
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shanghai Zendai Property Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 TRANSACTION
IN RELATION TO THE DISPOSAL OF SALE ASSETS IN
MODDERFONTEIN, JOHANNESBURG, SOUTH AFRICA
AND
NOTICE OF SGM****Financial adviser to the Company****GOLDIN FINANCIAL LIMITED
高銀融資有限公司**

A letter from the Board is set out on pages 4 to 12 of this circular.

A notice convening the SGM to be held at 7/F, Nexxus Building, 41 Connaught Road Central, Hong Kong, on Thursday, 9 February 2017 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you propose to attend the meeting, you are requested to read the notice of SGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the meeting should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“Board”	the board of Directors
“Companies Act”	the Companies Act of South Africa, 2008, as amended
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the maximum consideration for the Sale Shares, Sale Loans, together with the Subsequent Funding
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Assets pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Companies”	collectively, Zendai Development, Zendai Investment and Zendai Capital
“Effective Date”	the date on which all the conditions precedent are fulfilled
“First Closing Date”	5 (five) days after the Effective Date or 31 March 2017, whichever is the later
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	16 January 2017, being the latest practicable date prior to printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	collectively, the Seller and the Purchaser

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the investment property, inventory under development and inventory for sale under the Disposal Companies
“Purchaser”	JR 209 Investments Proprietary Limited, a company incorporated in South Africa with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 December 2016 entered into between the Purchaser and the Seller in relation to the Disposal
“Sale Assets”	the Sale Shares and the Sale Loans
“Sale Loans”	the total amount of (i) a loan denominated in USD; and (ii) a loan denominated in ZAR, advanced by the Company to Zendai Development and Zendai Investment, plus the respective interest thereon, and to be converted to a loan denominated in ZAR and to be acquired by the Seller from the Company by no later than 5 (five) days after the Effective Date in accordance with the terms of the Sale and Purchase Agreement
“Sale Shares”	the entire issued share capital of each of Zendai Development, Zendai Investment and Zendai Capital
“Second Closing Date”	30 June 2017, or such other date as may be agreed by the Parties
“Seller” or “Zendai SA”	Zendai (South Africa) Proprietary Limited, an indirect wholly owned subsidiary of the Company, holding the respective entire issued capital of the Disposal Companies as at the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“South Africa”	the Republic of South Africa
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Funding”	the aggregate amount of funds advanced on an interest free basis by the Purchaser to the Disposal Companies from the Effective Date to the Third Closing Date as certified by the quantity surveyor appointed by the Seller, provided that such amount shall not exceed ZAR60 million (equivalent to approximately HK\$33.11 million)
“Third Closing Date”	30 September 2017, or such other date as may be agreed by the Parties
“USD”	US dollars, the lawful currency of the United States
“ZAR”	South Africa rands, the lawful currency of South Africa
“Zendai Capital”	Zendai Capital Proprietary Limited
“Zendai Development”	Zendai Development (South Africa) Proprietary Limited
“Zendai Investment”	Zendai Investment Management (South Africa) Proprietary Limited
“%”	per cent.

For the purpose of this circular, unless otherwise specified, conversion of South Africa rands into Hong Kong dollars is based on the approximate exchange rate of ZAR1.00=HK\$0.5518. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ and ZAR have been, could have been or may be converted at such rate or any other exchange rate.

LETTER FROM THE BOARD



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

Executive Directors:

Mr. Zhang Chenguang (*Chairman*)
Mr. Zhong Guoxing
Dr. Wang Hao
Ms. Li Li Hua

Non-executive Directors:

Mr. Gong Ping
Mr. Pan Wen

Independent non-executive Directors:

Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Chow, Alexander Yue Nong
Dr. Xu Changsheng

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

**Principal place of business
in Hong Kong:**

59/F, Bank of China Tower,
1 Garden Road,
Hong Kong

19 January 2017

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF SALE ASSETS IN
MODDERFONTEIN, JOHANNESBURG, SOUTH AFRICA**

INTRODUCTION

Reference is made to the announcement of the Company dated 3 December 2016. On 3 December 2016, the Seller, an indirect wholly-owned subsidiary of the Company, and the Purchaser, entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Seller has conditionally agreed to sell the Sale Assets at the maximum Consideration of approximately ZAR1,810 million (equivalent to approximately HK\$998.76 million).

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Disposal; (ii) financial information of the Group; (iii) the valuation report on the Properties; (iv) other information as required under the Listing Rules; and (v) a notice of SGM.

THE SALE AND PURCHASE AGREEMENT

Date

3 December 2016

Parties

Purchaser : JR 209 Investments Proprietary Limited

Seller : Zendai SA

Assets to be disposed : The Sale Assets, which comprise:

- (1) The Sale Shares, being (i) the entire issued share capital of Zendai Capital; (ii) the entire issued share capital of Zendai Development; and (iii) the entire issued share capital of Zendai Investment; and
- (2) The Sale Loans

Pursuant to the Sale and Purchase Agreement, the Seller may continue to advance to the Disposal Companies during the period from the date of the Sale and Purchase Agreement and ending on the Third Closing Date or the cancellation of the Sale and Purchase Agreement, whichever is the earlier, and the Purchaser will pay to the Disposal Companies the Subsequent Funding in the maximum amount of ZAR60 million (equivalent to approximately HK\$33.11 million).

