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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)

DISCLOSEABLE AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

The Board is pleased to announce that on 9 October 2007, Ample Century, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which (i) Ample Century has agreed to purchase the remaining 20% of the registered capital in Zendai Land from the Vendor for a consideration of RMB305,000,000 (equivalent to approximately HK\$317,708,000) and (ii) the Vendor has agreed to contribute RMB370,000,000 (equivalent to approximately HK\$385,417,000) as additional registered capital to HLCL.

The Board intends to finance the consideration for the Acquisition of RMB305,000,000 (equivalent to approximately HK\$317,708,000) by the Group's internal resources. Upon completion of the Acquisition, Zendai Land will become an indirect wholly-owned subsidiary of the Company. The Vendor has also agreed to contribute RMB370,000,000 (equivalent to approximately HK\$385,417,000) as additional registered capital to HLCL. Upon completion of the Capital Injection, HLCL will be owned as to 30% by Zendai Land and 70% by the Vendor.

The Acquisition is conditional and is subject to conditions set out in the paragraph headed "Conditions precedent of the Acquisition" below. The Capital Injection is conditional and is subject to conditions set out in the paragraph headed "Conditions precedent of the Capital Injection" below. Completion of the Acquisition and the Capital Injection is not interdependent of each other.

Since the Acquisition and the Capital Injection constitute connected transactions for the Company under the Listing Rules, the SGM will be convened as soon as practicable, at which ordinary resolutions will be proposed to approve the Transactions. In view of Mr. Dai's relationship with the Vendor, Mr. Dai, Giant Glory and their respective associates will abstain from voting at the SGM in respect of the ordinary resolutions proposed to approve the Transactions.

A circular containing, among other things, details of the Agreement and the transactions contemplated therein, a letter from the independent board committee of the Company giving recommendations to the Independent Shareholders in respect of the Agreement and the transactions contemplated therein, a letter from an independent financial adviser advising the independent board committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated therein and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:42 a.m. on 10 October 2007 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 11 October 2007.

THE AGREEMENT DATED 9 OCTOBER 2007

On 9 October 2007, Ample Century, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which (i) Ample Century has agreed to purchase the remaining 20% of the registered capital in Zendai Land from the Vendor for a consideration of RMB305,000,000 (equivalent to approximately HK\$317,708,000) and (ii) the Vendor has agreed to contribute RMB370,000,000 (equivalent to approximately HK\$385,417,000) as additional registered capital to HLCL. The terms of the Acquisition and the Capital Injection are negotiated independent of each other.

Zendai Land is currently owned as to 80% by Ample Century and 20% by the Vendor. Upon completion of the Acquisition, Zendai Land will become an indirect wholly-owned subsidiary of the Company. HLCL is currently owned as to 60% by Zendai Land and 40% by the Vendor. Upon completion of the Capital Injection, HLCL will be owned as to 30% by Zendai Land and 70% by the Vendor and HLCL will cease to be a subsidiary of the Company. Completion of the Acquisition and the Capital Injection is not interdependent of each other.

1. Parties to the Agreement

- a. the Vendor; and
- b. Ample Century.

1. The Acquisition

1.1 Consideration and payment terms

The consideration for the Acquisition of RMB305,000,000 (equivalent to approximately HK\$317,708,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement and with reference to

- (i) the business prospects of the Zendai Land Group;
- (ii) the preliminary valuation of the market value of property interests attributable to Zendai Land Group of approximately RMB4,367,144,000 (equivalent to approximately HK\$4,549,108,000) as at 31 August 2007 (subject to the issuance of the respective valuation certificates) as valued by the Independent Valuer; and

- (iii) the Board's estimate of revaluation surplus for Zendai Land Group taking into account of the preliminary valuation by the Independent Valuer as mentioned in (ii) above.

The Board intends to finance the consideration of RMB305,000,000 (equivalent to approximately HK\$317,708,000) by the Group's internal resources. Pursuant to the Agreement, the consideration will be payable to the Vendor in cash within three Working Days upon completion of the Acquisition.

