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If you have sold or transferred all your shares in Shanghai Zendai Property Limited, you should at once hand this circular, to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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 AND CONNECTED TRANSACTIONS
INVOLVING
THE FORMATION OF THE JV
AND
THE PROVISION OF THE FORTE PLEDGE AND THE ZENDAI LOAN**

Financial adviser to the Company



*Independent financial adviser to
the Independent Board Committee and the Independent Shareholders*



A notice convening the SGM to be held at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong at 10:00 a.m. on Thursday, 10 June 2010 is set out on pages 35 to 36 of this circular. A letter from Goldin Financial, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's Hong Kong branch share registrars, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from subsequently attending and voting at the meeting or any adjournment thereof if you so wish.

* for identification purpose only

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DEFINITIONS

Unless otherwise stated, the following words and phrases have the following meanings in this announcement:

”associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the formation of the JV
“connected person(s)”	has the meaning ascribed to it under Chapter 1 of the Listing Rules and as extended by Chapter 14A of the Listing Rules
“Director(s)”	the director(s) of the Company
“Forte Agreement”	the joint venture agreement dated 25 April 2010 entered into between the Company and Shanghai Forte Land in relation to the formation of the JV
“Forte Loan”	the provision of the JV Shareholders’ Loan by Shanghai Forte Land to the JV
“Forte Pledge”	the pledge of 45% of the total issued shares of Shanghai Zendai Himalayas by the Company to Shanghai Forte Land pursuant to the Forte Agreement
“Goldin Financial”	Goldin Financial Limited, a corporation licensed to conduct type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Agreements, the Forte Pledge and the Zendai Loan
“Greentown”	杭州綠城置業投資有限公司 (Hangzhou Greentown Land Investment Co., Ltd.)*, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Greentown Holdings

DEFINITIONS

“Greentown Agreement”	the joint venture agreement dated 25 April 2010 entered into between the Company and Greentown in relation to the formation of the JV
“Greentown Holdings”	Greentown China Holdings Limited (綠城中國控股有限公司)*, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee comprising all independent non-executive Directors formed to advise on the terms of the JV Agreements, the Forte Pledge and the Zendai Loan
“Independent Shareholder(s)”	Shareholder(s) other than Shanghai Forte Land and its associates
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of the Company and its connected persons
“JV”	the joint venture enterprise to be formed in the PRC pursuant to the JV Agreements
“JV Agreements”	collectively, the Forte Agreement, the Greentown Agreement and the Panshi Agreement
“JV Board”	the board of directors of the JV
“JV Shareholders’ Loan(s)”	the shareholders’ loan(s) to be provided by the Company, Shanghai Forte Land, Greentown and Panshi to the JV pursuant to the JV Agreements
“Latest Practicable Date”	24 May 2010, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Obtaining of Development Right for the First Project”	The signing by the JV of a formal state-owned land use right transfer agreement or the completion by the JV of the acquisition of the controlling interest in an investment target company and the registration by the relevant administration department for industry and commerce of the JV as the shareholder of the said company
“Panshi”	上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Co., Ltd.)*, a limited liability company established under the laws of the PRC
“Panshi Agreement”	the joint venture agreement dated 25 April 2010 entered into between the Company and Panshi in relation to the formation of the JV
“Parties”	the parties to the JV Agreements, being the Company, Shanghai Forte Land, Greentown and Panshi
“PRC”	the People’s Republic of China which for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the JV Agreements, the provision of the Forte Pledge and the Zendai Loan
“Shanghai Forte Land”	復地(集團)股份有限公司 (Shanghai Forte Land Co., Ltd.)*, a substantial Shareholder which is a sino-foreign joint stock company incorporated in the PRC with limited liability and whose H shares are listed and traded on the main board of the Stock Exchange
“Shanghai Zendai Himalayas”	上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)*, a limited liability company established under the laws of the PRC
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiaries”	has the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Zendai Loan”	the provision of the JV Shareholders’ Loan by the Company to the JV
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* *for identification purpose only*

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:

MA Chengliang (*Chairman*)
WANG Fujie
DAI Zhikang
ZHU Nansong
FANG Bin
WU Yang
ZHOU Yan
TANG Jian

Non-executive Directors:

WANG Zhe
ZHANG Hua
LIU Zhiwei

Independent non-executive Directors:

LO Mun Lam Raymond
LAI Chik Fan
TSE Hiu Tung, Sheldon

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Principal place of business
in Hong Kong:*

Unit 6108, The Center
99 Queen's Road Central
Hong Kong

26 May 2010

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTIONS
INVOLVING
THE FORMATION OF THE JV
AND
THE PROVISION OF THE FORTE PLEDGE AND THE ZENDAI LOAN**

INTRODUCTION

On 25 April 2010, the Company entered into the Forte Agreement, the Greentown Agreement and the Panshi Agreement with each of Shanghai Forte Land, Greentown and Panshi respectively, pursuant to which the Parties agreed to establish the JV to engage in the business as described in the paragraph headed "Scope of business of the JV" below, subject to the terms and conditions contained therein.

* *for identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information in relation to, among other things, (i) details of the JV Agreements, the Forte Pledge and the Zendai Loan; (ii) letter from the Independent Board Committee to the Independent Shareholders in relation to the JV Agreements, the Forte Pledge and the Zendai Loan; (iii) letter of advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders in relation to the JV Agreements, the Forte Pledge and the Zendai Loan; (iv) other information as required under the Listing Rules; and (v) the notice of the SGM.

PRINCIPAL TERMS OF THE JV AGREEMENTS

The principal terms of the JV Agreements are set out below:

Scope of business of the JV

The JV will principally engage in property development and investment on projects located in Shanghai, the PRC, to be recommended by the Company.

As at the Latest Practicable Date, the Company has not determined which projects it will recommend to the JV.

Registered capital

The registered capital of the JV will be RMB\$1,000 million. The Company, Shanghai Forte Land, Greentown and Panshi will contribute RMB500 million, RMB300 million, RMB100 million and RMB100 million in cash respectively, representing 50%, 30%, 10% and 10% respectively of the total registered capital of the JV upon Completion which are in proportion to their respective equity interests in the JV. Such amount of registered capital is determined after arm's length negotiations between the Company and the respective Parties taken into consideration the capital which may be required for scaled property development/investment projects. Notwithstanding that the Company has not determined which projects it will recommend to the JV, it considers that the commitment of the capital at this stage and of such scale is commercially reasonable as such scale of capital is essential for participation in property development/investment projects of reasonable sizes in Shanghai. The pooling of funds by means of the formation of the JV would allow sharing of the liquidity among the shareholders of the JV which will be beneficial to each of them in the business of property development/investment in Shanghai.