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

Consideration and payment terms

The aggregate Consideration shall not exceed ZAR1,810 million (equivalent to approximately HK\$998.76 million), which comprises (i) the consideration for the Sale Shares in the amount of ZAR3 (equivalent to approximately HK\$1.66); (ii) the Sale Loans of ZAR1,750 million (equivalent to approximately HK\$965.65 million); and (iii) the Subsequent Funding which shall not exceed ZAR60 million, and shall be settled in the following manner:

- (i) as to ZAR250 million (equivalent to approximately HK\$137.95 million) as deposit pursuant to a deposit agreement dated 18 November 2016 entered into by the Parties, where the sum of ZAR150 million has been paid by the Purchaser and is held in trust and a bank guarantee has been issued by the Purchaser for a further ZAR100 million. These amounts will be retained in trust and paid to the Seller on the First Closing Date;

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- (ii) as to the first installment of ZAR500 million (equivalent to approximately HK\$275.9 million), which shall be paid on 31 March 2017 from the proceeds of honouring the bank guarantee in the amount of ZAR500 million to be delivered by the Purchaser on the date of signing the Sale and Purchase Agreement in favour of an escrow agent which will be presented by such escrow agent on 31 March 2017 for payment, and if the Effective Date is later than 31 March 2017, such funds will be retained in trust for the benefit of the Purchaser and the amount will be paid to the Seller on the First Closing Date;
- (iii) as to the second installment of ZAR500 million (equivalent to approximately HK\$275.9 million), which shall be paid by the Purchaser to the Seller in cash on the Second Closing Date;
- (iv) as to the third installment of ZAR500 million (equivalent to approximately HK\$275.9 million), which shall be paid on the Third Closing Date from the proceeds of honouring the bank guarantee in the amount of ZAR500 million to be delivered by the Purchaser on the Second Closing Date in favour of the Seller or its nominee which will be presented by the Seller on the Third Closing Date to receive the payment thereof;
- (v) as to the consideration for the Sale Shares of ZAR3 (equivalent to approximately HK\$1.66), which shall be paid by the Purchaser in cash on the Third Closing Date; and
- (vi) as to the Subsequent Funding in the maximum amount of ZAR60 million, which shall be paid any time after the First Closing Date from the proceeds of honouring the bank guarantee in the amount of ZAR60 million to be delivered by the Purchaser to the Seller on the First Closing Date in favour of an escrow agent which will be presented by such escrow agent for payment any time after the First Closing Date, and any unpaid amounts payable under such bank guarantee shall be repaid to the Purchaser on the Third Closing Date.

The Consideration was determined after arm's length negotiations between the Parties and by making reference to, among others, (i) the net liabilities positions of Zendai Development and Zendai Investment; (ii) the valuation on the Properties in the appraised value of ZAR1,716.54 million as at 31 August 2016 prepared by an independent valuer; (iii) the Sale Loans in the amount of approximately ZAR1,821.64 million as at 31 August 2016; and (iv) the recent financial performance of the Disposal Companies.

Conditions Precedent to the Disposal

The Sale and Purchase Agreement shall become unconditional upon the fulfillment of the following conditions precedent:

- (i) by no later than 30 March 2017 (or such later date as the Parties may agree in writing), the Seller having delivered to the Purchaser a certified copy of a special resolution (or extract thereof) in terms of which the shareholders of the Seller

LETTER FROM THE BOARD

having approved the Disposal in accordance with the provisions of section 112 of the Companies Act, as read with section 115 of the Companies Act to give effect to and implement the Sale and Purchase Agreement, and to authorise any member of the board of directors of the Seller to execute the Sale and Purchase Agreement on behalf of the Seller and to do all such things, including the dispatching of all documents and notices required to be sent under or in connection with the Sale and Purchase Agreement;

- (ii) by no later than 31 March 2017 (or such later date as the Parties may agree in writing), the Seller having delivered to the Purchaser a certified copy of a special resolution (or extract thereof) in terms of which the Shareholders having approved the Disposal pursuant to the terms of the Sale and Purchase Agreement; and
- (iii) by no later than the Second Closing Date, the competition authorities of South Africa having approved in writing the implementation of the Disposal in accordance with the terms and conditions set out in the Sale and Purchase Agreement either unconditionally or subject to such conditions as the relevant parties to whom such conditions apply may agree in writing are acceptable to them provided that neither party may withhold its agreement unreasonably and if only one party is affected by any such condition the condition is acceptable by the affected party who may not withhold its acceptance, unreasonably. It is recorded that if a party becomes aware of any such conditions having been imposed, it shall notify the other party as soon as practicably possible but in any event within 5 (five) business days of becoming aware thereof.

All conditions precedent are not capable of being waived. Unless the above conditions precedent have been fulfilled by not later than the relevant dates for fulfillment (or such later date or dates as may be agreed by the Parties before the aforesaid date or dates), the Sale and Purchase Agreement will never become effective and none of the Parties will have any claim against any other arising from the failure of the conditions precedent, save for any claims arising from any prior breach of any material provisions of the Sale and Purchase Agreement which became effective prior to the Effective Date.

Completion

Upon fulfillment of the conditions precedent and the full settlement of the Consideration by the Purchaser, Completion shall take place on the Third Closing Date, upon which the share certificates in respect of the Sale Shares, together with duly executed forms for the transfer of the Sale Shares (reflecting the Purchaser as the transferee) shall be delivered to the Purchaser.

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FINANCIAL INFORMATION OF THE DISPOSAL COMPANIES

The following table set out the audited financial information of Zendai Development prepared in accordance with the International Financial Reporting Standards for the two financial years ended 31 December 2015 and 2014:

	For the year ended 31 December	
	2015 (ZAR'000) <i>approximate</i>	2014 (ZAR'000) <i>approximate</i>
Loss before taxation	(448,259)	(79,124)
Loss after taxation	(324,708)	(63,381)

The unaudited net liabilities of Zendai Development as at 31 August 2016 amounted to approximately ZAR352.05 million (equivalent to approximately HK\$194.26 million).

The following table set out the audited financial information of Zendai Investment prepared in accordance with the International Financial Reporting Standards for the two financial years ended 31 December 2015 and 2014:

	For the year ended 31 December	
	2015 (ZAR'000) <i>approximate</i>	2014 (ZAR'000) <i>approximate</i>
Loss before taxation	(80,713)	(6,768)
Loss after taxation	(56,791)	(5,050)

The unaudited net liabilities of Zendai Investment as at 31 August 2016 amounted to approximately ZAR40.46 million (equivalent to approximately HK\$22.33 million).

Zendai Capital is a dormant company incorporated in December 2015 which has not carried out any business operation since its incorporation. Accordingly, no financial information has been available. The unaudited net assets of Zendai Capital as at 31 August 2016 amounted to ZAR1.0 (equivalent to approximately HK\$0.55).

The loss making performance of Zendai Development and Zendai Investment for the years ended 31 December 2014 and 2015 were primarily attributable to the exchange loss incurred in respect of the USD denominated shareholder's loans under each of Zendai Development and Zendai Investment throughout the respective financial years.

