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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

ACQUISITION OF EQUITY INTEREST OF COMPANY WHICH HELD A LAND PARCEL IN HAINAN, THE PRC

A letter from the board of directors of Shanghai Zendai Property Limited is set out on pages 3 to 6 of this circular.

* *for identification purpose only*

21 January 2008

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of 100% of the shareholding interest in the Target Company pursuant to the terms and conditions of the Agreement
“Agreement”	an agreement in relation to the Acquisition dated 2 January 2008 (in Chinese) entered into between the Company and the Vendor
“Board”	the executive directors of the Company
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hainan Huayi Land”	(海南華意置業有限公司) (Hainan Huayi Land Company Limited), a company established in the PRC with limited liability which is a property project company
“Hong Kong”	Hong Kong Special Administration Region of the PRC
“Land”	a parcel of land located in Chenmai County, Hainan, the PRC with a total site area of approximately 1,309,563 square metre
“Latest Practicable Date”	18 January 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	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

DEFINITIONS

“PRC GAAP”	generally accepted accounting rules and regulations in the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.02 in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Meiyi International Limited, a limited company incorporated in the British Virgin Islands with a paid-up capital of US\$1.0
“Vendor”	Mr. Zhang Shaoxia
“Working Day”	a day other than a Saturday or Sunday or any public holidays in the PRC
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“US dollar” or “US\$”	United States dollars
“%”	per cent.

For the purpose of this circular, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars are based on the approximately exchange rates of RMB0.9333 = HK\$1.00.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Dai Zhikang (*Chairman*)

Mr. Fang Bin

Mr. Zhang Wei

Mr. Lu Puling

Mr. Wang Xiangang

Mr. Tang Jian

Mr. Ye Wenbin

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal
place of business:*

Unit 6108, The Center

99 Queen's Road Central

Hong Kong

Independent non-executive Directors:

Mr. Lo Mun Lam, Raymond

Mr. Lai Chik Fan

Dr. Tse Hiu Tung, Sheldon

21 January 2008

*To the Shareholders and, for information only, holders of
the convertible notes of the Company*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF EQUITY INTEREST OF COMPANY WHICH HELD A LAND PARCEL IN HAINAN, THE PRC

INTRODUCTION

On 2 January 2008 the Company entered into the Agreement with the Vendor pursuant to which the Company has agreed to purchase 100% of the shareholding interests in the Target Company from the Vendor for a consideration of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000). Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

* *for identification purpose only*

LETTER FROM THE BOARD

1. Parties to the Agreement

- a. the Vendor (to the best of the Directors' knowledge, information and beliefs having made all reasonable enquiry, the Vendor is a third party independent of the Company and the connected persons of the Company); and
- b. the Company.

2. Consideration and payment terms

The consideration for the Acquisition of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement with reference to among other things, (1) the location and development potential of the Land which is owned by Hainan Huayi Land, a 60% owned subsidiary of the Target Company, details of which are set out in the paragraph headed "Background of the Target Company and Hainan Huayi Land" below and (2) the unaudited net asset value of Hainan Huayi Land (prepared in accordance with PRC GAAP) of approximately RMB351,079,000 (equivalent to approximately HK\$376,170,000) as at 31 December 2007. The consideration will be payable in US dollars and in cash.

The consideration for the Acquisition of not more than RMB206,260,000 (equivalent to approximately HK\$221,001,000) represents the maximum consideration payable by the Company. The actual consideration payable will be determined by deducting 60% of the unaudited total liabilities of Hainan Huayi Land (prepared in accordance with PRC GAAP) upon completion (with reference to the Target Company's equity interests in Hainan Huayi Land) from the consideration of RMB206,260,000 (equivalent to approximately HK\$221,001,000). According to the Vendor, the unaudited total liabilities of Hainan Huayi Land amounted to approximately RMB426,663 (equivalent to approximately HK\$457,155) as at 31 December 2007.

The Board intends to finance the consideration of RMB206,260,000 (equivalent to approximately HK\$221,001,000) by the Group's internal resources. Pursuant to the Agreement, the consideration for the Acquisition will be payable to the Vendor as to:

1. RMB80,000,000 (equivalent to approximately HK\$85,717,000) before 31 January 2008;
2. RMB60,000,000 (equivalent to approximately HK\$64,288,000) before 30 June 2008; and
3. the remaining balance of not more than RMB66,260,000 (equivalent to approximately HK\$70,995,000) before 31 December 2008.

LETTER FROM THE BOARD

3. Completion of the Acquisition

Completion of the Acquisition will take place on the day upon (i) the approval of board of directors and/or shareholders of the Target Company on the Acquisition and (ii) completion of registration of the transfer of 100% shareholding interests in the Target Company from the Vendor to the Company from the relevant governmental authorities.