Upon Completion, the JV will be owned as to 50%, 30%, 10% and 10% by the Company, Shanghai Forte Land, Greentown and Panshi respectively and the JV will be treated as an associated company of the Company upon Completion. Pursuant to the JV Agreements, each of the Parties is entitled to nominate its subsidiary incorporated in the PRC to be registered as shareholder of the JV.

The total capital commitment of the Company under the JV Agreements, including the contribution to the registered capital and the Zendai Loan, is RMB1,500 million. Apart from the contributions to the registered capital, the JV Shareholders' Loans and the Forte Pledge, none of the Parties has any capital commitment, guarantee and indemnity in connection with the establishment of the JV.

LETTER FROM THE BOARD

Board composition of the JV

The JV Agreements have not provided for the composition of the JV Board. The Parties intend that the JV Board shall comprise 10 directors, of which the Company, Shanghai Forte Land, Greentown and Panshi will be entitled to nominate 5 members, 3 members, 1 member and 1 member respectively.

Projects approval

The development or investments of any project by the JV and the relevant consideration are required to be approved by two-thirds or more of the voting rights of the shareholders of the JV. The funds contributed by the Parties under the JV Agreements shall invest only in the projects to be approved in such manner.

Share of profit/loss

The Parties will share the profit/loss of the JV in proportion to their respective equity interests in the JV.

JV Shareholders' Loans

Upon Completion, the Company, Greentown and Panshi will provide the JV Shareholders' Loans in the amounts of RMB1,000 million, RMB858 million and RMB187.3 million respectively in cash to the JV.

Interests to be paid by the JV for the JV Shareholders' Loans will be at normal commercial interest rates or better, in favour of the JV.

Pursuant to the Forte Agreement, Shanghai Forte Land shall provide the Forte Loan in the amount of RMB2,572 million, of which RMB1,300 million shall be provided within 3 days from Completion. Should the JV fail to raise fund in its own capacity, Shanghai Forte Land shall provide the balance of the Forte Loan of RMB1,272 million before 31 August 2010.

Should the JV fail to raise fund in its own capacity and that Shanghai Forte Land fail to provide the balance of the Forte Loan of RMB1,272 million before 31 August 2010, Shanghai Forte Land shall be required to transfer 10% equity interest in the JV to Greentown at a consideration of RMB100 million, in which case (i) Greentown shall be responsible for the provision of a RMB858 million JV Shareholders' Loan in addition to the RMB858 million originally agreed to be provided by it, and (ii) Shanghai Forte Land shall still be required to provide RMB414 million of the Forte Loan out of the balance of RMB1,272 million.

Should the funds contributed by the Parties under the JV Agreements be insufficient for the projects of the JV, the shortfall shall be raised by the JV itself.

The Forte Pledge

Pursuant to the Forte Agreement, the Company will procure 45% of the total issued shares of Shanghai Zendai Himalayas, representing the entire equity interests of the Company in Shanghai Zendai Himalayas, to be pledged to Shanghai Forte Land. The Forte Pledge is

LETTER FROM THE BOARD

provided with a view to safeguard the interest of Shanghai Forte Land in case the JV is unable to confirm and complete the Obtaining of the Development Right for the First Project within nine (9) months from the date of the JV Agreement.

The Forte Pledge will be released upon the Obtaining of the Development Right for the First Project.

Shanghai Zendai Himalayas is a limited liability company established under the laws of the PRC. Its assets comprise mainly of “Himalayas Center”, an integrated commercial property project located at Fandian Road, Pudong New Area in Shanghai, the PRC. The unaudited net assets value attributable to the 45% equity interest of the Company in Shanghai Zendai Himalayas was approximately RMB248.37 million as at 31 December 2009. Further details of Shanghai Zendai Himalayas are disclosed in the paragraph headed “Himalayas Centre” in the Chairman’s Statement contained in the annual report of the Company for the year ended 31 December 2009.

Conditions precedent to completion of the JV Agreements

Completion of the JV Agreements are subject to, among other things, the Company having obtained approvals by the Independent Shareholders at the SGM in respect of the JV Agreements and the transactions contemplated thereunder.

If the JV has not confirmed and completed the Obtaining of Development Rights for the First Project within nine (9) months from the date of the JV Agreements, the Parties are entitled to request the recouping of the capital contributions and the JV Shareholders’ Loans contributed under the JV Agreements by all legal means.

Completion of each of the JV Agreements is not inter-conditional upon completion of the other JV Agreements.

REASONS FOR ENTERING INTO THE JV AGREEMENTS, THE PROVISION OF THE FORTE PLEDGE AND THE ZENDAI LOAN

The Company is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties in the PRC. The Group currently has property projects under development in 12 cities which are located in the three regions including northern China, Shanghai city and its surroundings and Hainan province. The Group is committed to pursuing promising integrated commercial and residential property projects in the PRC. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to the Shareholders.

The Group sees great potential in the property development and investment business in Shanghai and considers that the establishment of the JV would allow the pooling of funds for projects of larger scale. The establishment of the JV is in line with the business strategy of the Group and is in the Group’s usual and ordinary course of business. The Company intends to finance its investment in the JV by the Group’s internal resources.

LETTER FROM THE BOARD

The Forte Pledge was determined after arm's length negotiation between the Company and Shanghai Forte Land taken into account the scale of the Forte Loan. The Company agreed to provide the Forte Pledge with a view to safeguard the interest of Shanghai Forte Land in case the JV is unable to confirm and complete the Obtaining of the Development Right for the First Project within nine (9) months from the date of the JV Agreement, as it is reasonable for Shanghai Forte Land to request the same on the basis that the proportion of the Forte Loan over the entire JV Shareholders' Loan is higher than the proportional equity interest of Shanghai Forte Land in the JV while the Company is the single largest shareholder of the JV leading the initiation and future operation of the JV.

The amount of the Zendai Loan was determined after arm's length negotiation between the Parties taken into account the resources of the Company and the JV Shareholders' Loan to be provided by the other Parties. The Company considered that the provision of the Zendai Loan, which forms part of the JV Shareholders' Loan, would allow the JV to have more financial resources to develop or invest in projects of larger scale, which would be in the interest of the business development of JV and in turn in the interest of the Shareholders of the JV, including the Company.

The Directors consider that the terms of the JV Agreements, the Forte Pledge and the Zendai Loan are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Shanghai Forte Land is a sino-foreign joint stock company incorporated in the PRC with limited liability and whose H shares are listed and traded on the main board of the Stock Exchange. Based on the information disclosed in the recent public announcement of Shanghai Forte Land, it is principally engaged in the development and sale of high quality commercial and residential properties in the PRC.

As at the Latest Practicable Date, Shanghai Forte Land is beneficially interested in 2,431,815,000 Shares, representing approximately 19.47% of the total issued Shares and thus a substantial Shareholder. Accordingly, Shanghai Forte Land is a connected person of the Company under the Listing Rules.

