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SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in the Bermuda with limited liability)

(Stock Code: 755)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 30% REGISTERED CAPITAL OF ZHONGKE LANGFANG

THE AGREEMENT

On 9 October 2012, the Vendor has entered into the Agreement with the Purchaser, pursuant to which the Vendor has sold and the Purchaser has purchased the Sale Interest, being 30% of the registered capital of Zhongke Langfang, for a consideration of RMB114.0 million (equivalent to approximately HK\$139.1 million).

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

On 9 October 2012, the Vendor has entered into the Agreement with the Purchaser, pursuant to which the Vendor has sold and the Purchaser has purchased the Sale Interest, being 30% of the registered capital of Zhongke Langfang, for a consideration of RMB114.0 million (equivalent to approximately HK\$139.1 million).

THE AGREEMENT

Date

9 October 2012

Parties

Vendor: 上海証大置業有限公司 (Shanghai Zendai Land Company Limited)*, an indirect wholly-owned subsidiary of the Company

Purchaser: 杉杉控股有限公司 (Shan Shan Holdings Co., Limited)*

To the best of the Directors' knowledge, information and belief, and having made reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

Details of the Disposal

Pursuant to the Agreement, the Vendor has sold and the Purchaser has purchased the Sale Interest, being 30% of the registered capital of Zhongke Langfang.

Consideration

The consideration for the Sale Interest payable by the Purchaser to the Vendor under the Agreement of RMB114.0 million (equivalent to approximately HK\$139.1 million) in cash, will be settled by the Purchaser in the following manner:

- (i) as to RMB57.0 million (equivalent to approximately HK\$69.5 million) as the first installment within five days from the signing of the Agreement; and
- (ii) as to RMB57.0 million (equivalent to approximately HK\$69.5 million) as the second installment within five days from the completion of the business registration for the transfer of the Sale Interest.

In the event that any of the installments in respect of the consideration payment has not been paid as it falls due, the Purchaser shall pay to the Vendor a fine calculated as to 1% of the total consideration for the Sale Interest per day for the number of days overdue.

The consideration was determined after arm's length negotiation between the parties to the Agreement with reference to the adjusted consolidated net asset value of Zhongke Langfang of approximately RMB309.4 million (equivalent to approximately HK\$377.5 million), based on (i) the unaudited consolidated net asset value of Zhongke Langfang as at 30 June 2012 of approximately RMB217.9 million (equivalent to approximately HK\$265.8 million); and (ii) the preliminary valuation of the Properties (as defined under the section headed "Information on Zhongke Langfang" below) of Zhongke Langfang of RMB480.0 million prepared by an independent valuer. Taking into account that the consideration for the Sale Interest of RMB114.0 million (equivalent to approximately HK\$139.1 million) represents a premium of approximately 23.0% over the implied value of 30% equity interest of Zhongke Langfang of approximately RMB92.8 million (equivalent to approximately HK\$113.2 million) with reference to its adjusted consolidated net asset value of approximately RMB309.4 million (equivalent to approximately HK\$377.5 million), the Directors are of the view that the terms of the Agreement is fair and reasonable.

Shareholder's loan

As at the date of the Agreement, the shareholder's loan owing to the Vendor by Zhongke Langfang was RMB27.0 million (equivalent to approximately HK\$32.9 million) and the interest accrued thereon was approximately RMB15 million (equivalent to approximately HK\$18.3 million).

Pursuant to the Agreement, the Purchaser has agreed to procure Zhongke Langfang to repay to the Vendor the shareholder's loan and the accrued interest in the following manner:

- (i) as to 50% of the shareholder's loan and the accrued interest as the first installment within five days from the signing of the Agreement; and
- (ii) as to the remaining 50% of the shareholder's loan and the accrued interest as the second installment within five days from the completion of the business registration for the transfer of the Sale Interest.

