million based on the unaudited consolidated accounts of the Target Group for the year ended 31 December 2007 adopting an approximate exchange rate of RMB0.9357 = HK\$1.00 as at 31 December 2007). As at 31 March 2008, the said amounts were reduced to RMB141.5 million (equivalent to approximately HK\$157.4 million). The said amounts are unsecured and non-interest bearing and repayable on or before 31 December 2008. Under the Listing Rules, the amounts owed by Shanghai Zendai Investment to members of the Target Group will constitute financial assistance to connected person of the Company upon Completion, and will require specific approval by the Independent Shareholders. As this Financial Assistance is incidental to the Completion, the aforesaid approval will be sought at the SGM of which resolutions will be proposed to seek the Independent Shareholders’ approval of, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares, the Whitewash Waiver and the increase in the authorised share capital of the Company.

If the said outstanding amounts were not repaid entirely by Shanghai Zendai Investment before Completion, Mr. Dai, the ultimate beneficial owner of Shanghai Zendai Investment and the controlling Shareholder, will provide a personal guarantee in favour of the Target Group in respect of the repayment obligations of Shanghai Zendai Investment as referred to above.

Given the availability of the abovementioned personal guarantee from Mr. Dai, the Directors (excluding the independent non-executive Directors) consider that the terms of the Financial Assistance to be fair and reasonable and in the interests of the Shareholders as a whole.

REASONS FOR THE ACQUISITION

The Group is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties located in Shanghai and selected cities in the Yangtze River Delta, Hainan Province and Northeast China. The Group currently has 11 projects under various stages of development located in Shanghai, Haimen, Yangzhou, Haikou, Changchun and Jilin.

The Group is committed to pursuing promising integrated commercial and residential property projects in Shanghai and other cities. The acquisition of the Target Group, which holds a hotel, certain retail shops, car park spaces and two parcels of land in Shanghai and Qingdao (details of which are set out in the section headed “Information of the Target Group” above), will enhance its overall competence in the property market, increase its land reserve in major and prosperous cities in the PRC and contribute a stable income source which mainly derived from sales of properties, hotel operation, rental and building management income to the Group. In addition, since the Group has already owned certain property interests in the 証大大拇指商業廣場 (Zendai Thumb Plaza*) prior to the Acquisition, the Acquisition will allow the Group to increase its stake in the plaza thereby enhancing the overall management efficiency and to benefit from the scale of operation.

The terms and conditions of the Agreement were arrived at after arm’s length negotiation between the Parties. The Directors (excluding the independent non-executive Directors) consider that the terms of the Agreement to be fair and reasonable and are on normal commercial terms and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Should Completion take place, the Group will continue to carry on its existing operations.

INFORMATION ON THE VENDOR

The Vendor, an investment holding company, is owned as to 85% by Giant Glory, the controlling Shareholder, and as to 15% by Conwealth, an investment holding company wholly-owned by Mr. Zhu. Both Mr. Dai and Mr. Tang are directors of Giant Glory.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 10,000,000,000 Shares of which 7,003,738,182 Shares have been issued. In order to accommodate the future expansion and growth of the Group as well as to accommodate the issue of the Consideration Shares, the Board proposes to increase the authorised share capital of the Company from HK\$200,000,000 divided into 10,000,000,000 Shares to HK\$400,000,000 divided into 20,000,000,000 Shares by creation of additional 10,000,000,000 new Shares.

The increase in the authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM.

GENERAL

By virtue of it being an associate of Giant Glory, the Vendor is a connected person of the Company within the meanings of the Listing Rules. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given certain of the applicable percentage ratios of the Acquisition represents more than 25% but less than 100% for the Company, the Acquisition also constitutes a major transaction of the Company under the Listing Rules. Following Completion, Shanghai Zendai Commercial would become an indirect wholly-owned subsidiary of the Company. By virtue of Shanghai Zendai Investment being an associate of Mr. Dai, an executive Director and the controlling Shareholder, Shanghai Zendai Investment is a connected person of the Company within the meanings of the Listing Rules. As such, the Financial Assistance will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules upon Completion. Given certain of the applicable percentage ratios of the Financial Assistance represents 5% or more but less than 25% for the Company, the Financial Assistance will also constitute a discloseable transaction of the Company under the Listing Rules upon Completion. The Acquisition and the Financial Assistance are therefore subject to the requirements of reporting, announcement and Independent Shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

An 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, the Financial Assistance and the Whitewash Waiver. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard. Further announcement will be made by the Company upon the appointment of the independent financial adviser.