Greentown is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Greentown Holdings. Based on the information disclosed in the recent public announcement of Greentown Holdings, Greentown is principally engaged in investment holding.

Panshi is a company incorporated in the PRC, principally engaged in investment and relevant management.

To the best of the knowledge, information and belief of the Directors after making reasonable enquiries, each of Greentown, Panshi, and their respective ultimate beneficial owners is an Independent Third Party.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE GROUP

The formation of the JV pursuant to the JV Agreements and the provision of the Forte Pledge and the Zendai Loan will have no material impact on the consolidated earnings or consolidated assets or liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Shanghai Forte Land, by virtue of being a substantial Shareholder, is a connected person of the Company within the meanings of the Listing Rules. As such, the entering into of the Forte Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given certain of the applicable percentage ratios for the formation of the JV, as contemplated in the JV Agreements, represent 25% or more but less than 100% for the Company, the formation of the JV also constitutes a major transaction of the Company under the Listing Rules. The formation of the JV is therefore subject to the requirements of reporting, announcement and Independent Shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

Upon completion of the Forte Agreement, the JV will become a connected person of the Company by virtue of it being an associate of Shanghai Forte Land. As such, the provision of the Forte Pledge and the Zendai Loan will represent financial assistance by the Company to a connected person pursuant to Rule 14A.13(2)(a)(i) of the Listing Rules. Given the applicable percentage ratios (other than the profit ratio) of the Listing Rules for the Forte Pledge and the Zendai Loan as aggregated pursuant to Rule 14.23(1) exceed 25% but is less than 100% and the total consideration is more than HK\$10,000,000, the provision of the Forte Pledge and the Zendai Loan constitute major and connected transaction of the Company and are therefore subject to the requirements of reporting, announcement and Independent Shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

Shanghai Forte Land and its associates will be required to abstain from voting in relation to the resolutions to approve the JV Agreements, the Forte Pledge and the Zendai Loan at the SGM. As at the Latest Practicable Date, Shanghai Forte Land and its associates are beneficially interested in 2,431,815,000 Shares, representing approximately 19.47% of the total issued Shares. Apart from Shanghai Forte Land, there is no other Shareholder who has a material interest in the JV Agreements or the Forte Pledge or the Zendai Loan which is different from the other Shareholders.

The Independent Board Committee comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon has been established by the Company to advise the Independent Shareholders on the terms of the JV Agreements, the Forte Pledge and the Zendai Loan. Goldin Financial has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

SGM

A notice convening the SGM (to be held at 10:00 a.m. on Thursday, 10 June 2010 at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong) at which ordinary resolutions will be

LETTER FROM THE BOARD

proposed for the purpose of considering, and if thought fit, approving, among other things, the JV Agreements, the Forte Pledge and the Zendai Loan.

Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for 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 adjourned meeting thereof) should you wish to do so.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the SGM will be voted by poll.

An announcement will be made by the Company following the conclusion of the SGM to inform Shareholders of its results.

RECOMMENDATION

The Directors consider that the JV Agreements, the Forte Pledge and the Zendai Loan are on normal commercial terms, fair and reasonable and are in the interests of the Shareholders and the Group as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the proposed ordinary resolutions set out in the notice of the SGM to approve the JV Agreements, the Forte Pledge and the Zendai Loan.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee and the letter from Goldin Financial which are respectively set out on pages 12 to 13 and pages 14 to 24 of this circular, and the additional information set out in the appendices to this circular.

On behalf of the Board
Shanghai Zendai Property Limited
MA Chengliang
Chairman



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 AND CONNECTED TRANSACTIONS
INVOLVING
THE FORMATION OF THE JV
AND
THE PROVISION OF THE FORTE PLEDGE AND THE ZENDAI LOAN**

26 May 2010

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular dated 26 May 2010 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established by the Board for the purpose of advising the Independent Shareholders in relation to the JV Agreements, the Forte Pledge and the Zendai Loan, details of which are set out in the letter from the Board in the Circular. The Independent Board Committee comprises three independent non-executive Directors. Goldin Financial has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the advice from Goldin Financial together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 14 to 24 of the Circular.

Having considered the terms of the JV Agreements, the Forte Pledge and the Zendai Loan, the principal factors and reasons considered by Goldin Financial and the advice of Goldin Financial, we consider that the terms of the JV Agreements, the Forte Pledge and the Zendai Loan are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and its Shareholders as a whole.

* *for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the JV Agreements, the Forte Pledge and the Zendai Loan.

Yours faithfully,

Independent Board Committee

Mr. Lo Mun Lam, Raymond

Mr. Lai Chik Fan

Dr. Tse Hiu Tung, Sheldon

Independent non-executive Directors

LETTER FROM GOLDIN FINANCIAL

The following is the full text of the letter from Goldin Financial setting out the advice to the Independent Committee Board and the Independent Shareholders in respect of the terms of the JV Agreements, the Forte Pledge and the Zendai Loan, which has been prepared for the purpose of inclusion in this circular.



Goldin Financial Limited
23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

26 May 2010

*To: the Independent Board Committee and the Independent Shareholders of
Shanghai Zendai Property Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS INVOLVING THE FORMATION OF THE JV AND THE PROVISION OF THE FORTE PLEDGE AND THE ZENDAI LOAN

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the JV Agreements, the Forte Pledge and the Zendai Loan, details of which are set out in the Letter from the Board contained in this circular (the “**Circular**”) dated 26 May 2010 issued by the Company, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 25 April 2010, the Company entered into the Forte Agreement, the Greentown Agreement and the Panshi Agreement with each of Shanghai Forte Land, Greentown and Panshi respectively, pursuant to which the Parties agreed to establish the JV which will principally engage in property development and investment on projects located in Shanghai, the PRC, to be recommended by the Company.

Shanghai Forte Land, by virtue of being a substantial Shareholder, is a connected person of the Company within the meanings of the Listing Rules. As such, the entering into of the Forte Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given certain of the applicable percentage ratios for the formation of the JV, as contemplated in the JV Agreements, represent 25% or more but less than 100% for the Company, the formation of the JV also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The formation of the JV is therefore subject to the requirements of reporting, announcement and Independent Shareholders’ approval pursuant to Chapters 14 and 14A of the Listing Rules.

LETTER FROM GOLDIN FINANCIAL

Upon completion of the Forte Agreement, the JV will become a connected person of the Company by virtue of it being an associate of Shanghai Forte Land. As such, the provision of the Forte Pledge and the Zendai Loan will constitute financial assistance by the Company to a connected person pursuant to Rule 14A.13(2)(a)(i) of the Listing Rules. Given the applicable percentage ratios (other than the profit ratio) of the Listing Rules for the Forte Pledge and the Zendai Loan as aggregated pursuant to Rule 14.23(1) exceed 25% but are less than 100% and the total consideration is more than HK\$10,000,000, the provisions of the Forte Pledge and the Zendai Loan constitute major and connected transaction of the Company and are therefore subject to the requirements of reporting, announcement and Independent Shareholders' approval pursuant to Chapters 14 and 14A of the Listing Rules.