BACKGROUND OF TARGET COMPANY AND HAINAN HUAYI LAND

The Target Company is an investment holding company the sole asset of which is 60% shareholding interests in Hainan Huayi Land. No accounts has been prepared for the Target Company as it was set up for the purpose of holding 60% shareholding interest in Hainan Huayi Land. According to the Vendor, the Target Company does not have any liabilities. Hainan Huayi Land is a property development project company established in Hainan, the PRC with paid-up registered capital of RMB88,000,000 (equivalent to approximately HK\$94,289,000) and is owned as to 60% by the Target Company and 40% by a third party independent of the Company and the connected persons of the Company respectively.

The major asset of Hainan Huayi Land is a parcel of land located in Chenmai County (澄邁縣), Hainan, the PRC. Chenmai County is in the Northwestern part of Hainan and is adjacent to Haikou (海口市), the capital of Hainan. The Land is on the costal line of Qiongzhou Strait (瓊州海峽), making it one of the best location for leisure, commercial and residential development in Hainan. The Land has a total site area of 1,309,563 square metre and Hainan Huayi Land has obtained all the relevant land use right certificates. According to the Vendor, Hainan Huayi Land has not commenced any development on the Land and has no material financial commitment as at the Latest Practicable Date.

According to the unaudited management accounts of Hainan Huayi Land (prepared in accordance with PRC GAAP), Hainan Huayi Land recorded net losses of approximately RMB13,000 (equivalent to approximately HK\$14,000) and approximately RMB124,000 (equivalent to approximately HK\$133,000 for the two years ended 31 December 2007 respectively. The unaudited net asset value as at 31 December 2006 and 31 December 2007 were approximately RMB88,362,000 (equivalent to approximately HK\$94,677,000) and approximately RMB351,079,000 (equivalent to approximately HK\$376,170,000) respectively.

REASONS FOR THE ACQUISITION

The Group is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties located in Shanghai and selected cities in the Yangtze River Delta and Northeast China. The Group currently has nine projects under various stages of development located in Shanghai, Haimen, Yangzhou, Haikou, Changchun and Jilin.

LETTER FROM THE BOARD

The Group is committed to pursuing promising integrated commercial and residential property projects in Shanghai and other cities. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to shareholders. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. The Board is of the view that acquisition of the Target Company will enable the Group to increase its land reserve in Hainan, one of the major provinces in the PRC. Given the location of the Land, the Group intends to develop the Land into leisure-related commercial property and residential property projects including, but not limited to, hotels, villas and other related facilities. The Board is of the view that the Land is of good development potential and will enhance the Group's profitability in the future.

The Board is of the view that the Acquisition will have no material effect on the earnings, assets and liabilities of the Company. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

DISCLOSEABLE TRANSACTION

The Acquisition constitutes discloseable transaction of the Company under the Listing Rules. The Acquisition is subject to the requirements of announcement and circular under the Listing Rules.

Your attention is also drawn to the further information contained in the Appendix to this circular.

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

GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would made any statement herein misleading.

2. DIRECTORS' INTERESTS

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 Companies were as follows:

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Dai Zhikang	2,733,990,000(L)	Interests of controlled corporation (<i>Note</i>)	39.04%
Fang Bin	50,000,000(L)	Beneficial interests	0.71%
Zhang Wei	50,000,000(L)	Beneficial interests	0.71%
Lu Puling	30,000,000(L)	Beneficial interests	0.43%
Wang Xiangang	20,000,000(L)	Beneficial interests	0.29%
Tang Jian	10,000,000(L)	Beneficial interests	0.14%
Ye Wenbin	5,000,000(L)	Beneficial interests	0.07%

(L) denotes long position

Note: All of these interests represent long positions. Dai Zhikang is the beneficial owner of the entire issued share capital of Giant Glory, and is therefore deemed to be interested in 2,733,990,000 Shares held by Giant Glory pursuant to the SFO.

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 for Securities Transaction by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

GENERAL INFORMATION

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which had since 31 December 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any options in respect of such capital were:

Name	Nature of interests	Number of issued ordinary shares of the Company held	Number of underlying shares held under equity derivatives	Approximate percentage of the issued share capital
Giant Glory Assets Limited (<i>Note 1</i>)	Beneficial interests	2,733,990,000(L)	–	39.04%
China Alliance Properties Limited (<i>note 2</i>)	Beneficial interests	600,000,000(L)	–	8.57%
Shanghai Forte Land Co., Ltd. (<i>note 2</i>)	Interests of controlled corporation	600,000,000(L)	–	8.57%
Shanghai Fosun High Technology (Group) Company Limited (<i>note 2</i>)	Interests of controlled corporation	600,000,000(L)	–	8.57%
Fosun International Limited (<i>note 2</i>)	Interests of controlled corporation	600,000,000(L)	–	8.57%