The aggregate of the unaudited net assets/liabilities of the Disposal Companies as at 31 August 2016, after certain accounting standards adjustments, amounted to the net liabilities of approximately ZAR272.48 million. The adjusted net liabilities of the Disposal Companies as

LETTER FROM THE BOARD

at 31 August 2016 after taking into account the valuation surplus arising from the valuation of the Properties in the appraised value of ZAR1,716.54 million as at 31 August 2016 and net of deferred taxation, amounted to approximately ZAR15.79 million (equivalent to approximately HK\$8.71 million).

REASONS FOR THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Group is principally engaged in the development of commercial and residential properties for sale and ownership, investment and operation of hotel business, leasing, management and agency of commercial and residential properties in the PRC. The Group currently has development projects in various cities in the PRC which are in the Yangtze River Delta Economic Region as denominated by Shanghai and Nanjing cities, as well as the overseas real estate development projects.

The Properties are located in Modderfontein, Johannesburg, South Africa, comprising certain land parcels and buildings with a total site area of approximately 1,550 hectares and total gross floor area of approximately 89,000 square metres which will be developed into a smart city for residential, commercial, light industrial and recreational use. Given the volatility of South Africa's economic conditions and based on the continuous assessment by the Company on the development status of the Properties, the Company considers that the future outlook of the real estate market in South Africa is uncertain, in particular, the fluctuation of domestic currency in South Africa, leading to the loss making performance of Zendai Development and Zendai Investment for the two years ended 31 December 2014 and 2015. Based on the annual report of the Company for the year ended 31 December 2015, the revenue generated from external customers from South Africa represented a small contribution of approximately 1.96% to the total revenue of the Group for the year ended 31 December 2015. Considering that (i) the Group has been actively devoting efforts and resources to the development of the Properties since 2013; (ii) the respective continuous loss making performance and net liabilities positions of Zendai Development and Zendai Investment; and (iii) the future prospects of the real estate market in South Africa is uncertain, the Directors believe that the Disposal represents a good opportunity for the Group to unlock the value in its investment in the Properties and reallocate its resources with the aim to restructure its assets portfolio. The Company intends to apply the net proceeds from the Disposal after deduction of transaction expenses in the amount of approximately ZAR1,746 million (equivalent to approximately HK\$963.45 million) as to approximately ZAR698.4 million (equivalent to approximately HK\$385.38 million) for repayment of bank loans, as to approximately ZAR698.4 million (equivalent to approximately HK\$385.38 million) for settlement of construction cost of the Group's existing property development project, and as to approximately ZAR349.2 million (equivalent to approximately HK\$192.69 million) for general working capital of the Group.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION OF ZENDAI SA

Zendai SA, being the Seller, is a private company with limited liability duly incorporated in accordance with the laws of South Africa and an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, Zendai SA holds the entire issued share capital of each of Zendai Capital, Zendai Development and Zendai Investment.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in South Africa with limited liability and principally engaged in residential and commercial development and is wholly owned by M and T Holdings Proprietary Limited. M and T Holdings Proprietary Limited is a company incorporated in South Africa and is principally engaged in the real estate development in South Africa. M and T Holdings Proprietary Limited is in turn beneficially wholly owned by Tsai Trust, which is held by five individual trustees, one of which is an attorney and the remaining are individual businessmen. The trustees of Tsai Trust are third parties independent of the Company and its connected persons.

INFORMATION OF THE DISPOSAL COMPANIES

Each of Zendai Capital, Zendai Development and Zendai Investment is a private company with limited liability duly incorporated with the laws of South Africa. Zendai Capital is a dormant company with no active business operation as at the Latest Practicable Date. Zendai Development is principally engaged in ongoing enhancement of land values by establishing residential, commercial and industrial townships over its land holdings and the sale of properties in South Africa, and owns the entire equity interest in Zendai Residential Proprietary Limited, a private company with limited liability duly incorporated in accordance with the laws of South Africa. Zendai Investment is principally engaged in property investment.

FINANCIAL EFFECT OF THE DISPOSAL

After completion of the Disposal, the Company will cease to hold any shares in the Disposal Companies and each of Zendai Capital, Zendai Development and Zendai Investment will cease to be a subsidiary of the Company upon which each of their respective financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. The Disposal is expected to result in a decrease in the Group's total assets and total liabilities, and the net asset value of the Group is expected to increase. Given the loss making performance of Zendai Development and Zendai Investment, it is expected that the Disposal will not have any negative impact on the earnings of the Group in the long term. The Group expects to record a gain from the Disposal of approximately HK\$0.83 million (subject to audit), calculated based on the consideration for the Sale Assets of approximately HK\$965.64 million less the sum of (i) the consolidated net liabilities of the Disposal Companies as at 31 August 2016 of approximately HK\$151.43 million; (ii) the Sale Loans with interest accrued thereon as at 31 August 2016 of approximately HK\$905.45 million; and (iii) the exchange loss to be released from the exchange reserve as a result of the Disposal of approximately HK\$210.79 million.

LETTER FROM THE BOARD

Shareholders should note that the actual amount of the gain/loss from the Disposal to be recognised in the consolidated financial statements of the Company depends on (i) the net asset value of the Disposal Companies as at the Third Closing Date; and (ii) the then exchange rate for converting the proceeds from the disposals denominated in ZAR into USD on or after the Third Closing Date, and therefore may be different from the amount mentioned above.

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 more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal and the transactions contemplated under the Sale and Purchase Agreement. As such, no Shareholders are required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

SGM

A notice of convening the SGM to be held at 7/F, Nexxus Building, 41 Connaught Road Central, Hong Kong, on Thursday, 9 February 2017 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 in this circular. Ordinary resolution(s) will be proposed at the SGM for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder. The voting on ordinary resolution(s) to be proposed at the SGM will be taken by way of poll and an announcement will be made by the Company after the SGM on the result of the SGM with respect to whether or not the proposed ordinary resolution(s) have been passed by the Shareholders.