The SGM will be convened at which resolutions will be proposed to seek the Independent Shareholders' approval of, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares and the Whitewash Waiver by way of poll. Shareholders' approval for the increase in the authorised share capital of the Company shall also be obtained at the SGM.

Mr. Dai (an executive Director, chairman of the Company and the ultimate beneficial owner of Giant Glory), Giant Glory, Mr. Zhu, Conwealth, the Interested Directors, and those who are involved in or interested in the Acquisition and the Whitewash Waiver, and their respective associates and parties acting in concert with any of them will be required to abstain from voting in relation to the resolutions to approve, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares and the Whitewash Waiver at the SGM.

The circular containing, among other things, (i) further details of the Agreement, the Acquisition, the Financial Assistance, the Whitewash Waiver and the increase in the authorised share capital of the Company; (ii) valuation report on the Properties and the Land; (iii) accountants' report of the Target Group; (iv) letter from the Independent Board Committee; (v) letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Financial Assistance and the Whitewash Waiver; and (vi) the notice of SGM at which resolutions will be proposed to be considered and if thought fit, approve, among other things, the Agreement, the Acquisition, the Financial Assistance, the issue of the Consideration Shares, the Whitewash Waiver and the increase in the authorised share capital of the Company, will be despatched by the Company to the Shareholders as soon as possible in accordance with the relevant provisions of the Takeovers Code and the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:30 a.m. on 16 April 2008 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 9:30 a.m. on 30 April 2008.

DEFINITIONS

Unless otherwise stated, the following words and phrases have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Share and Shareholder’s Loan from the Vendor by the Company pursuant to the terms and subject to the conditions set out in the Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Adjusted Consideration Shares”	4,044,000,000 Consideration Shares to be allotted and issued by the Company in settlement of the Basic Consideration and the Further Consideration
“Agreement”	the sale and purchase agreement dated 15 April 2008 entered into by the Parties in relation to the Acquisition
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Basic Consideration”	the minimum consideration payable for the Acquisition, being HK\$836 million payable by the Company upon Completion
“Basic Consideration Shares”	3,344,000,000 Consideration Shares to be allotted and issued by the Company in settlement of the Basic Consideration
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Circular”	the circular to be despatched by the Company to the Shareholders in relation to, among other things, the Agreement, the Acquisition, the Financial Assistance, the Whitewash Waiver and the increase in authorised share capital
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under Chapter 1 of the Listing Rules and as extended by Chapter 14A of the Listing Rules

“Consideration Shares”	new Shares to be allotted and issued by the Company at HK\$0.25 per Share in settlement of the Basic Consideration and/or the Further Consideration pursuant to the Agreement
“Conwealth”	Conwealth International Limited, a company incorporated in BVI with limited liability, being a substantial shareholder of the Vendor and is wholly-owned by Mr. Zhu
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Financial Assistance”	the current accounts due from Shanghai Zendai Investment to Shanghai Zendai Commercial, which will constitute financial assistance to connected person of the Company incidental to the Completion under the Listing Rules
“Funds”	the funds under the management of Value Partners
“Further Consideration”	further consideration payable for the Acquisition, being HK\$175 million
“Giant Glory”	Giant Glory Assets Limited, a company incorporated in BVI with limited liability, being the controlling Shareholder holding approximately 39.04% interests in the Company as at the date of this announcement
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board comprising all independent non-executive Directors formed to advise the Independent Shareholders on the terms of the Agreement, the Financial Assistance and the Whitewash Waiver
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Dai, Giant Glory, Mr. Zhu, Conwealth, the Interested Directors, and those who are involved in or interested in the Acquisition and the Whitewash Waiver, and their respective associates and parties acting in concert with any of them
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons
“Interested Directors”	the Directors, who are involved in the negotiation of the Acquisition, including Mr. Dai, Mr. Fang, Mr. Tang and Mr. Zhang, who are parties acting in concert with the Vendor

