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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

ACQUISITION OF ADDITIONAL INTERESTS IN A JOINT VENUTRE COMPANY IN THE PRC

The Board is pleased to announce that on 5 November 2008, Zendai Delta Land entered into the Agreement with Shanghai Zendai Investment pursuant to which Zendai Delta Land agreed to acquire from Shanghai Zendai Investment 15% of the registered capital of HLCL for a consideration of RMB112,000,000 (equivalent to approximately HK\$126,999,000) subject to the passing by the Independent Shareholders of an ordinary resolution at the SGM.

The Board intends to finance the consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) from the Group's internal resources by (i) cash payment of RMB15,478,000; (ii) setting off a receivable in the amount of RMB96,522,000 owed to the Group by Shanghai Zendai Investment, details of which was disclosed in the Company's announcement dated 29 April 2008. Currently HLCL is owned as to 30% by Zendai Land and 70% by the Shanghai Zendai Investment. Upon completion of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment.

The Acquisition is conditional and is subject to conditions set out in the paragraph headed "Conditions precedent of the Acquisition" below. Since the Acquisition constitutes discloseable and connected transaction for the Company under the Listing Rules, the SGM will be convened as soon as practicable, at which ordinary resolution will be proposed to approve the Acquisition. In view of Mr. Dai's relationship with Shanghai Zendai Investment, Mr. Dai, Giant Glory, Jointex Investment and their respective associates will abstain from voting at the SGM in respect of the ordinary resolution proposed to approve the Acquisition.

A circular containing, among other things, details of the Acquisition, a letter from the independent board committee of the Company giving recommendations to the Independent Shareholders in respect of the Acquisition, an independent valuation report on the property interests held by HLCL, a letter from an independent financial adviser advising the independent board committee and the Independent Shareholders in respect of the Acquisition and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

THE AGREEMENT DATED 5 NOVEMBER 2008

On 5 November, 2008, Zendai Delta Land entered into the Agreement with Shanghai Zendai Investment pursuant to which Zendai Delta Land agreed to acquire from Shanghai Zendai Investment 15% of the registered capital of HLCL for a consideration of RMB112,000,000 (equivalent to approximately HK\$126,999,000) subject to the passing by the Independent Shareholders of an ordinary resolution at the SGM.

Currently HLCL is owned as to 30% by Zendai Land and 70% by the Shanghai Zendai Investment. Upon completion of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment.

1. Parties to the Agreement

- (a) Zendai Delta Land; and
- (b) Shanghai Zendai Investment.

2. Consideration and payment terms

The consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement with reference to (i) the preliminary valuation amounted to approximately RMB1,280 million of the property interests held by HLCL as at 30 September 2008 and (ii) unaudited management account of HLCL as at 30 September 2008.

The Board intends to finance the consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) from the Group's internal resources by (i) cash payment of RMB15,478,000; (ii) setting off a receivable in the amount of RMB96,522,000 owed to the Group by Shanghai Zendai Investment, details of which was disclosed in the Company's announcement dated 29 April 2008.

3. Conditions precedent of the Acquisition

The Acquisition is conditional upon the following conditions being satisfied on or before 28 December, 2008 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 HLCL (as the case may be) from the relevant PRC governmental authorities.

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 Zendai Delta Land 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 will cease and terminate.

INFORMATION ON HLCL

HLCL was incorporated in 2003 as a single project company intended for the development of a commercial property project called Himalayas Center in Shanghai. Principal assets of HLCL include land use right and construction in progress for the development of the Himalayas Center. HLCL is currently owned as to 30% by Zendai Land and 70% by Shanghai Zendai Investment.

Himalayas Center is located in Fangdian Road, Pudong New Area and is with close proximity to the Shanghai New International Expo Center, Century Park, Shanghai Metro line 2 Longyang Road Station and Maglev Train Station. The project has a total site area of 28,893 square metre and total gross floor area of about 163,300 square metre. Himalayas Center will comprise of hotels, shopping mall, office towers and theatre and museum targeted to the high end market. According to HLCL's development plan, completion of the project is scheduled to be in the first half of 2010.