A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the branch share registrar of the Company, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Hence, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution to approve the Sale and Purchase Agreement and the Disposal at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Shanghai Zendai Property Limited
Li Li Hua
Executive Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 June 2016 and each of the financial year ended 31 December 2013, 2014 and 2015 have been published in the interim report and annual reports of the Company per below:

- (i) the financial information of the Group for the six months ended 30 June 2016 is disclosed in the interim report of the Company for the six months ended 30 June 2016 published on 19 September 2016, from pages 3 to 25;
- (ii) the financial information of the Group for the year ended 31 December 2015 is disclosed in the annual report of the Company for the year ended 31 December 2015 published on 29 April 2016, from pages 49 to 163;
- (iii) the financial information of the Group for the year ended 31 December 2014 is disclosed in the annual report of the Company for the year ended 31 December 2014 published on 30 April 2015, from pages 46 to 159; and
- (iv) the financial information of the Group for the year ended 31 December 2013 is disclosed in the annual report of the Company for the year ended 31 December 2013 published on 30 April 2014, from pages 48 to 163.

All of these financial statements have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.zendaifc.com).

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 30 November 2016, being the latest practicable date for the purpose of this schedule of borrowings prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$10,730,884,000, details of which are set out below:

	<i>HK\$'000</i>
Borrowings and loans	
– current	
– unsecured	2,018,685
– secured	5,754,014
– non-current, secured	1,256,133
Amount due to a joint venture, unsecured	1,098,972
Amounts due to minority owners of subsidiaries	
– unsecured	35,240
– secured	567,840

Securities

As at 30 November 2016, property, plant and equipment of approximately HK\$556,053,000, payment for leasehold land held for own use under operating leases of approximately HK\$523,243,000, investment properties of approximately HK\$1,220,686,000, properties under development and for sales of approximately HK\$3,825,828,000 and bank deposits of approximately HK\$1,452,150,000 were pledged to secure certain borrowings granted to the Group.

Contingent liabilities

As at 30 November 2016, the Group provided guarantees to the extent of approximately HK\$84,930,000 to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group, net of mortgages received and included in receipts in advance from customers. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

As at 30 November 2016, the Group provided guarantees on certain borrowings of its joint ventures amounting to HK\$1,294,751,000.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, term loans, other borrowings or indebtedness including bank overdrafts, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 November 2016.

3. WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Directors, after due and careful enquiry, are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2016, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

Following completion of the Disposal, the Group will focus on, among others, Shanghai and Nanjing, the PRC, as key development areas for involvement of residential and commercial real estate projects. During the year, the Group was keen to capitalise on the local market demand by launching the “Himalaya Center” project and the “Riverside Thumb Plaza” project in Nanjing into the market for pre-sale in a timely manner. Meanwhile, the Group completed the transaction of acquiring 465 units of a residential project in Xuanwu District, Nanjing in the first half of 2016 and planned to launch into the market for sale in the second half of this year. These projects are important drivers of the Group’s future turnover growth.

To ride on the future growing potential of China’s real estate market, the Company will further consolidate its development strategy through active advances in Shanghai and Nanjing as the representatives of first and second tier cities with development potential to optimize the land bank structure while continuing to gradually withdraw from the third and fourth tier cities and appropriately releasing foreign assets. On the product strategy front, the Group is committed to build exquisite brand projects adhering to a consistent quality brand strategy. For commercial operation, the Group will steadily improve the occupancy rate of assets and explore room for rent increase to keep operating costs in control. The Group will also continue to map out an in-depth strategy for the lots in Nanjing, intensively developing and promoting “Nanjing Himalayas Center” and “Nanjing Riverside Thumb Plaza” in addition to the layout of 465 residential projects in Nanjing’s Xuanwu District. Utilizing the geographical and planning advantages of the three major projects, enhancing the attractiveness and radiation of the projects will serve as a locomotive for growing the Group’s revenue and improving business conditions. The management remains cautiously optimistic on the long-term prospects of the industry. It is expected the Disposal would enable the Group to unlock its investment in the Disposal Companies and reallocate resources to restructure its asset portfolio. Leveraging the resources, management experiences and competitive advantages of the Company accumulated over the years, the management will intensively create new room for growth among existing projects and actively explore large-scale high quality complex projects in China’s major cities.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2016 of the property interests of the Company.



23rd Floor, Siu On Centre, No. 188 Lockhart Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388

info@avaval.com

www.avaval.com

19 January 2017

The Board of Directors
Shanghai Zendai Property Limited
59/F,
Bank of China Tower
1 Garden Road,
Hong Kong

Dear Sirs/Madams,

In accordance with the instructions of Shanghai Zendai Property Limited (“Shanghai Zendai” or the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for us to carry out the valuation of the property interests held by the Group in the Republic of South Africa (“South Africa”) (details of the properties are more particularly listed in the Summary of Values of this report), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 31 October 2016 (the “Valuation Date”).

On 3 December 2016, the Group entered into the sale and purchase agreement pursuant to which JR 209 Investments Proprietary Limited has conditionally agreed to acquire and the Group has conditionally agreed to sell the sale shares and sale loans at the maximum consideration of approximately ZAR1,810 million. (For details please refer to Letter from the Board in this circular).

The valuation is our opinion of market value which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the HKIS Valuation Standards

(2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as “continued uses”).

In valuing property No. 1 and property No. 3, we have valued the property interests by income approach by taking into account the net rental income of the properties achievable in the existing market which have been then capitalized to determine the market value at an appropriate capitalization rate.

In valuing the property No. 2 and property No. 4, we have adopted market approach in our valuation by making reference to comparable market transactions in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In valuing property No. 5, due to the specific nature and uses of the buildings and structures that were designated and constructed, there are unlikely relevant market comparable sales readily available. The property interests have been valued basis of depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have been provided by the Group with copy of extract of the title documents relating to the property interests. Where possible, we have examined the original documents to verify the existing title to the property interests in South Africa and any material encumbrances that might be attached to the property interests or any amendments which may not appear on the copies handed to us.

However, we have not searched the original documents to verify the ownership or to ascertain any amendment. Due to the current registration system of South Africa under which the registration information is not accessible to the public, no investigation has been made for the title of the property interests in South Africa and the material encumbrances that might be attached. In the course of our valuation, we have relied considerably on the legal opinion given by the Company’s South Africa legal adviser – (Edward Nathan Sonnenbergs Inc.), concerning the validity of title of the properties in South Africa.

