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SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 755)

DISCLOSEABLE TRANSACTION SUPPLEMENTAL AGREEMENT IN RELATION TO THE DISPOSAL OF A NON WHOLLY OWNED SUBSIDIARY

Reference is made to the announcement of the Company dated 16 July 2015 (the “**Announcement**”) in relation to the Disposals. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

On 9 October 2015, after trading hours of the Stock Exchange, the Zendai Vendor, a wholly-owned subsidiary of the Company, and the Gefei Vendor entered into a supplemental agreement to the Sale and Purchase Agreement (the “**Supplemental Agreement**”) with the Purchaser to amend certain terms of the Sale and Purchase Agreement. The principal amendments contemplated under the Supplemental Agreement are set out as follows:

- (a) the amount of the Zendai Sale Shares has been reduced from 73% to 46% of the issued share capital of the Target Company (the “**Revised Zendai Sale Shares**”); and
- (b) the Zendai Consideration has been reduced proportionately to the reduction in the amount of the Zendai Sale Shares from RMB127.00 million (equivalent to approximately HK\$153.67 million) to RMB80.00 million (equivalent to approximately HK\$96.80 million) (the “**Revised Zendai Consideration**”) for the disposal of the Revised Zendai Sale Shares (the “**Revised Zendai Disposal**”), leading to a change in the aggregated amount of the considerations for the Revised Zendai Disposal and the Gefei Disposal from RMB216.00 million (equivalent to approximately HK\$261.36 million) to RMB169.00 million (equivalent to approximately HK\$204.49 million).

The amendments as mentioned in (a) and (b) above were arrived at after arm’s length negotiations among the Zendai Vendor, the Gefei Vendor and the Purchaser.

As at the date of this announcement, RMB30.00 million (equivalent to approximately HK\$36.30 million) of the Revised Zendai Consideration has been paid by the Purchaser and has been held on escrow in the Escrow Account, leading to a remaining balance of RMB50.00 million (equivalent to approximately HK\$60.50 million) (the “**Remaining Balance**”) to be payable by the Purchaser to the Zendai Vendor.

Pursuant to the Sale and Purchase Agreement as amended by the Supplemental Agreement, the Remaining Balance shall be paid by the Purchaser to the Escrow Account (and shall be held in escrow) within five business days upon the satisfaction of the following conditions: (i) the Target Company having duly completed the registration of pledge over its construction in progress in the name of the Investor Trust in accordance with the Financing Agreements; (ii) the Investor Trust having granted the Entrusted Loan to the Target Company; and (iii) the Gefei Vendor having provided the written approval or written consent on the Revised Zendai Disposal. Within ten business days upon the payment of the Remaining Balance by the Purchaser to the Escrow Account, the Zendai Vendor shall make a submission to the relevant commercial and administrative authority and transfer the Revised Zendai Sale Shares to the name of the Purchaser. The Remaining Balance will be released by the Purchaser together with the abovementioned RMB30.00 million within three days upon such submission by the Zendai Vendor.

If the grant of the Entrusted Loan by the Investor Trust to the Target Company is later than 31 October 2015, the upward adjustment to the Gefei Consideration by RMB50,000 for every day of delay referred to in the “Adjustment to the Zendai Consideration and the Gefei Consideration” section in the Announcement will be increased to RMB55,000 for every day of delay, with effect from 1 November 2015 until the full payment of the Gefei Consideration and the settlement of the Gefei’s Loan together with the interest accrued thereto by the Target Company.

As disclosed in the Announcement and prior to Completion, the Zendai Vendor and the Gefei Vendor are entitled to 63% and 37% of the profit of the Target Company respectively. Upon completion of the Revised Zendai Disposal but prior to the payment of the Gefei Consideration and the settlement of the Gefei’s Loan together with the interest accrued thereto by the Target Company, it is agreed in the Supplemental Agreement that the Zendai Vendor, the Purchaser and the Gefei Vendor shall be entitled to 23.3%, 39.7% and 37% of the profit of the Target Company respectively.

Save for the aforesaid amendments, all other major terms and conditions of the Sale and Purchase Agreement shall remain unchanged.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

To facilitate the procurement of funding required for the Entrusted Loan and a smooth completion of the disposals by the Zendai Vendor and the Gefei Vendor, the parties to the Sale and Purchase Agreement decided that, after arm’s lengths negotiations among the Zendai Vendor, the Gefei Vendor and the Purchaser, it is beneficial for the Zendai Vendor to retain a minority interest in the Target Company and therefore the Supplemental Agreement should be entered into.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and will become a joint venture of the Company, the equity interests of which will be held as to 27% and 73% by the Zendai Vendor and the Purchaser respectively, whereas the Gefei Vendor will no longer be interested in the issued share capital of the Target Company. Immediately upon Completion, the Zendai Vendor and the Purchaser will be entitled to 27% and 73% of the profit of the Target Company respectively, which will correspond with their respective shareholding in the Target Company. The net proceeds from the Revised Zendai Disposal, being the Revised Zendai Consideration net of relevant expenses, are estimated to be approximately RMB80.00 million (equivalent to approximately HK\$96.80 million). The Company intends to apply such net proceeds from the Revised Zendai Disposal for general working capital purpose. The unaudited capital gain arising from the Revised Zendai Disposal is expected to be approximately RMB34.71 million (equivalent to approximately HK\$42.00 million), representing the difference between the

net proceeds of approximately RMB80.00 million (equivalent to approximately HK\$96.80 million) and the carrying amount of the Revised Zendai Sale Shares of approximately RMB45.29 million (equivalent to approximately HK\$54.80 million) based on the unaudited net assets of the Target Group as at 30 April 2015 before the revaluation of the major assets of the Target Group, being the Land Parcel A together with all properties under development erected thereon and the Land Parcel B. Shareholders should note that the actual amount of the gain on the Revised Zendai Disposal to be recognised in the consolidated financial statements of the Group will depend on the net asset value of the Target Company as at the date of the Completion and therefore may be different from the amount mentioned above.

Taking into account the aforesaid, the Board considers that the entering into of the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole, and that the terms of the Revised Zendai Disposal contemplated under the Sale and Purchase Agreement as amended by the Supplemental Agreement are on normal commercial terms and are fair and reasonable.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Revised Zendai Disposal is above 5% but all are less than 25%, the Revised Zendai Disposal contemplated under the Sale and Purchase Agreement as amended by the Supplemental Agreement remains to be a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and therefore remains to be subject to the reporting and announcement requirements under the Listing Rules.

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

Hong Kong, 9 October 2015

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

For the purpose of this announcement, unless otherwise specified, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB1.00 = HK\$1.21. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ and RMB have been, could have been or may be converted at such rate or any other exchange rate.

* *For identification purpose only*