According to the unaudited accounts of HLCL for the six months ended 30 June 2008 (prepared in accordance with HKFRS), the unaudited equity attributable to equity holders of HLCL as at 30 June 2008 was approximately RMB347,719,000 (equivalent to approximately HK\$394,284,000). According to the unaudited accounts of HLCL for the year ended 31 December 2007 (prepared in accordance with HKFRS), HLCL recorded an unaudited loss before and after taxation attributable to equity holders of approximately RMB10,139,000 (equivalent to approximately HK\$11,497,000) and approximately RMB10,139,000 (equivalent to approximately HK\$11,497,000) respectively. The unaudited deficit attributable to equity holders of HLCL as at 31 December 2007 was approximately RMB9,525,000 (equivalent to approximately HK\$10,801,000). 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\$3,952,000) and approximately RMB3,485,000 (equivalent to approximately HK\$3,952,000) respectively. The unaudited equity attributable to equity holders of HLCL as at 31 December 2006 was approximately RMB614,000 (equivalent to approximately HK\$696,000). As at the date of this announcement, HLCL has completed a capital injection to increase its registered capital from RMB380,000,000 to RMB632,000,000, detail of which was disclosed in the Company's announcement dated 4 August 2008. The total investment made by Shanghai Zendai Investment for its 15% equity interests in HLCL was approximately RMB94.16 million.

Upon completion of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment. Therefore the Group's aggregate indirectly shareholding interests in HLCL will be 45% and HLCL will remain a subsidiary of Shanghai Zendai Investment.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property development and investment in the PRC and has established itself as a reputable property developer.

After a series of capital injection, HLCL has strengthened its capital base and its registered capital was increased from RMB10,000,000 since its inception to RMB632,000,000. The management of HLCL considers HLCL's capital base has now reached a satisfactory level for the development of the Himalayas Center and HLCL's strong capital base gives itself a good position for future business development. The Board is of the view that the Acquisition represents a good opportunity for the Group to increase its interest in HLCL and is in the interests of the Group and the Shareholders. In addition, the Board considers that the settlement of consideration partly by cash and partly by setting off a receivable owed to the Group by Shanghai Zendai Investment can minimize the Group's cash outflow and 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 ACQUISITION

As at the date of this announcement, Shanghai Zendai Investment was beneficially owned as to 60% by Mr. Dai, 20% by Ms. Dai Mocao, 15% by Mr. Zhu Nansong and 5% by Mr. Dai Zhixiang. Mr. Dai is an executive Director and the chairman of the Company. Accordingly, the Acquisition constitutes connected transaction for the Company under the Listing Rules and is subject to the approval of Independent Shareholders at the SGM by way of poll.

SGM

Since the Acquisition constitutes discloseable and connected transaction for the Company under the Listing Rules, the SGM will be convened as soon as practicable, at which ordinary resolution will be proposed to approve the Acquisition. In view of Mr. Dai's relationship with Shanghai Zendai Investment, Mr. Dai, Giant Glory, Jointex Investment and their respective associates will abstain from voting at the SGM in respect of the ordinary resolution proposed to approve the Acquisition.

An independent board committee of the Company will be set up to advise the Independent Shareholders on the terms of the Agreement and the transaction 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 of the Acquisition, details of the Agreement and the transaction 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 transaction contemplated therein, an independent valuation report on the property interests held by HLCL, a letter from an independent financial adviser advising the independent board committee and the Independent Shareholders in respect of the Agreement and the transaction contemplated therein and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

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

“Acquisition”	the acquisition of 15% of the registered capital of HLCL by Zendai Delta Land from Shanghai Zendai Investment pursuant to the Agreement
“Agreement”	a conditional agreement in relation to the Acquisition dated 5 November 2008 (in Chinese) entered into between Zendai Delta Land and Shanghai Zendai Investment
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the executive directors of the Company
“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 holding approximately 16.79% 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 Himalayas 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 30% by Zendai Land and 70% 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, Jointex Investment, and their respective associates
“Jointex Investment”	Jointex Investment Holdings Limited, a limited company incorporated in the British Virgin Islands owned beneficially as to 85% by Mr. Dai and as to 15% by Mr. Zhu Nansong and, is holding approximately 32.37% of the entire issued share capital of the Company as at the date of this announcement
“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
“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
“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 60% by Mr. Dai, 20% by Ms. Dai Mocao, daughter of Mr. Dai, 15% by Mr. Zhu Nansong and 5% by Mr. Dai Zhixiang, brother of Mr. Dai, as at the date of this announcement
“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
“Working Day”	a day other than a Saturday or Sunday or any public holidays in the PRC
“Zendai Delta Land”	上海証大三角洲置業有限公司 (Shanghai Zendai Delta Real Estate Company Limited)*, an indirectly wholly-owned subsidiary of the Company, established in the PRC with limited liability which is principally engaged in property development in the PRC as at the date of this announcement
“Zendai Land”	上海証大置業有限公司 (Shanghai Zendai Real Estate Company Limited)*, an indirectly wholly-owned subsidiary of the Company, established in the PRC with limited liability which is principally engaged in property development in the PRC as at the date of this announcement
“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. 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.

Hong Kong, 6 November, 2008

** 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 RMB0.8819 = HK\$1.00.