Shanghai Forte Land and its associates will be required to abstain from voting in relation to the resolutions to approve the JV Agreements, the Forte Pledge and the Zendai Loan at the SGM. Apart from Shanghai Forte Land, there is no other Shareholder who has a material interest in the JV Agreements, the Forte Pledge or the Zendai Loan which is different from the other Shareholders.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the JV Agreements, the Forte Pledge and the Zendai Loan.

We, Goldin Financial, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the JV Agreements, the Forte Pledge and the Zendai Loan are on normal commercial terms, in the ordinary and usual course of business and fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole; and (ii) whether the Independent Shareholders should vote in favour of the resolution to be proposed at the SGM to approve the JV Agreements, the Forte Pledge and the Zendai Loan.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained, or referred to, in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible for, were true and accurate at the time when they were made and continue to be true as at the date of the SGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM GOLDIN FINANCIAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associated companies.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background to, and the reasons for, entering into the JV Agreements, the provision of the Forte Pledge and the Zendai Loan

1.1 Background and financial information of the Group

The Company is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties in the PRC.

As stated in the Letter from the Board, the Group currently has property projects under development in 12 cities which are located in the three regions including northern China, Shanghai city and its surroundings and Hainan province. The Group is committed to pursuing promising integrated commercial and residential property projects in the PRC. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to the Shareholders.

According to the annual report of the Company for the financial year ended 31 December 2009, the Company recorded turnover and net profit of approximately HK\$2,162.1 million and approximately HK\$450.3 million, respectively, representing an increase of approximately 9.8% and approximately 47.8% as compared to that of the previous year. Such increment in the turnover and the net profit were mainly contributed by (i) the delivery of the projects involving commercial and residential properties in Shanghai, Haimen, Changchun and Jilin; and (ii) the revaluation gains on investment properties.

Despite the turmoil of the global financial economy caused by the financial crisis in the United States of America during the year under review, the PRC property market was not seriously affected as the PRC government introduced proactive fiscal policies and moderate monetary policies. Since the third quarter of 2009, the transaction volume and price of properties increased notably. As a result, the Group was able to roll out residential and commercial properties which had delivered satisfactory performance riding on an increasing trend.

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As at 31 December 2009, the audited consolidated net assets and total borrowings of the Group were approximately HK\$3,784.2 million and approximately HK\$2,456.5 million, respectively.

1.2 Reasons of entering into the JV Agreements

As disclosed in the annual report of the Company for the year ended 31 December 2009, the Group will continue to explore potential investment opportunities in districts with promising prospects for development potential.

As mentioned in the Letter from the Board, the JV will principally engage in property development and investment on projects located in Shanghai, the PRC, where the Group sees great potential in the property development and investment business.

To allow the pooling of funds for projects of larger scale, the Company entered into the JV Agreements with Shanghai Forte Land, Greentown and Panshi in order to establish the JV, which the Directors consider it to be in line with the business strategy of the Group and is in the Group's usual and ordinary course of business.

In order to assess the prospects of the property market in Shanghai and the reasonableness of the formation of the JV, we have researched from public domain which the information can be summarized as follows:

According to the Shanghai Statistical Yearbook 2009, the population in Shanghai was approximately 13.9 million for the year 2008, representing an increase of approximately 0.7% as compared to that of 2007. The gross domestic product of Shanghai for the year 2008 was approximately RMB1,369.8 billion, representing an increase of approximately 12.4% as compared to the previous year. During the year 2008, the per capita annual disposable income of urban households and rural households of Shanghai were approximately RMB26,675 and approximately RMB11,385, representing an increase of approximately 12.9% and approximately 11.4% to that of the previous year, respectively. As stated in the <國務院關於推進上海加快發展現代服務業和先進製造業建設國際金融中心和國際航運中心的意見> (The opinion regarding Shanghai to be built into an international financial centre and a global shipping hub through growing modern service industry and advanced manufacturing industry rapidly) issued by the China's State Council dated 14 April 2009, Shanghai would be built into an international financial centre and a global shipping hub by 2020. It is expected more investors would set up their offices, which in turn would boost the demand of commercial and residential properties in the city.

Apart from the residential property market, new commercial hubs are expected to be emerged due to the launch of World Expo 2010 Shanghai China and the expansion of the city's metro transportation infrastructure. Furthermore, considering the fact that Shanghai is planned to be developed as an international business centre, it is expected that there would be an increasing demand for office spaces in the city.

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In view of the potential economic development of Shanghai, the urbanization would accelerate and the increasing population, the demand for housing is expecting to rise. As such, we concur with the Directors' view that it is commercially justifiable for the Group to further participate in the property development and investment business in Shanghai by way of formation of the JV with the partners of the JV.

The JV Agreements were entered into among the Company, Shanghai Forte Land, Greentown and Panshi for the purpose to establish the JV, which will principally engage in the property development in Shanghai. The JV serves as a platform to allow the pooling of funds in order to make investments on projects of larger scale in Shanghai.

Shanghai Forte Land is a substantial Shareholder, and the H shares of which are listed on the main board of the Stock Exchange. Shanghai Forte Land is principally engaged in the development and sale of high quality commercial and residential properties in the PRC. According to the annual report of Shanghai Forte Land for the year ended 31 December 2009, the audited net profit attributable to the shareholders of Shanghai Forte Land and its subsidiaries (the "Shanghai Forte Land Group") was approximately RMB608.9 million, with an audited net assets of approximately RMB6,505.7 million as at 31 December 2009. During the year ended 31 December 2009, the Shanghai Forte Land Group had 41 projects with a total gross floor area of approximately 3.6 million square meters. The projects are mainly located in major cities of the PRC, including but not limited to, Shanghai, Beijing, Tianjin, Nanjing and Chongqing, providing different types of residential properties such as high-rise apartments, villas and hotels.

Greentown is an indirect wholly-owned subsidiary of Greentown Holdings and the shares of which are listed on the main board of the Stock Exchange. According to the annual report of Greentown Holdings for the year ended 31 December 2009, the net profit attributable to the shareholders of Greentown Holdings and its subsidiaries (the "Greentown Group") was approximately RMB1,092.1 million, with an audited net assets of approximately RMB12,448.6 million as at 31 December 2009. As of 31 December 2009, the Greentown Group had a total of 96 projects in 34 cities, with a total gross floor area of 30.8 million square meters of which over 50% of the number of projects and the total gross floor area are in Zhejiang. Other site locations of the projects include Shanghai, Jiangsu, Beijing, Shandong, Hainan and other provincial cities. Greentown Group provides various types of residential and commercial properties like high-rise apartments, integrated community, villas, offices, etc.