GENERAL INFORMATION

Name	Nature of interests	Number of issued ordinary shares of the Company held	Number of underlying shares held under equity derivatives	Approximate percentage of the issued share capital
Fosun Holdings Limited (<i>note 2</i>)	Interests of controlled corporation	600,000,000(L)	–	8.57%
Fosun International Holdings Limited (<i>note 2</i>)	Interests of controlled corporation	600,000,000(L)	–	8.57%
Guo Guangchang (<i>note 2</i>)	Interests of controlled corporation	600,000,000(L)	–	8.57%
Honour Great Holdings Limited (<i>Note 3</i>)	Beneficial interests	538,130,000(L)	–	7.68%
Ms. Liu Lijuan (<i>Note 3</i>)	Interests of controlled corporation	538,130,000(L)	–	7.68%
Value Partners Limited (<i>Note 4</i>)	Investment manager	99,995,000(L)	265,833,333(L)	5.22%
Value Partners Group Limited (<i>Note 4</i>)	Interests of controlled corporation	99,995,000(L)	265,833,333(L)	5.22%
Cheah Capital Management Limited (<i>Note 4</i>)	Interests of controlled corporation	99,995,000(L)	265,833,333(L)	5.22%
Cheah Company Limited (<i>Note 4</i>)	Interests of controlled corporation	99,995,000(L)	265,833,333(L)	5.22%
Hang Seng Bank Trustee International Limited (<i>Note 4</i>)	Trustee	99,995,000(L)	265,833,333(L)	5.22%

GENERAL INFORMATION

Name	Nature of interests	Number of issued ordinary shares of the Company held	Number of underlying shares held under equity derivatives	Approximate percentage of the issued share capital
Cheah Cheng Hye (Note 4)	Interests of controlled corporation and person who has set up discretionary trust	99,995,000(L)	265,833,333(L)	5.22%
To Hau Yin (Note 4)	Interests of spouse	99,995,000(L)	265,833,333(L)	5.22%

(L) denotes long position

Note 1. These Shares are the same as the deemed interest of Dai Zhikang as referred to in the note under the section headed "Directors' interests" above.

The table below shows the position of the Directors in Giant Glory Assets Limited as at the Latest Practicable Date:

Name	Position
Dai Zhikang	director
Tang Jian	director

Note 2. Guo Guangchang has 58% control of Fosun International Holdings Limited, which has 100% control of Fosun Holdings Limited, which has 77.67% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which has 47.12% control of Shanghai Fortei Land Co., Limited, which has 100% control of China Alliance Properties Limited.

Note 3. Ms. Liu Lijuan is the beneficial owner of the entire issued share capital of Honour Great Holdings Limited and therefore is deemed to be interested in the Shares held by Honour Great Holdings Limited pursuant to the SFO.

Note 4. Interests in these 365,828,333 Shares include derivative interests in 265,833,333 Shares. Hang Seng Bank Trustee International Limited has 100% control of Cheah Company Limited, which has 100% control of Cheah Capital Management Limited, which has 35.65% control of Value Partners Group Limited, which in turn has 100% control of Value Partners Limited. Mr. Cheah Cheng Hye also has 100% control of Cheah Capital Management Limited and founder of the C H Cheah Family Trust. To Hau Yin is the spouse of Cheah Cheng Hye.

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

Save as disclosed herein, none of the Directors or the chief executive of the Company were aware of any person (other than a Director or the chief executive of the Company or a member of the Group) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any options in respect of such capital as at the Latest Practicable Date.

GENERAL INFORMATION

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries 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 the Company or any of its subsidiaries.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing and proposed service contract between any of the Directors and any member of the Group (excluding contracts which may expire or be terminated by the employer within one year without payment of compensation (other than statutory compensation)).

6. COMPETING INTEREST

Shanghai Zendai Investment Development Company Limited was beneficially owned as to approximately 60% by Mr. Dai Zhikang, an executive Director and the chairman of the Company, approximately 20% by Dai Mocao , approximately 15% by Zhu Nansong and approximately 5% by Dai Zhixiang, as at the Latest Practicable Date. Mr. Dai Zhikang is also a director of Shanghai Zendai Investment Development Company Limited.

Shanghai Zendai Investment Development Company Limited is principally engaged in investment management and property related business. In view of the nature of business of Shanghai Zendai Investment Development Company Limited, it may potentially compete with the Group's business.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group.

7. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited consolidated accounts of the Group had been made up.

GENERAL INFORMATION

8. GENERAL

- (a) The secretary of the Company is Mr. Tso Shiu Kei Vincent, a solicitor of the High Court of the Hong Kong. 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 at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its head office and principal place of business in Hong Kong is at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.