1.2 *Distribution of pre-acquisition dividend*

Pursuant to the Agreement, the Vendor and Ample Century agreed that Zendai Land to distribute a dividend in the amount of RMB375,000,000 (equivalent to approximately HK\$390,625,000) before completion of the Acquisition. As such, Ample Century and the Vendor will be entitled to receive a dividend in the amount of RMB300,000,000 (equivalent to approximately HK\$312,500,000) and RMB75,000,000 (equivalent to approximately HK\$78,125,000) respectively. Ample Century and the Vendor agreed that if completion of the Acquisition does not occur pursuant to terms of the Agreement, the abovementioned distribution of pre-acquisition dividend will lapse and no pre-acquisition dividend will be declared.

1.3 *Conditions precedent of the Acquisition*

The Acquisition is conditional upon the following conditions being satisfied on or before 31 December, 2007 or such other date as the parties to the Agreement may otherwise agree:

- (a) the passing by the Independent Shareholders of an ordinary resolution at the SGM to approve the Acquisition; and
- (b) the permissions and approvals in respect of the Acquisition having been obtained by Zendai Land and/or Ample Century (as the case may be) from the relevant PRC governmental authorities.

1.4 *Completion of the Acquisition*

Completion of the Acquisition will take place on the third Working Day after the satisfaction of all the abovementioned conditions or the waiver (except condition (a) above which cannot be waived) obtained from Ample Century on the conditions. If the abovementioned conditions are not satisfied within the deadline set out above, all the obligations and liabilities of the parties to the Agreement in respect of the Acquisition will cease and terminate.

2. *The Capital Injection*

2.1 *Consideration and payment terms*

The consideration for the capital injection of RMB370,000,000 (equivalent to approximately HK\$385,417,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement and with reference to the unaudited net asset value and the paid-up registered capital of HLCL. Pursuant to the Agreement, the consideration for the Capital Injection of RMB370,000,000 (equivalent to approximately HK\$385,417,000) will be paid by the Vendor to HLCL within 30 days after the passing by the Independent Shareholders of an ordinary resolution at the SGM to approve the Capital Injection.

2.2 *Conditions precedent of the Capital Injection*

The Capital Injection is conditional upon the following conditions being satisfied on or before 31 December, 2007 or such other date as the parties to the Agreement may otherwise agree:

- (a) the passing by the Independent Shareholders of an ordinary resolution at the SGM to approve the Capital Injection; and
- (b) the permissions and approvals in respect of the Capital Injection having been obtained by HLCL (as the case may be) from the relevant PRC governmental authorities.

2.3 *Completion of the Capital Injection*

Completion of the Capital Injection will take place on the third Working Day after the satisfaction of all the abovementioned conditions or the waiver (except condition (a) above which cannot be waived) obtained from Ample Century on the conditions. If the abovementioned conditions are not satisfied within the deadline set out above, all the obligations and liabilities of the parties to the Agreement in respect of the Capital Injection will cease and terminate.

INFORMATION ON THE ZENDAI LAND GROUP

Zendai Land Group is principally engaged in property development and investment in the PRC and is the Group's major operating subsidiary in the PRC. The registered capital of Zendai Land is RMB820,000,000 (equivalent to approximately HK\$854,167,000) and is currently owned as to 20% by the Vendor and 80% by Ample Century respectively. Major development projects managed by the Zendai Land Group includes the Mandarin Palace, Zendai Thumb Plaza, Wu Dao Kou Financial Centre, Zendai Cube Tower, Himalaya Centre, Zendai Garden – Riverside Town and other projects in Jilin City, Changchun City and Yangzhou City. Principal assets of Zendai Land Group includes mainly land use rights held for future development and investments in its subsidiaries. The Board considers that the abovementioned projects are of good development potential given the robust property market in the PRC.