Given the abovementioned solid financial background of the major JV partners and their respective expertise in developing residential and commercial properties, the Company considered that the co-operation with these business partners will help to strengthen the project management of the JV by pooling the strength, expertise and financial resources of these business partners. It is expected that the entering into of the JV Agreements, including but not limited to, the Forte Agreement between the Company and Shanghai Forte Land and the Greentown Agreement between the Company and

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Greentown, would be able to achieve synergy and enhance the operating efficiency of the JV. We consider the entering into of the JV Agreements with the JV partners beneficial to the JV and is in turn in the interests of the Company and the Shareholder as a whole.

As advised by the management of the Company, the determination of the amount of investment in the JV was made on arm's length basis based on the respective experience of the Company and the JV partners in property development or investment projects of reasonable size in Shanghai and property development industry by nature is capital intensive. As mentioned in the Letter from the Board, the Company considers that the commitment of capital at the present stage and of such scale is commercially reasonable given that such scale of capital is essential for participation in property development or investment projects of reasonable sizes in Shanghai. The pooling of funds by means of the formation of the JV would allow sharing of the liquidity among the shareholders of the JV, which will be beneficial to each of them in the business of property development or investment in Shanghai.

We have researched from public domain and noted that the top 10 auction prices of the land in Shanghai in 2009 ranged from approximately RMB1,810 million to approximately RMB7,250 million. Having considered the land cost as aforementioned would only be part of the cost to be incurred in property development or investment projects of decent size in Shanghai, we are of the view that the capital commitment by the Company is essential for participating in property development or investment projects and is therefore commercially reasonable.

We are also of the view that the formation of the JV and the pooling of funds will allow the JV more financial flexibility which will enable the JV to make timely investment when any project would be determined to be recommended by the Company. In the event that the JV cannot confirm and complete the Obtaining of Development Rights for the First Project within nine months from the date of the JV Agreements, the amount contributed to the JV could be refunded to the Company and therefore we consider that the current arrangement is justifiable.

In light of the above, we consider that it is fair and reasonable for the Company to commit adequate financial resources at the present stage to the JV over which the Company has sufficient control.

Taking into account (i) the balance of the cash and cash equivalents of approximately HK\$600 million as at 31 December 2009 as disclosed in the 2009 annual report of the Company; (ii) the proceeds of approximately HK\$604 million from the issue of new Shares as announced by the Company dated 8 January 2010; and (iii) the cash flows generated from its ordinary course of business, the Company is of the view that it has sufficient resources to satisfy its financial commitment as contemplated under the JV Agreements.

Furthermore, we are advised by the management of the Company that they will closely monitor on its own capital requirements and will look into different financing methods as and when appropriate.

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After taking into consideration that (i) the entering into of the JV Agreements is in line with the principal business of the Group; (ii) the future outlook of Shanghai, where the JV will principally invest in, is expected to be optimistic; (iii) the entering into of the JV Agreements would bring synergy effect to the JV leveraged on the strength, expertise and the financial resources of the major JV partners; and (iv) the formation of the JV would allow the pooling of fund for the JV to invest in projects of larger scale, we are of the view that entering into the JV Agreements is in the Group's usual and ordinary course of business and is in the interests of the Company and the Shareholders as a whole.

2. Principal Terms of the JV Agreements

2.1 Registered Capital

The registered capital of the JV will be RMB1,000 million. The Company, Shanghai Forte Land, Greentown and Panshi will contribute RMB500 million, RMB300 million, RMB100 million and RMB100 million in cash, respectively, representing 50%, 30%, 10% and 10% respectively of the total registered capital of the JV upon Completion which are in proportion to their respective equity interests in the JV. Such amount of registered capital is determined after arm's length negotiations between the Company and the respective Parties taken into consideration the capital which may be required for scaled property development or investment projects.

2.2 Shareholding Structure

Upon Completion, the JV will be owned as to 50%, 30%, 10% and 10% by the Company, Shanghai Forte Land, Greentown and Panshi, respectively and the JV will be treated as an associated company of the Company upon Completion.

Such shareholding structure of the JV represents the respective portion of registered capital contributed by the Company, Shanghai Forte Land, Greentown and Panshi, which is fair and reasonable.

2.3 Board Composition

The JV Agreements have not provided for the composition of the JV Board. The Parties intend that the JV Board shall comprise 10 directors, of which the Company, Shanghai Forte Land, Greentown and Panshi will be entitled to nominate 5 members, 3 members, 1 member and 1 member, respectively.

2.4 Projects Approval

The development or investments of any project by the JV and the relevant consideration are required to be approved by two-thirds or more of the voting rights of the shareholders of the JV. The funds contributed by the Parties under the JV Agreements shall invest only in the projects to be approved in such manner and recommended by the Company.

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2.5 Profit/loss sharing

The profit/loss of the JV will be shared by the Parties in proportion to their respective equity interests in the JV.

2.6 JV Shareholders' Loans, including but not limited to, the Zendai Loan

Pursuant to the JV Agreements, the Company, Greentown, Shanghai Forte Land and Panshi would provide the JV Shareholders' Loans in the amounts of RMB1,000 million, RMB2,572 million (subject to certain conditions as described below), RMB858 million and RMB187.3 million respectively in cash to the JV. Interests to be paid by the JV for the JV Shareholders' Loans will be at normal commercial interest rates or better, in favour of the JV.

As noted in the Letter from the Board, Shanghai Forte Land shall provide the Forte Loan in the amount of RMB2,572 million, of which RMB1,300 million shall be provided within 3 days from Completion. Should the JV fail to raise fund in its own capacity, Shanghai Forte Land shall provide the balance of the Forte Loan of RMB1,272 million before 31 August 2010. If the JV fails to raise fund in its own capacity and that Shanghai Forte Land fails to provide the balance of the Forte Loan of RMB1,272 million before 31 August 2010, Shanghai Forte Land shall be required to transfer 10% equity interest in the JV to Greentown at a consideration of RMB100 million, in which case (i) Greentown shall be responsible for the provision of a RMB858 million JV Shareholders' Loan in addition to the RMB858 million originally agreed to be provided by it; and (ii) Shanghai Forte Land shall still be required to provide RMB414 million of the Forte Loan out of the balance of RMB1,272 million.

As mentioned above, the JV will be owned as to 50%, 30%, 10% and 10% by the Company, Shanghai Forte Land, Greentown and Panshi, respectively. We have reviewed the respective amounts of the JV Shareholders' Loans to be provided by the Parties and such amounts of the JV Shareholders' Loans are not proportionate to the shareholdings of the shareholders of the JV. The proportion of the JV Shareholders' Loans committed by the Group is lower than the proportional equity interest of the Company in the JV. In the event that the contributions to the JV Shareholders' Loan from each of the Parties would be proportional to their respective equity interests, the Company would have to be responsible for a financial obligation of a larger amount as compared to its current amount committed under the JV Agreements.

