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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)**

### **CLARIFICATION ANNOUNCEMENT ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

Reference is made to the announcement of Shanghai Zendai Property Limited (the “Company” together with its subsidiaries, the “Group”) dated 31 March 2015 (the “Announcement”) regarding the annual results of the Group for the year ended 31 December 2014. Unless otherwise defined, terms used in this announcement shall have the same meanings as those used in the Announcement.

The board of directors of the Company (the “Board”) wishes to clarify that the auditors of the Company included a section headed “Emphasis of Matter” in their independent auditor’s report in respect of the consolidated financial statements of the Group for the year ended 31 December 2014, extract of which is set out below:

“Without modifying our opinion, we draw attention to note 52 to the consolidated financial statements which describes the significant uncertainty related to the outcome of the lawsuit filed against the Company by Zhejiang Fosun Commerce Development Limited.”

Note 52 to the consolidated financial statements of the Group for the year ended 31 December 2014 sets out the following:

“On 4 June 2012, Shanghai Zendai Land Company Limited (“Shanghai Zendai Land”), a wholly-owned subsidiary of the Company, was served a document of summons issued by Shanghai No. 1 Intermediate People’s Court (the “Court”) in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen Property Management Co., Ltd., the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited (“Zhejiang Fosun”) (the “Claims”).

On 24 April 2013, the Court issued a first instance judgment (the “Judgment”) and granted an order to (i) invalidate the agreement on disposal of Shanghai Zendai Wudaokou Property Company Limited (“Shanghai Zendai Wudaokou”); (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party (“Purchaser”), and, (iii) reinstate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer.

On 7 May 2013, an appeal (the “Appeal”) was lodged with the Higher People’s Court of Shanghai against the Judgment.

The Company’s PRC legal advisers have advised that since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. In addition, the Company’s PRC legal advisers consider that the legal grounds on which the Judgment was based are mistaken. Accordingly, the Company’s PRC legal advisers are of the view that there are valid grounds for the Appeal and that the Company has a reasonable chance to win the Appeal.

The Directors believe that the disposal of the equity interests of Shanghai Zendai Wudaokou does not constitute a breach of any pre-emptive rights based on the legal advice. As the Judgment will not become effective pending the results of the Appeal, the Directors consider that the Group does not control Shanghai Zendai Wudaokou and therefore it should not be consolidated in the Group’s consolidated financial statements. Further, the Directors are of the opinion that it is not probable that the Group will incur any loss as a result of the Claims based on the legal advice.

In the event that the Appeal is unsuccessful, the agreement on the disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and ownership would revert to the Group. Should this happen, the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK\$3,605,648,000) to the Purchaser. The Group would also obtain control of Shanghai Zendai Wudaokou. Adjustments would need to be made to the consolidated financial statements to recognise the liability, if any, to the Purchaser and to recognise the assets and liabilities of Shanghai Zendai Wudaokou.”

Save for the information as disclosed above, the Board confirms that there is no other amendment to the Announcement.

On behalf of the Board  
**Shanghai Zendai Property Limited**  
**Zhang Chenguang**  
Chairman

Hong Kong, 2 June 2015

*As at the date of this announcement, the executive Directors are Mr. Zhang Chenguang, Mr. Zhong Guoxing, Dr. Wang Hao and Ms. Li Li Hua. The non-executive Directors are Mr. Xu Xiaoliang and Mr. Gong Ping. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng.*

\* For identification purpose only