According to the unaudited consolidated accounts of Zendai Land for the year ended 31 December, 2006 (prepared in accordance with HKFRS), Zendai Land recorded an unaudited consolidated net profit before and after taxation attributable to equity holders of approximately RMB432,215,000 (equivalent to approximately HK\$450,224,000) and approximately RMB303,097,000 (equivalent to approximately HK\$315,726,000) respectively. The unaudited consolidated equity attributable to equity holders of Zendai Land as at 31 December, 2006 was approximately RMB908,758,000 (equivalent to approximately HK\$946,623,000). According to the unaudited consolidated accounts of Zendai Land for the year ended 31 December, 2005 (prepared in accordance with HKFRS), Zendai Land recorded an unaudited consolidated net profit before and after taxation attributable to equity holders of approximately RMB437,201,000 (equivalent to approximately HK\$455,418,000) and approximately RMB346,436,000 (equivalent to approximately HK\$360,871,000) respectively. The unaudited consolidated equity attributable to equity holders of Zendai Land as at 31 December, 2005 was approximately RMB433,791,000 (equivalent to approximately HK\$451,866,000). As advised by the Vendor, the original costs of investment include its contribution in registered capital of RMB164,000,000 (equivalent to approximately HK\$170,833,000) and its entitlement of the distributable profit in the amount of approximately RMB75,015,000 (equivalent to approximately HK\$78,141,000) which has not been distributed by Zendai Land.

HLCL, a member of the Zendai Land Group, was incorporated in 2003 and is currently owned as to 60% by Zendai Land and 40% by the Vendor. HLCL has a paid-up registered capital of RMB10,000,000 (equivalent to approximately HK\$10,417,000) and was established as a single project company intended for the development of a commercial property project called Himalaya Centre in Pudong, Shanghai. Such development project is at early investment stage. Principal assets of HLCL mainly include land use right for the future development of the Himalaya Centre.

According to the unaudited accounts of HLCL for the year ended 31 December, 2006 (prepared in accordance with HKFRS), HLCL recorded an unaudited loss before and after taxation attributable to equity holders of approximately RMB3,485,000 (equivalent to approximately HK\$3,630,000) and approximately RMB3,485,000 (equivalent to approximately HK\$3,630,000) respectively. The unaudited equity attributable to equity holders of HLCL as at 31 December, 2006 was approximately RMB614,000 (equivalent to approximately HK\$640,000). According to the unaudited accounts of HLCL for the year ended 31 December, 2005 (prepared in accordance with HKFRS), HLCL recorded an unaudited loss before and after taxation attributable to equity holders of approximately RMB714,000 (equivalent to approximately HK\$744,000) and approximately RMB714,000 (equivalent to approximately HK\$744,000) respectively. The unaudited equity attributable to equity holders of HLCL as at 31 December, 2005 was approximately RMB4,099,000 (equivalent to approximately HK\$4,270,000).

REASONS FOR THE PROPOSED TRANSACTIONS

The Group is principally engaged in property development and investment in the PRC. Over the past few years, the Zendai Land Group has established itself as a reputable property developer in the PRC. Upon completion of the Acquisition, Zendai Land will become an indirect wholly-owned subsidiary of the Company. The Board considers the Acquisition will further enhance the Group's profitability.

Regarding the Capital Injection, as HLCL's property development is at the investment stage, the Board anticipates heavy external financing will be required immediately for development while positive operating results will only be available in the medium term. In this regard, the Board considers the Capital Injection will enable HLCL to secure immediate financing for its development needs without incurring heavy financing costs. In addition, upon completion of the Capital Injection, HLCL's registered capital will be increased from RMB10,000,000 (equivalent to approximately HK\$10,417,000) to RMB380,000,000 (equivalent to approximately HK\$395,833,000) and the Board estimates that the Group will record a gain on deemed disposal in the amount of approximately HK\$116,105,000 upon completion of the Capital Injection. In view of the above, in particular the gain of deemed disposal, the Board considers that the Capital Injection is in the interests of the Group and the Shareholders.