The proposed proportion of contribution of the JV Shareholders' Loans is therefore in the interest of the Company which would reduce the cash outlay of the Company. The financial resources, which would otherwise have to be committed by the Group if the JV Shareholders' Loans were to be contributed by all shareholders of the JV in accordance with their respective equity interests, can be preserved for the development of its other projects with growth potential.

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Given (i) the JV Shareholders' Loans are necessary for the JV to finance its future operation in the absence of other financing alternatives; and (ii) the proportions of JV Shareholders' Loans of Greentown and Shanghai Forte Land are higher than their respective equity interests in the JV, which allows the Company to lower its financial obligation to the JV, we consider that the JV Shareholders' Loans is beneficial to the Company and is in the interest of the Company and the Shareholders as a whole.

After taking into account that (i) the determination of the amounts of the JV Shareholders' Loan were arrived after arm's length negotiations and is beneficial to the Company; (ii) the relevant arrangements in relation to the provision of the JV Shareholders' Loan by Shanghai Forte Land and Greentown to be commercially reasonable without affecting the interest of the Company in the JV; and (iii) to the best of the knowledge, information and belief of the Directors after making reasonable enquiries, Greentown and its respective ultimate beneficial owners are Independent Third Parties, we consider that the terms regarding the JV Shareholders' Loan, including but not limited to, the Zendai Loan, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

2.7 The Forte Pledge

Pursuant to the Forte Agreement, the Company will procure 45% of the total issued shares of Shanghai Zendai Himalayas to be pledged to Shanghai Forte Land.

The underlying assets of Forte Pledge comprise mainly of "Himalayas Center", an integrated commercial property project located at Fandian Road, Pudong New Area in Shanghai, the PRC. It is intended to be developed into a high-end complex with a hotel, a shopping centre, an office building, a theater and an art centre. As stated in the Letter from the Board, the unaudited net assets value attributable to the 45% equity interest of the Company in Shanghai Zendai Himalayas was approximately RMB248.37 million as at 31 December 2009.

As mentioned in the sub-paragraphs headed "JV Shareholders' Loans, including but not limited to, the Zendai Loan", the proportion of the JV Shareholders' Loan of Shanghai Forte Land is higher than its equity interest in the JV. The Forte Pledge is therefore provided with a view to safeguard the interest of Shanghai Forte Land in case the JV is unable to confirm and complete the Obtaining of the Development Right for the First Project within nine months from the date of the JV Agreements.

Furthermore, the Company will become the single largest shareholder of the JV upon Completion leading the initiation and future operation of the JV. As noted from above, the development or investments of any project by the JV and the relevant consideration are required to be approved by two-thirds or more of the voting rights of the shareholders of the JV and the JV will only invest in the projects that are recommended by the Company. It is noted that the Company possesses pivotal influence on the management and operations of the JV. Accordingly, we consider the execution of

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the Forte Pledge by the Group in favour of Shanghai Forte Land with a view to safeguarding the interest of Shanghai Forte Land is acceptable given that Shanghai Forte Land would contribute a majority portion of the JV Shareholders' Loan but would be interested in a minority equity interest in the JV.

We noted that Shanghai Zendai Himalayas is an associated company of the Company and the project "Himalayas Center" is still under construction. We have also reviewed the unaudited net assets value attributable to the 45% equity interest of the Company in Shanghai Zendai Himalayas and reckon that it is relatively insignificant as compared to the audited net assets value of the Group of approximately HK\$3,784.2 million as at 31 December 2009. Therefore, we are of the view that the provision of the Forte Pledge would not bring material impact to the Group.

Having considered (i) the Forte Pledge was arrived after arm's length negotiations between the Company and Shanghai Forte Land after taking into account the scale of the Forte Loan; and (ii) the pledge of the 45% equity interest of Shanghai Zendai Himalayas would not bring material impact to the Group, we are of the view that the terms regarding the Forte Pledge are on normal commercial terms and are fair and reasonable.

3. Financial Effects of the Restructuring Proposal

3.1 Net assets

According to annual report of the Company for the year ended 31 December 2009, the audited net assets of the Group as at 31 December 2009 were approximately HK\$3,784.2 million. As a result of the Group's contribution of the registered capital of RMB500 million (equivalent to approximately HK\$570 million) to the JV and the lending of Zendai Loan of RMB1,000 million (equivalent to approximately HK\$1,140 million), the cash and cash equivalents of the Group will be decreased by approximately HK\$1,710 million. Meanwhile, the Group would record an increase in the investment in an associate and an increase in the loans to associates. It is expected that the formation of the JV will not have any material impact on the net assets of the Group.

3.2 Earnings

Upon Completion, the Group will hold a 50% equity interest in the JV. The results of the JV will be recorded as investment in an associate and will be accounted for using the equity method.

3.3 Gearing

As the total capital contribution by and the obligation under the JV Shareholders' Loans of the Group will be financed by the Group's internal resources, it is expected that there is no material impact on the gearing position of the Group.

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3.4 Liquidity and working capital

Based on the annual report of the Company for the year ended 31 December 2009, the net current assets of the Group as at 31 December 2009 were approximately HK\$3,372.7 million. As stated in the announcement of the Company dated 8 January 2010, the Company entered into the subscription agreements with China Alliance Properties Limited and Grand Link Finance Limited for the subscriptions of the Shares and such subscriptions were completed on 26 January 2010. As a result, the net current assets of the Group was increased by approximately HK\$604.3 million, which was the net proceeds from the subscriptions.

As stated in the Letter from the Board, it is the intention of the Company to finance its investment in the JV by the Group's internal resources. It is expected that the cash and cash equivalents of the Group would decrease as a result of the entering into the JV Agreements.

RECOMMENDATIONS

Taking into consideration of the above mentioned principal factors and reasons, we consider that the terms of the JV Agreements, the Forte Pledge and the Zendai Loan are fair and reasonable so far as the Independent Shareholders are concerned and the JV Agreements, the Forte Pledge and the Zendai Loan are on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant ordinary resolutions to be proposed at the SGM to approve the JV Agreements, the Forte Pledge and the Zendai Loan respectively.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

1. INDEBTEDNESS**Borrowings**

As at the close of business on 30 April 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Circular, the Group has outstanding borrowings of approximately HK\$3,296,958,000, details of which are set out below:

	<i>HK\$'000</i>
Bank loans, secured	2,201,084
Senior loan notes, guaranteed by certain subsidiaries	1,068,474
Amounts due to minority owners of subsidiaries, unsecured	22,330
Amount due to a related company, unsecured	5,000
Amount due to an associate, unsecured	70

Securities

As at 30 April 2010, property, plant and equipment of HK\$345,455,000, payment for leasehold land held for own use under operating leases of HK\$535,049,000, investment properties of HK\$1,409,469,000, properties for development and sales of HK\$864,197,000 and cash and cash equivalents of HK\$572,095,000 were pledged against the bank loans granted to the Group.