In the event that any of the installments in respect of the shareholder's loan and accrued interest repayment has not been paid as it falls due, the Purchaser shall pay to the Vendor a fine calculated as to 0.05% of the aggregate amount of the shareholder's loan and the accrued interest per day for the number of days overdue.

Completion

Completion of the Agreement will take place immediately following the signing of the Agreement by the parties thereto.

The parties to the Agreement shall proceed with the necessary procedures in respect of the business registration for the transfer of the Sale Interest within 5 days after the due payment of the respective first installment of the consideration for the Sale Interest and the shareholder's loan and the accrued interest.

INFORMATION ON THE PURCHASER

The Purchaser is a privately-owned conglomerate in the PRC and is principally engaged in fashion and apparels, science and technology development, trading, finance and logistics businesses.

INFORMATION ON ZHONGKE LANGFANG

Zhongke Langfang is a company established in the PRC with limited liability and is principally engaged in the development of 中科廊坊科技谷 (Zhongke Langfang Technology Valley*, "Langfang Valley"). Zhongke Langfang has registered capital of RMB200.0 million (equivalent to approximately HK\$244.0 million). It is the intention of Zhongke Langfang to develop Langfang Valley to be the Silicon Valley of the PRC. The principal assets of Zhongke Langfang consist of an office building of gross floor area of approximately 34,216 square meters and developing and undeveloped land parcels of approximately 508,759 square meters (the "Properties").

Set out below is the unaudited consolidated financial information of Zhongke Langfang:

	For the year ended 31 December 2011	For the year ended 31 December 2010
	<i>RMB'million</i>	<i>RMB'million</i>
Turnover	48.1	—
Net profit before tax	19.0	12.0
Net profit after tax	14.2	9.0

According to the unaudited consolidated accounts of Zhongke Langfang, as at 30 June 2012, the consolidated net assets of Zhongke Langfang amounted to approximately RMB217.9 million (equivalent to approximately HK\$265.8 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in construction of commercial and residential properties for sale, ownership and operation of hotel business, leasing, management and agency of commercial and residential properties.

The net proceeds from the Disposal, being the consideration for the Sale Interest net of relevant expenses, is estimated to be approximately RMB113.9 million (equivalent to approximately HK\$139.0 million). The Company intends to apply such net proceeds for the Group's general working capital.

Based on the unaudited consolidated accounts of Zhongke Langfang as at 30 June 2012, it is expected that an unaudited capital gain of approximately RMB35.6 million will be recognised from the Disposal, which is calculated with reference to the net proceeds from the consideration for the Sale Interest of approximately RMB113.9 million less the carrying value attributable to the Sale Interest as at 30 June 2012 included in the Group's accounts in the amount of approximately RMB78.3 million. The Directors consider that the Disposal provides the Group with a good opportunity to realize a satisfactory return, representing approximately 45.5% on the Group's relevant cost of investment in Zhongke Langfang and will generate cash inflow to the Group. After the Disposal, Zhongke Langfang will cease to be an associate of the Company and the Group will cease to have any interest in Zhongke Langfang.

Based on the above, the Board considers that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 9 October 2012 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Purchaser”	杉杉控股有限公司 (Shan Shan Holdings Co., Ltd.)*, a private company established in the PRC with limited liability
“Sale Interest”	30% of the registered capital of Zhongke Langfang
“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	上海証大置業有限公司 (Shanghai Zendai Land Company Limited)*, an indirect wholly-owned subsidiary of the Company
“Zhongke Langfang”	中科廊坊科技谷有限公司 (Zhongke Langfang Technology Valley Co., Ltd.)*, a private company established in the PRC with limited liability

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

On behalf of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 9 October 2012

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Wang Fujie, Mr. Zhu Nansong, Mr. Zuo Xingping and Mr. Tang Jian. The non-executive Directors are Mr. Wu Yang, Mr. Zhou Chun, Mr. Dong Wenliang and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Li Man Wai and Mr. Cai Gaosheng.

For the purpose of this announcement, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 = HK\$1.22.

* *For identification purpose only*