We have inspected the exterior and, where possible, the interior of the appraised properties. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the properties are free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the properties taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that whilst we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the properties. We are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the properties.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the properties but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the properties or on adjoining or neighbouring land or that the properties had been or are being put to contaminated use, we reserve right to revise our opinion of values.

We have not investigated any industrial safety, environmental and health related regulations in association with the existing and/or planned manufacturing process. It is assumed that all necessary licences, procedures and measures were implemented in accordance with the Government legislation and guidance.

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or other professional advisers on such matters as tenure, statutory notices, planning approval, zoning, easements, completion date of building, identification of property, particulars of occupation, site areas, floor areas, tenancy details, matters relating to tenure and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans and the like to verify them.

We have no reason to doubt the truth and accuracy of the information provided by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was no material change of the properties in between dates of our inspection and the valuation date.

The site inspection was carried in August 2016 by Oswald Au and Ivan Mak, Director and Senior Analyst respectively of AVISTA Valuation Advisory Limited.

In accordance with our standard practice, we must state that this report is for the exclusive use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Wherever the content of this report is extracted and translated from the relevant documents and there are discrepancies in wordings, those parts of the original documents will take prevalent.

Unless otherwise stated, all amounts are denominated in South African Rands (ZAR). Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS AAPI MSc(RE)
Registered Professional Surveyor
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years' experience in the valuation of properties in the PRC and 11 years of property valuation experience in Hong Kong, the U.S., Canada, East and Southeast Asia including Singapore, Japan, Korea and South Africa.

SUMMARY OF VALUES

Group I – Property held by the Group for investment in South Africa

No.	Property	Market value in existing state as at 31 October 2016 ZAR	Interest Attributable to the Group	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
1.	Land and buildings located at Modderfontein No. 34 and Founders Hill Erf No. 1, Johannesburg City, Gauteng Province, South Africa	131,930,000	100%	131,930,000
Sub-total:				131,930,000

Group II – Property held by the Group for future development in South Africa

No.	Property	Market value in existing state as at 31 October 2016 ZAR	Interest Attributable to the Group	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
2.	Land parcels located at Longlake No. 710, Longmeadow No. 296 and 297, Klipfontein No. 12, Linbro Park Holding No. 14 and 15, Modderfontein No. 35, Zuurfontein No. 33, and Founders Hill Erf No. 1-22, 26 and 27, Johannesburg City, Gauteng Province, South Africa	1,379,630,000	100%	1,379,630,000
Sub-total:				1,379,630,000

Group III – Property leased to the Group in South Africa

No.	Property	Market value in existing state as at 31 October 2016 ZAR	Interest Attributable to the Group	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
3.	Land and buildings located at Founders Hill Erf No. 3, 4, 5 ,7, 9, 11, 12 and 16, Johannesburg City Gauteng Province, South Africa	No commercial value	100%	No commercial value
4.	Land parcels located in Founders Hill Erf No. 6, 7, 9, 10, 13, 15, 16, 21, 22, 26 and 27, Johannesburg City, Gauteng Province, South Africa	No commercial value	100%	No commercial value
5.	Land and buildings located at Founders Hill Erf No. 14 and 20, Johannesburg City Gauteng Province, South Africa	No commercial value	100%	No commercial value
			Sub-total:	No commercial value
			Grand Total:	<u>1,511,560,000</u>

VALUATION CERTIFICATE

Group I – Property held by the Group for investment in South Africa

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
1.	Land and buildings located at Modderfontein No. 34 and Founders Hill Erf No. 1, Johannesburg City, Gauteng Province, South Africa	<p>The property comprises 4 parcels of land with approximately 123 buildings and structure erected thereon and most of the building ages are over 60 years.</p> <p>The buildings and structures area erected on 4 parcels of land with a total site area of approximately 327,393 sq.m. and a total gross floor area of approximately of 63,327 sq.m.</p> <p>The property is located in a rural area of Johannesburg with residential houses and warehouses nearby. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property is currently held under a freehold interest.</p>	<p>The property was subject to various tenancies at a total current monthly rental of approximately ZAR1,772,000 with the latest term expired in 31 October 2023.</p>	<p>131,930,000</p> <p>(100% interest attributable to the Group ZAR 131,930,000)</p>

Notes:

1. The registered owner of a parcel of land in Modderfontein with a site area of approximately 9,000 sq.m. is Zendai Development (South Africa) Proprietary Limited (the “**Zendai Development**”), a wholly owned subsidiary of the Company, with a consideration of approximately ZAR19,092,291 in November 2013.
2. Except from Note 1, the registered owner of the remaining land parcels with a total site area of approximately 318,393 sq.m. is Zendai Investment Management (South Africa) Proprietary Limited (the “**Zendai Investment**”), a wholly owned subsidiary of the Company, with a consideration of approximately ZAR50,310,593 in November 2013.
3. We have been provided with a legal opinion regarding the property interest by the Company’s South Africa legal advisers, which contains, inter alia, the following:
 - a. The property is owned by Zendai Development and Zendai Investment and it can be transferred, used, leased, or mortgaged by Zendai Development and Zendai Investment.
4. For the valuation of the building, we have made reference to several rental evidence of similar property in the locality which are in the region of ZAR45-70 per sq.m./month. The market yield adopted is 9.5 to 12.5%.