The Board considers that the terms of the Agreement are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

APPROVAL BY INDEPENDENT SHAREHOLDERS IN RESPECT OF THE PROPOSED TRANSACTIONS

As at the date of this announcement, Mr. Dai is interested in approximately 65.67% in the Vendor. Mr. Dai is an executive Director and the chairman of the Company and is interested in the entire issued share capital of Giant Glory, which is the controlling shareholder of the Company holding approximately 42.7% interest in the issued share capital of the Company. Accordingly, the Transactions constitute connected transactions for the Company under the Listing Rules and are subject to the approval of Independent Shareholders at the SGM by way of poll.

SGM

Since the Transactions constitute connected transactions for the Company under the Listing Rules, the SGM will be convened as soon as practicable, at which ordinary resolutions will be proposed to approve the Transactions. In view of Mr. Dai's relationship with the Vendor, Mr. Dai, Giant Glory and their respective associates will abstain from voting at the SGM in respect of the ordinary resolutions proposed to approve the Transactions respectively.

An independent board committee of the Company will be set up to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated therein. In this regard, an independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders accordingly.

A circular containing, among other things, further information regarding the Transactions, details of the Agreement and the transactions contemplated therein, a letter from the independent board committee of the Company giving recommendations to the Independent Shareholders in respect of the Agreement and the transactions contemplated therein, a letter from an independent financial adviser advising the independent board committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated therein and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:42 a.m. on 10 October 2007 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 11 October 2007.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the proposed acquisition of 20% of the registered capital in Zendai Land pursuant to the terms and conditions of the Agreement
“Agreement”	a conditional agreement in relation to the Transactions dated 9 October 2007 (in Chinese) entered into between Ample Century and Shanghai Zendai Investment
“Ample Century”	Ample Century Limited, a company incorporated in British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the executive directors of the Company
“Capital Injection”	the proposed equity capital injection by Shanghai Zendai Investment to HLCL pursuant to the terms of the Agreement
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the shares of which are listed on the Stock Exchange

“Director(s)”	the director(s) of the Company
“Giant Glory”	Giant Glory Assets Limited, a limited company incorporated in the British Virgin Islands and is the controlling shareholder holding approximately 42.7% of the entire issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HKFRS”	The Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants which include Hong Kong Accounting Standards and their interpretations
“HLCL”	上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalaya Real Estate Company Limited)*, a company established in the PRC with limited liability which is principally engaged in property development in the PRC and is owned as to 60% by Zendai Land and 40% by Shanghai Zendai Investment as at the date of this announcement
“Hong Kong”	Hong Kong Special Administration Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Dai, Giant Glory and their respective associates
“Independent Valuer”	Sallmanns (Far East) Limited, an independent valuer not connected with any of the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dai”	Mr. Dai Zhikang, an executive Director and the chairman of the Company and is interested in the entire issued share capital of Giant Glory
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Agreement and the transaction contemplated therein
“Share(s)”	share(s) of HK\$0.02 in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Acquisition and the Capital Injection

“Vendor” or “Shanghai Zendai Investment”	上海証大投資發展有限公司 (Shanghai Zendai Investment Development Company Limited)*, a company established in the PRC with limited liability which is an investment holding company and is beneficially owned as to approximately 65.67% by Mr. Dai, approximately 19.33% by Mr. Dai Zhi Xiang and approximately 15.0% by Mr. Zhu Nansong as at the date of this announcement
“Working Day”	a day other than a Saturday or Sunday or any public holidays in the PRC
“Zendai Land”	上海証大置業有限公司 (Shanghai Zendai Real Estate Company Limited)*, a sino-foreign equity joint venture established in the PRC with limited liability which is principally engaged in property development in the PRC and is owned as to 80% by Ample Century and 20% by Shanghai Zendai Investment as at the date of this announcement
“Zendai Land Group”	Zendai Land and its subsidiaries
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“%”	per cent.

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

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. Tang Jian and Mr. Ye Wenbin. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

Hong Kong, 10 October 2007

* *For identification purpose only*

For the purpose of this announcement, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.96 = HK\$1.00.