Contingent liabilities

As at 30 April 2010, the Group provided guarantees to the extent of HK\$440,237,000 for customers in favour of banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. 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.

Disclaimer

Save as aforesaid, and apart from intra-group liabilities, and normal trade payables, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans debt securities issued and outstanding, authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances or 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 April 2010.

2. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry, taking into account the credit facilities available to the Group and cash inflow from the internal resources generated by the Group's operations, the Group has sufficient working capital for the next twelve months from the date of this circular to satisfy its present requirements in the absence of any unforeseen circumstances.

3. FINANCIAL AND TRADING PROSPECTS

The Company is a diversified property development company in the PRC, focusing on the development, investment and management of residential and commercial properties in the PRC. The Group currently has property projects under development in 12 cities which are located in the three regions including northern China, Shanghai city and its surroundings and Hainan province. The Group is committed to pursuing promising integrated commercial and residential property projects in the PRC. The Group will keep on enhancing its overall competence and push for continuous growth so as to bring satisfactory returns to the Shareholders.

The Group sees great potential in the property development and investment business in Shanghai and considers that the establishment of the JV will allow the pooling of funds for projects of larger scale.

4. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009 (the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

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 enquires 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 Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

Name of Director	Number of Shares/ underlying Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Ma Chengliang	100,000,000 (L)	Beneficial owner	0.80%
Mr. Wang Fujie	10,000,000 (L)	Beneficial owner	0.08%
Mr. Dai Zhikang ("Mr. Dai") (Note 1)	6,436,610,000 (L)	Interests of controlled corporations	51.52%
Mr. Dai (Note 2)	10,000,000 (L)	Beneficial owner	0.08%
Mr. Zhu Nansong	50,000,000 (L)	Beneficial owner	0.40%
Mr. Fang Bin	55,000,000 (L)	Beneficial owner	0.44%
Mr. Wu Yang	30,000,000 (L)	Beneficial owner	0.24%
Ms. Zhou Yan	10,000,000 (L)	Beneficial owner	0.08%
Mr. Tang Jian	15,000,000 (L)	Beneficial owner	0.12%
Mr. Liu Zhiwei	400,000,000 (L)	Interests of controlled corporations	3.20%
Mr. Liu Zhiwei (Note 2)	120,000,000 (L)	Beneficial owner	0.96%

Name of Director	Number of Shares/ underlying Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Lo Mun Lam, Raymond	5,000,000 (L)	Beneficial owner	0.04%
Mr. Lai Chik Fan	5,000,000 (L)	Beneficial owner	0.04%
Mr. Tse Hiu Tung, Sheldon	5,000,000 (L)	Beneficial owner	0.04%

(L) denotes long position

Notes:

1. Mr. Dai was deemed to be interested in an aggregate of 6,375,245,000 Shares held by Giant Glory Assets Limited, Jointex Investment Holdings Limited, Dorsing Star Limited, Shanghai Zendai Investment Development (Hong Kong) Company Limited and Gold Lucky Investment Holdings Limited, respectively, as follows:
 - (a) 2,009,535,000 Shares were held by Giant Glory Assets Limited in which is wholly-owned by Mr. Dai;
 - (b) 2,932,000,000 Shares were held by Jointex Investment Holdings Limited in which is owned as to 85% by Giant Glory Assets Limited;
 - (c) 1,000,000,000 Shares were held by Dorsing Star Limited which is wholly owned by Master Faith Group Limited. All shares of Master Faith Group Limited are held by DBS Trustee H.K. (Jersey) Limited in its capacity as trustee of the DLD Trust, the beneficiaries of which include Liu Qiong Yu and Dai Mo Cao, both are family members of Mr. Dai. Mr. Dai is the settlor of the DLD Trust and therefore is deemed to be interested in the 1,000,000,000 Shares held by Dorsing Star Limited;
 - (d) 455,175,000 Shares are held by Shanghai Zendai Investment Development (Hong Kong) Company Limited which is owned as to 60% by Mr. Dai; and
 - (e) 39,900,000 Shares are held by Gold Lucky Investment Holdings Limited which is wholly-owned by Mr. Dai.
2. Share options granted on 30 March 2010.

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.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the persons (other than a Director or chief executive of the Company) 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 10% 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	Name of company	Nature of interests	Number of Shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Giant Glory Assets Limited (<i>Note 1</i>)	The Company	Beneficial owner	2,009,535,000 Shares (L)	16.09%
Jointex Investment Holdings Limited (<i>Note 1</i>)	The Company	Beneficial owner	2,932,000,000 Shares (L)	23.47%
Shanghai Zendai Investment Development (Hong Kong) Company Limited (<i>Note 1</i>)	The Company	Beneficial owner	455,175,000 Shares (L)	3.64%
Gold Lucky Investment Holdings Limited (<i>Note 1</i>)	The Company	Beneficial owner	39,900,000 Shares (L)	0.32%
Dorsing Star Limited (<i>Note 1</i>)	The Company	Beneficial owner	1,000,000,000 Shares (L)	8.01%
Liu Qiong Yu (<i>Note 1</i>)	The Company	Beneficiary of a trust	1,000,000,000 Shares (L)	8.01%
Dai Mo Cao (<i>Note 1</i>)	The Company	Beneficiary of a trust	1,000,000,000 Shares (L)	8.01%
Master Faith Group Limited (<i>Note 1</i>)	The Company	Interests of controlled corporation	1,000,000,000 Shares (L)	8.01%

Name	Name of company	Nature of interests	Number of Shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
DBS Trustee H.K. (Jersey) Limited (Note 1)	The Company	Trustee	1,000,000,000 Shares (L)	8.01%
China Alliance Properties Limited (Note 2)	The Company	Beneficial owner	2,431,815,000 Shares (L)	19.47%
Shanghai Forte Land Co., Ltd. (Note 2)	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.47%
Shanghai Fosun High Technology (Group) Company Limited (Note 2)	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.47%
Fosun International Limited (Note 2)	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.47%
Fosun Holdings Limited (Note 2)	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.47%
Fosun International Holdings Limited (Note 2)	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.47%
Guo Guangchang (Note 2)	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	19.47%

(L) denotes long position

Notes:

- These Shares are the same as the deemed interest of Mr. Dai as referred to in the note under the section headed "Directors' interests" in shares or debentures above.
- Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 78.24% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which has 49.03% control of Shanghai Fosun Pharmaceutical (Group) Company Limited, which has 100% control of Shanghai Fosun Pharmaceutical Development Co. Ltd., which has 10.56% control of Shanghai Forte Land Co. Ltd. Shanghai Fosun High Technology (Group) Company Limited has a further 47.12% control of Shanghai Forte Land Co., Limited, which has 100% control of China Alliance Properties Limited.