VALUATION CERTIFICATE

Group II – Property held by the Group for future development in South Africa

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
2.	Land parcels located at Longlake No. 710, Longmeadow No. 296 and 297, Klipfontein No. 12, Linbro Park Holding No. 14 and 15, Modderfontein No. 35, Zuurfontein No. 33, and Founders Hill Erf No. 1-22, 26 and 27, Johannesburg City, Gauteng Province, South Africa	<p>The property comprises 34 parcels of land situated in the province of Gauteng in Johannesburg.</p> <p>The property has a total site area of approximately 13,871,145 sq.m.</p> <p>The property is located in a rural area of Johannesburg with residential houses and warehouses nearby. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property is currently held under a freehold interest.</p>	The property was vacant as at the valuation date.	<p>1,379,630,000</p> <p>(100% interest attributable to the Group ZAR 1,379,630,000)</p>

Notes:

1. The registered owner of 4 parcels of land in Modderfontein and Founders Hill with a total site area of approximately 148,319 sq.m. is Zendai Investment Management (South Africa) Proprietary Limited (the “**Zendai Investment**”), a wholly owned subsidiary of the Company, with a consideration of approximately ZAR22,425,705 in November 2013.
2. The registered owner of a parcel of land in Founders Hill with a site area of approximately 121,811 sq.m. is Zendai Residential Proprietary Limited (the “**Zendai Residential**”), a wholly owned subsidiary of the Company, with a consideration of approximately ZAR9,951,472 in November 2013.
3. Except from Notes 1 and 2, the registered owner of the remaining land parcels with a total site area of approximately 13,601,015 sq.m. is Zendai Development (South Africa) Proprietary Limited (the “**Zendai Development**”), a wholly owned subsidiary of the Company, with a consideration of approximately ZAR709,318,237 in November 2013.
4. In valuation of a portion of portion 3 of the Farm Modderfontein 35 IR, we have attributed no commercial value to the land parcel with a site area of approximately 24,134 sq.m. which was subject to a usufruct. However, for reference purpose, we are of the opinion that the land parcel as at the valuation date would be ZAR18,310,000 assuming free of the usufruct and can be transferred.
5. In valuation of a portion 2 of the Erf 2 Founder Hill, we have attributed no commercial value to the land parcel with a site area of approximately 40,553 sq.m. which was subject to a usufruct. However, for reference purpose, we are of the opinion that the land parcel as at the valuation date would be ZAR13,690,000 assuming free of the usufruct and can be transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's South Africa legal advisers, which contains, inter alia, the following:
 - a. The property is owned by Zendai Residential, Zendai Development and Zendai Investment and it can be transferred, used, leased, or mortgaged by Zendai Residential, Zendai Development and Zendai Investment;
 - b. The property mentioned in Notes 4 and 5 may not be transferred free of the usufruct by Zendai Development;
 - c. The property mentioned in Notes 4 and 5 may not be leased to or in any way used by third parties by Zendai Development;
 - d. A parcel of land with a site area of approximately 594,116 sq.m. is subject to a mortgage in favour of Bank of China with a consideration of ZAR20,000,000; and
 - e. A parcel of land with a site area of approximately 2,704,839 sq.m. is subject to a mortgage in favour of ABSA Bank Limited with a consideration of ZAR400,000,000.
7. For the valuation of the land, we have made reference to several market evidence of similar property in the locality which are in the region of ZAR54-546 per sq.m.
8. As advised by the Company, the mortgages stated in Notes 6d and 6e will be released prior to completion of the disposal.

VALUATION CERTIFICATE

Group III – Property leased to the Group in South Africa

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
3.	Land and buildings located at Founders Hill Erf No. 3, 4, 5, 7, 9, 11, 12 and 16, Johannesburg City Gauteng Province, South Africa	<p>The property comprises 8 parcels of land with approximately 47 buildings and structure erected thereon and most of the building ages are over 60 years.</p> <p>The buildings and structures area erected on 8 parcels of land with a total site area of approximately 144,053 sq.m. and a total gross floor area of approximately of 19,789 sq.m.</p> <p>The property is located in a rural area of Johannesburg with residential houses and warehouses nearby. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property is currently held under a freehold interest.</p>	<p>Portion of the property was subject to various tenancies at a total current monthly rental of approximately ZAR727,000 with the latest term expired in 30 April 2026.</p>	<p>No commercial value (100% interest attributable to the Group ZAR No commercial value)</p>

Notes:

1. The registered owner of 8 land parcels with a total site area of approximately 144,053 sq.m. is AECI Limited, an independent third party of the Company and one of the vendors that sold the properties to the Company in 2013.
2. In valuation of the property, we have attributed no commercial value in which the ownership was not passed to the Company. However, for reference purpose, we are of the opinion that the land parcel as at the valuation date would be ZAR47,770,000 assuming the ownership was passed and it can be transferred, used, leased or mortgaged by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's South Africa legal advisers, which contains, inter alia, the following:
 - a. The property was owned by AECI Limited;
 - b. The property was leased to either Zendai Development (South Africa) Proprietary Limited (the "**Zendai Development**") or Zendai Investment Management (South Africa) Proprietary Limited (the "**Zendai Investment**"), both are wholly owned subsidiary of the Company, under registered 99 year leases and a mortgage bond registered in favour of Zendai Development and Zendai Investment as the case may be;
 - c. The leased Properties cannot be transferred to the third parties until Section 82 of the Town-Planning and Townships Ordinance No. 15 of 1986 is complied with and the necessary rates clearance certificates have been issued. Section 82 essentially requires full services to the satisfaction of the City of Johannesburg Metropolitan Municipality be installed in the township before ownership may transfer to a third party. These services have not yet been installed and the necessary rates clearance certificates cannot be issued until they are installed;

- d. The property may however be leased to and used by third parties in agreement with the respective Zendai Investment and Zendai Development, but may not be mortgaged by the respective Zendai Investment and Zendai Development; and
 - e. Only once ownership passes, will all the rights of transfer and mortgage of the leased properties (be transferred, used, leased, or mortgaged) be available to Zendai Investment and Zendai Development.
4. For the valuation of the building, we have made reference to several rental evidence of similar property in the locality which are in the region of ZAR45-70 per sq.m./month. The market yield adopted is 11 to 13.5%.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
4.	Land parcels located at Founders Hill Erf No. 6, 7, 9, 10, 13, 15, 16, 21, 22, 26 and 27, Johannesburg City Gauteng Province, South Africa	<p>The property comprises 11 parcels of land situated in the province of Gauteng in Johannesburg.</p> <p>The property has a total site area of approximately 1,074,505 sq.m. with a building and structure having a gross floor area of approximately 512 sq.m. erected thereon.</p> <p>The property is located in a rural area of Johannesburg with residential houses and warehouses nearby. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property is currently held under a freehold interest.</p>	The property was vacant as at the valuation date.	<p>No commercial value</p> <p>(100% interest attributable to the Group ZAR No commercial value)</p>