“Land”	a parcel of commercial land situated at the northwest side of the junction of 山東省青島市海爾路、同安路 (Tong’an Road and Haier Road, Laoshan District, Qingdao, Shandong Province), the PRC with a total site area of approximately 40,000 square metres
“Last Trading Day”	15 April 2008, being the last day on which the Shares were traded on the Stock Exchange prior to suspension of trading in the Shares pending release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Consideration”	the aggregate of the Basic Consideration and the Further Consideration
“Mr. Dai”	Mr. Dai Zhikang, an executive Director, chairman of the Company and ultimate beneficial owner of Giant Glory (being the controlling Shareholder)
“Mr. Fang”	Mr. Fang Bin, an executive Director
“Mr. Lu”	Mr. Lu Puling, an executive Director
“Mr. Tang”	Mr. Tang Jian, an executive Director
“Mr. Wang”	Mr. Wang Xiangang, an executive Director
“Mr. Ye”	Mr. Ye Wenbin, an executive Director
“Mr. Zhang”	Mr. Zhang Wei, an executive Director
“Mr. Zhu”	Mr. Zhu Nansong, a former Director resigned on 18 October 2005 and the sole shareholder and director of Conwealth
“Option”	the option granted by the Company to Value Partners in its capacity as an investment manager of the Funds pursuant to the subscription agreement dated 1 February 2005, details of which are referred to in the announcement of the Company dated 2 February 2005
“Parties”	the parties to the Agreement, being the Vendor and the Company
“PRC”	the People’s Republic of China which for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Properties”	property interests attributable to the Target Group (excluding the Land)
“Sale Share”	1 share of the Target Company, being the entire issued share capital of the Target Company as at the date of the Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, (i) the Agreement, the Acquisition, the Financial Assistance, the issue of Consideration Shares, the Whitewash Waiver by the Independent Shareholders by way of poll; and (ii) the increase in the authorised share capital of the Company by the Shareholders
“Shanghai Zendai Commercial”	上海証大商業旅游投資發展有限公司 (Shanghai Zendai Commercial Investment Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Target Company
“Shanghai Zendai Investment”	上海証大投資發展有限公司 (Shanghai Zendai Investment Development Company Limited*), which is beneficially owned as to approximately 60% by Mr. Dai approximately 20% by Ms. Dai Mocao, daughter of Mr. Dai, approximately 15% by Mr. Zhu and approximately 5% by Mr. Dai Zhixiang, brother of Mr. Dai
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shareholder’s Loan”	the outstanding unsecured and interest-free shareholder’s loan owing by the Target Company to the Vendor as at Completion, which as at the date of the Agreement amounted to approximately HK\$97.3 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Giant Hope Investments Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company together with its subsidiaries and associated companies

“Value Partners”	Value Partners Limited, a company incorporated in the BVI with limited liability and is principally engaged in fund management. Value Partners is the investment manager of the Funds
“Valuer”	DTZ Debenham Tie Leung Limited, the independent professional valuer engaged to prepare the valuation of the Properties and the Land
“Vendor”	Jointex Investment Holdings Limited, a company incorporated in BVI with limited liability
“Whitewash Waiver”	a waiver of the obligation of the Vendor, its immediate and ultimate beneficial owners and parties acting in concert with any of them to make a mandatory offer for all issued Shares not already owned or agreed to be acquired by them under Note 1 of the Note on Dispensations from Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares
“Zendai Chinasouth”	証大南華商業投資有限公司 (Zendai Chinasouth Commercial Investments Limited*), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Zendai Kai Lun”	青島証大凱倫大拇指廣場發展有限公司 (Qingdao Zendai Kai Lun Thumb Plaza Development Co., Ltd*), a company established in the PRC and an indirect wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 29 April 2008

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Fang Bin, Mr. Zhang Wei, Mr. Lu Puling, Mr. Wang Xiangang, Mr. Ye Wenbin and Mr. Tang Jian. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

For the purpose of this announcement, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.8989 = HK\$1.00.

** For identification purpose only*