Save as disclosed above, 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 members 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 10% 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.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or had proposed to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. EXPERT

The qualification of the expert who has given opinion in this circular is as follows:

Name	Qualification
Goldin Financial	licensed corporation under the SFO for type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, Goldin Financial did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Goldin Financial did not have any interest, direct or indirect in any assets which had been, since 31 December 2009, the date to which the latest published audited consolidated financial statements of the Group were made up, 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.

6. CONSENTS

Goldin Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter (as the case may be) and references to its name included herein in the form and context in which they are included.

7. 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.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group.

9. INTEREST IN ASSETS AND CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2009 (being the date to which the latest published audited financial statements of the Group were made up), 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.

10. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of the announcement of the Company dated 26 April 2010 in relation to, among other things, the JV Agreements, the Forte Pledge and the Zendai Loan, and up to and including the Latest Practicable Date which are or may be material.

- (a) An agreement dated 3 June 2008 entered into between 上海証大商業旅遊投資發展有限公司 (Shanghai Zendai Commercial Investment Co., Ltd.*) (“Shanghai Zendai Commercial”) and Shanghai Zendai Investment and Mr. Dai in relation to the current accounts in the aggregate principal amount of approximately RMB96.5 million due from Shanghai Zendai Investment to Shanghai Zendai Commercial as at 31 May 2008, details of which are disclosed in the circular of the Company date 10 June 2008;
- (b) a conditional agreement in relation to the contribution of RMB252,000,000 in cash as additional registered capital of Shanghai Zendai Himalayas dated 31 July 2008 entered into between 上海証大置業有限公司 (Shanghai Zendai Real Estate Company Limited*) (“Shanghai Zendai Land”) and Shanghai Zendai Investment, details of which are disclosed in the circular of the Company dated 21 August 2008;

- (c) a conditional agreement dated 5 November 2008 in relation to the acquisition of 15% of the registered capital of Shanghai Zendai Himalayas by Zendai Delta Land from Shanghai Zendai Investment for a consideration of RMB112,000,000, entered into between 上海証大三角洲置業有限公司 (Shanghai Zendai Delta Real Estate Company Limited*) and Shanghai Zendai Investment, details of which are disclosed in the circular of the Company dated 24 November 2008;
- (d) the two agreements entered into by the Shanghai Zendai Land and 上海精文置業(集團)有限公司 (Shanghai Jingwen Land*), as purchasers, and 南通市國土資源局, as Vendor, on 25 December 2009 in relation to the acquisition of the land use rights of land parcels in Nantong City, Jiangsu Province, the PRC at an aggregate consideration of RMB532,812,508.2, details of which are disclosed in the announcement of the Company dated 29 December 2009;
- (e) the agreement entered into by the Shanghai Zendai Land and Shanghai Media & Entertainment Group on 27 December 2009 in relation to the formation of joint venture with a total registered capital of RMB100,000,000 (RMB50,000,000 of which is contributed by Shanghai Zendai Land) and the development of the land parcels in Nantong City, Jiangsu Province, the PRC, details of which are disclosed in the announcement of the Company dated 29 December 2009;
- (f) the agreement entered into by the Company and China Alliance Properties Limited on 7 January 2010 in relation to the subscription of 1,550,000,000 new Shares by China Alliance Properties Limited at the subscription price of HK\$0.31 per Share, details of which are disclosed in the announcement of the Company dated 8 January 2010;
- (g) the agreement entered into by the Company and Grand Link Finance Limited on 7 January 2010 in relation to the subscription of 400,000,000 new Shares by Grand Link Finance Limited at the subscription price of HK\$0.31 per Share, details of which are disclosed in the announcement of the Company dated 8 January 2010; and
- (h) the JV Agreements.

11. 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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents will be available for inspection during normal business hours at the Company's head office and principal place of business in Hong Kong of the Company at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong from the date of this circular up to the date of the SGM to be held on 10 June 2010:

- (a) the memorandum and articles of association and bye-laws of the Company;
- (b) the JV Agreements;
- (c) the material contracts which the Group has entered into within two years preceding the date of the announcement of the Company dated 26 April 2010 as summarised in the paragraph headed "Material Contracts" in this Appendix II;
- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 12 to 13 of this circular;
- (e) the letter of advice from Goldin Financial to the Independent Board Committee and the Independent Shareholders dated 26 May 2010, the text of which is set out on pages 14 to 24 of this circular;
- (f) the annual reports of the Company for the two years ended 31 December 2009;
- (g) the written consent as referred to under the section headed "Consents" in this Appendix; and
- (h) this circular and circulars of the Company pursuant to requirements set out in Chapters 14 and/or 14A issued since 31 December 2009, being the date of the latest published audited accounts of the Company.

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 IS HEREBY GIVEN that a special general meeting of Shanghai Zendai Property Limited (the “**Company**”) will be held at Unit 6108, The Center, 99 Queen’s Road Central, Hong Kong at 10:00 a.m. on Thursday, 10 June 2010, to consider and, if thought fit, pass, with or without modification, the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the terms and conditions of (i) the joint venture agreement dated 25 April 2010 entered into between the Company and (復地(集團)股份有限公司) (Shanghai Forte Land Co., Ltd.*) (the “**Forte Agreement**”, a copy of which is tabled at the meeting marked “A” and signed by the chairman for identification); (ii) the joint venture agreement dated 25 April 2010 entered into between the Company and 杭州綠城置業投資有限公司 (Hangzhou Greentown Land Investment Co., Ltd.*) (the “**Greentown Agreement**”, a copy of which is tabled at the meeting marked “B” and signed by the chairman for identification); and (iii) the joint venture agreement dated 25 April 2010 entered into between the Company and 上海磐石投資管理有限公司 (Shanghai Panshi Investment Management Co., Ltd.*) (the “**Panshi Agreement**”, which together with the Forte Agreement, the Greentown Agreement and Panshi Agreement, the “**JV Agreements**”, a copy of which is tabled at the meeting marked “C” and signed by the chairman for identification) all in relation to (aa) the establishment of a joint venture; (bb) the pledge of the 45% of the equity interests of 上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited*); and (cc) the provision of shareholder’s loan from the Company to the aforesaid joint venture pursuant thereto be and are approved, confirmed and ratified; and

* for identification purpose only

NOTICE OF SGM

- (b) the directors of the Company be and are hereby authorised on behalf of the Company to do all such things and sign, seal, execute, perfect and deliver all such documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/ or give effect to any matters relating to the transactions contemplated under the JV Agreements.”

By order of the Board
Ma Chengliang
Chairman

Hong Kong, 26 May 2010