Notes:

1. The registered owner of a parcel of land in Erf 26 Founders Hill with a site area of approximately 85,148 sq.m. is Heartland Properties (Proprietary) Limited, a wholly owned subsidiary of AECI Limited and is an independent third party of the Company as well as one of the vendors that sold the properties to the Company in 2013.
2. Except from Note 1, the registered owner of the remaining land parcels with a total site area of approximately 989,357 sq.m. is AECI Limited, an independent third party of the Company and one of the vendors that sold the properties to the Company in 2013.
3. In valuation of the property, we have attributed no commercial value in which the ownership was not passed to the Company. However, for reference purpose, we are of the opinion that the land parcel as at the valuation date would be ZAR134,310,000 assuming the ownership was passed and it can be transferred, used, leased or mortgaged by the Company.
4. We have been provided with a legal opinion regarding the property interest by the Company's South Africa legal advisers, which contains, inter alia, the following:
 - a. The property was owned by AECI Limited and Heartland Properties (Proprietary) Limited;
 - b. The property was leased to either Zendai Development (South Africa) Proprietary Limited (the "**Zendai Development**") or Zendai Investment Management (South Africa) Proprietary Limited (the "**Zendai Investment**"), both are wholly owned subsidiary of the Company, under registered 99 year leases and a mortgage bond registered in favour of Zendai Development and Zendai Investment as the case may be;
 - c. The leased Properties cannot be transferred to the third parties until Section 82 of the Town-Planning and Townships Ordinance No. 15 of 1986 is complied with and the necessary rates clearance certificates have been issued. Section 82 essentially requires full services to the satisfaction of the City of Johannesburg Metropolitan Municipality be installed in the township before ownership may transfer to a third party. These services have not yet been installed and the necessary rates clearance certificates cannot be issued until they are installed;

- d. The property may however be leased to and used by third parties in agreement with the respective Zendai Investment and Zendai Development, but may not be mortgaged by the respective Zendai Investment and Zendai Development; and
 - e. Only once ownership passes, will all the rights of transfer and mortgage of the leased properties (be transferred, used, leased, or mortgaged) be available to Zendai Investment and Zendai Development.
5. For the valuation of the land, we have made reference to several market evidence of similar property in the locality which are in the region of ZAR54-546 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state attributable to the Group as at 31 October 2016 ZAR
5.	Land and buildings located at Founders Hill Erf No. 14 and 20, Johannesburg City Gauteng Province, South Africa	<p>The property comprises 2 parcels of land with approximately 5 buildings and structure erected thereon and most of the building ages are over 60 years.</p> <p>The buildings and structures area erected on 8 parcels of land with a total site area of approximately 36,873 sq.m. and a total gross floor area of approximately of 5,833 sq.m.</p> <p>The property is located in a rural area of Johannesburg with residential houses and warehouses nearby. Central business district and O.R. Tambo International Airport are both situated at about 20 minutes' drive from the property.</p> <p>The property is currently held under a freehold interest.</p>	<p>Portion of the property was subject to various tenancies at a total current monthly rental of ZAR463 with the latest term expired in 30 June 2017.</p>	<p>No commercial value (100% interest attributable to the Group ZAR No commercial value)</p>

Notes:

1. The registered owner of 2 land parcels with a total site area of approximately of 36,873 sq.m. is AECI Limited, an independent third party of the Company and one of the vendors that sold the properties to the Company in 2013.
2. In valuation of the property, we have attributed no commercial value in which the ownership was not passed to the Company. However, for reference purpose, we are of the opinion that the land parcel as at the valuation date would be ZAR13,600,000 assuming the ownership was passed and it can be transferred, used, leased or mortgaged by the Company.
3. We have been provided with a legal opinion regarding the property interest by the Company's South Africa legal advisers, which contains, inter alia, the following:
 - a. The property was owned by AECI Limited;
 - b. The property was leased to either Zendai Development (South Africa) Proprietary Limited (the "**Zendai Development**") or Zendai Investment Management (South Africa) Proprietary Limited (the "**Zendai Investment**"), both are wholly owned subsidiary of the Company, under registered 99 year leases and a mortgage bond registered in favour of Zendai Development and Zendai Investment as the case may be;
 - c. The leased Properties cannot be transferred to the third parties until Section 82 of the Town-Planning and Townships Ordinance No. 15 of 1986 is complied with and the necessary rates clearance certificates have been issued. Section 82 essentially requires full services to the satisfaction of the City of Johannesburg Metropolitan Municipality be installed in the township before ownership may transfer to a third party. These services have not yet been installed and the necessary rates clearance certificates cannot be issued until they are installed;

- d. The property may however be leased to and used by third parties in agreement with the respective Zendai Investment and Zendai Development, but may not be mortgaged by the respective Zendai Investment and Zendai Development; and
 - e. Only once ownership passes, will all the rights of transfer and mortgage of the leased properties (be transferred, used, leased, or mortgaged) be available to Zendai Investment and Zendai Development.
4. For the valuation of the land, we have made reference to several market evidence of similar property in the locality which are in the region of ZAR54-546 per sq.m.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**Interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

Name of Directors/ chief executives	Capacity and nature of interest	Number of Shares/ underlying Shares	Approximate percentage of issued capital
Mr. Tang Jian	Beneficial owner	10,000,000 (L)	0.07%
Mr. Tang Jian (<i>Note</i>)	Beneficial owner	124,000,000 (L)	0.83%

(L) denotes long position

Note:

These Shares represent the Shares to be allotted and issued upon the exercise of share options granted.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest of short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors nor their respective associates had any business which competes or may compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has been, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up), and up to the Latest Practicable Date, acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had a material interest, either directly or indirectly, in any subsisting contract or arrangement of significance to the business of the Group to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the sale and purchase agreement dated 16 July 2015 entered into between 海門証大濱江置業有限公司 (Haimen Zendai Binjiang Properties Company Limited*, “Haimen Zendai”), a wholly-owned subsidiary of the Company, 蕪湖歌斐証瑞投資中心(有限合夥) (Wuhu Gefei Zhengrui Investment Centre (limited partnership)) and 北京永利時代投資控股有限責任公司 (Beijing Yongli Shidai Investment Holding Company Limited*) in relation to, among other things, the disposal of the 73% of the issued share capital of 廊坊市証合泰房地產開發有限公司 (Langfang Zhenghetai Property Development Company Limited*) by Haimen Zendai at a consideration of RMB127.00 million, as disclosed in the Company’s announcement dated 16 July 2015;
- (ii) the respective equity transfer agreements dated 12 August 2015 (as supplemented) entered into between 南京立方置業有限公司 (Nanjing Lifang Property Company Limited*) as the purchaser, a company indirectly owned as to 80% by the Company, and 南京臨江老城改造建設投資有限公司 (Nanjing Linjiang Old Town Renovation Construction and Investment Co., Ltd*) as the seller, for the acquisition of the entire registered capital of target companies namely 南京喜瑪拉雅置業有限公司 (Nanjing Himalayas Real Estate Company Limited*), 南京証大寬域置業有限公司 (Nanjing Zendai Kuanyu Real Estate Company Limited*), 南京大拇指商業發展有限公司 (Nanjing Thumb Development Company Limited*), 南京水清木華置業有限公司 (Nanjing Shuiqingmuhua Real Estate Company Limited*), 南京麗笙置業有限公司 (Nanjing Radisson Real Estate Company Limited*) and 南京証大三角洲置業有限公司 (Nanjing Zendai Delta Real Estate Company Limited*), and the respective sale loans owing by the aforesaid target companies to the seller, at an aggregate consideration of approximately RMB4,513.61 million, as disclosed in the Company’s announcement dated 25 August 2015 and the Company’s circular dated 24 September 2015;

- (iii) the discloseable transaction of the Company entered into on 17 November 2015 by 江蘇証大商業文化發展有限公司 (Jiangsu Zendai Commercial Cultural Development Company Limited*), a wholly-owned subsidiary of the Company, who succeeded in the judicial auctions for the acquisition of 375 residential units with a total floor area of approximately 20,591.91 square metres in Building 1 of NO. 153 Long Pan Zhong Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC and 90 residential units with a total floor area of approximately 5,714.49 square metres in Building 2 of NO. 153 Long Pan Zhong Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC, at a total consideration of RMB343.58 million, as disclosed in the Company's announcement dated 19 November 2015;
- (iv) the discloseable transaction of the Company entered into on 18 October 2016 by 上海証大置業有限公司 (Shanghai Zendai Real Estate Co., Ltd.*), a wholly-owned subsidiary of the Company, who succeeded in the public auction for the acquisition of 50% equity interest and the sale loan of 文廣証大南通文化投資發展有限公司 (Wenguang Zendai Nantong Cultural Investment & Development Co., Ltd*), a joint venture company established in the PRC, at a total consideration of RMB177.60 million, as disclosed in the Company's announcement dated 18 October 2016; and
- (v) the Sale and Purchase Agreement.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or advice which are contained in this circular:

Name	Qualifications
AVISTA Valuation Advisory Limited	An independent valuer
Edward Nathan Sonnenbergs	A South Africa legal adviser

The above experts have given and have not withdrawn their respective written consent to the issue of this circular with the inclusion of their letter and/or reference to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which had been, since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The secretary of the Company and the qualified accountant of the Company is Mr. Wong Ngan Hung, who is a member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal place of business of the Company in Hong Kong is situated at 59/F, Bank of China Tower, 1 Garden Road, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at 59/F, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours, except Saturdays and public holidays, from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for each of the financial years ended 31 December 2014 and 31 December 2015 and the interim report of the Company for the six months ended 30 June 2016, respectively;
- (c) the letter and valuation certificate relating to the Properties prepared by AVISTA Valuation Advisory Limited, the texts of which are set out in Appendix II to this circular;
- (d) the material contracts referred to in the paragraph headed "8. MATERIAL CONTRACTS" in this appendix;
- (e) the written consents referred to in the paragraph headed "9. EXPERTS AND CONSENTS" in this appendix; and
- (f) this circular.

NOTICE OF SGM



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (the “**SGM**”) of Shanghai Zendai Property Limited (the “**Company**”) will be held at 7/F, Nexxus Building, 41 Connaught Road Central, Hong Kong on Thursday, 9 February 2017 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 3 December 2016 (the “**Sale and Purchase Agreement**”) entered into between Zendai (South Africa) Proprietary Limited as seller (the “**Seller**”) and JR 209 Investments Proprietary Limited as purchaser, in relation to the disposal of (i) the entire issued share capital of each of Zendai Capital Proprietary Limited, Zendai Development (South Africa) Proprietary Limited (“**Zendai Development**”) and Zendai Investment Management (South Africa) Proprietary Limited (“**Zendai Investment**”); and (ii) the sale loans to be converted into South Africa Rand and to be acquired by the Seller from the Company, comprising the total amount of loans advanced by the Company to Zendai Development and Zendai Investment, plus the respective interest thereon (a copy of the Sale and Purchase Agreement marked “A” and signed by the chairman of the SGM for identification purpose having been produced to the SGM), and the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed; and

NOTICE OF SGM

- (b) any director of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated under the Sale and Purchase Agreement.”

By Order of the Board
Shanghai Zendai Property Limited
Li Li Hua
Executive Director

Hong Kong, 19 January 2017

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal place of business in Hong Kong:

59/F, Bank of China Tower,
1 Garden Road,
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a certified copy of such power of attorney must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. In the case of joint holders, the vote of the senior who tenders a vote, whether present in person or by proxy, will be accepted to the exclusion of the vote(s) of other joint holder(s), and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

As at the date of this notice, the executive Directors are Mr. Zhang Chenguang, Mr. Zhong Guoxing, Dr. Wang Hao and Ms. Li Li Hua. The non-executive Directors are Mr. Gong Ping and Mr. Pan Wen. The independent non-executive Directors are Mr. Lai Chik Fan, Mr. Li Man Wai, Mr. Chow, Alexander Yue Nong and Dr. Xu Changsheng.

* *For identification purpose only*