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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Turnover	3	**2,162,092**	1,968,603
Cost of sales		**(1,305,299)**	(989,193)
Gross profit		**856,793**	979,410
Other income and gains		**78,923**	65,760
Distribution costs		**(58,811)**	(36,015)
Administrative expenses		**(203,663)**	(174,666)
Reversal of impairment loss/(impairment loss) on property, plant and equipment		**16,590**	(60,990)
Reversal of impairment loss/(impairment loss) on payment for leasehold land held for own use under operating leases		**10,293**	(97,298)
Change in fair value of investment properties		**275,851**	(169,018)
Reversal of write-down/(write-down) of property under development		**50,237**	(48,708)
Impairment loss on goodwill		**(580)**	(32,492)
Change in fair value of financial assets at fair value through profit or loss		**8,904**	(73,919)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost		**–**	371,875
Gain on deemed disposal of a subsidiary		**–**	127,986
Share of results of associates		**(25,950)**	44,793
Share of result of a jointly controlled entity		**–**	(779)
Finance costs	6	**(171,133)**	(191,938)
Profit before tax expenses		**837,454**	704,001
Tax expenses	7	**(387,133)**	(399,413)
Profit for the year		**450,321**	304,588

	Notes	2009 HK$'000	2008 HK$'000
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**24,848**	116,351
Release of other revaluation reserve on disposal of properties for sales		**(40,664)**	(58,731)
Tax expenses related to release of other revaluation reserve		**6,100**	8,810
Other comprehensive income for the year, net of tax		**(9,716)**	66,430
Total comprehensive income for the year		**440,605**	371,018
Profit/(loss) for the year attributable to:			
– Owners of the Company		**421,262**	317,359
– Minority interests		**29,059**	(12,771)
		450,321	304,588
Total comprehensive income attributable to:			
– Owners of the Company		**410,012**	415,305
– Minority interests		**30,593**	(44,287)
		440,605	371,018
Earnings per share	9		
– Basic		**HK4.1 cents**	HK3.7 cents
– Diluted		**HK4.1 cents**	HK3.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**379,356**	372,127
Investment properties		**1,686,900**	1,211,852
Payment for leasehold land held for own use under operating leases		**539,639**	544,149
Goodwill		**145,605**	144,949
Interests in associates		**544,525**	568,064
Available-for-sale investments		**14,765**	14,765
Other receivable		**62,776**	–
Total non-current assets		**3,373,566**	2,855,906
Current assets			
Properties under development and for sales		**4,714,268**	4,639,429
Inventories		**1,119**	1,154
Trade and other receivables	10	**167,811**	210,301
Deposits for property development		**685,716**	436
Financial assets at fair value through profit or loss		**46,992**	21,582
Available-for-sale investments		**567**	9,271
Amounts due from associates		**68,131**	51,764
Amounts due from related companies		**12,731**	27,572
Tax prepayment		**27,459**	13,058
Cash and cash equivalents		**599,949**	384,405
		6,324,743	5,358,972
Assets classified as held for sale		**19,704**	28,281
Total current assets		**6,344,447**	5,387,253
Total assets		**9,718,013**	8,243,159
Current liabilities			
Trade and other payables	11	**732,577**	574,689
Receipts in advance from customers		**828,487**	788,748
Amounts due to related companies		**5,018**	62
Amount due to a minority owner of a subsidiary		**53,016**	13,939
Bank loans		**282,014**	325,359
Tax payable	12	**1,070,653**	834,063
Total current liabilities		**2,971,765**	2,536,860
Net current assets		**3,372,682**	2,850,393
Total assets less current liabilities		**6,746,248**	5,706,299

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Non-current liabilities			
Bank loans		**1,108,580**	689,739
Senior loan notes		**1,065,908**	1,112,497
Deferred tax liabilities		**665,140**	604,021
Other payables		**122,397**	–
Total non-current liabilities		**2,962,025**	2,406,257
Total liabilities		**5,933,790**	4,943,117
TOTAL NET ASSETS		**3,784,223**	3,300,042
Capital and reserves attributable to owners of the Company			
Share capital		**208,188**	205,825
Reserves		**3,383,648**	2,926,386
Equity attributable to owners of the Company		**3,591,836**	3,132,211
Minority interests		**192,387**	167,831
TOTAL EQUITY		**3,784,223**	3,300,042

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 ADOPTION OF HKFRSs

The Group has adopted the following new and revised HKFRSs issued by the HKICPA that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Interpretation 18	Transfers of Assets from Customers

The adoption of the above new and revised HKFRSs had no material effect on the reported results or financial position of the Group for the current or prior reporting periods, except for the following:

- HKFRS 8, 'Operating Segments' replaces HKAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Due to the adoption of HKFRS 8 during the current year, certain comparative amounts have been reclassified to conform with current year's presentation.

- HKAS 1 (Revised), 'Presentation of Financial Statements' affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. All income and expenses arising from transactions with non-owners are presented under the "Statement of Comprehensive Income"; while the owners' changes in equity are presented in the "Statement of Changes in Equity".

- As a result of the adoption of the HKFRS 7 (Amendments), the consolidated financial statements include expanded disclosures about the fair value measurement of the financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

- As a result of amendments to HKAS 40, 'Investment property', investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously, such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognized in profit or loss. As the Group applied the amendments prospectively from 1 January 2009 as permitted by the amendments and does not have any investment property under construction at the end of reporting period, this change in policy has no impact on net assets or profit or loss for any of the periods presented.

The new and revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of other new and revised HKFRSs and the directors so far concluded that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3 TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Turnover		
Sales of properties	**1,881,965**	1,802,650
Hotel operations:		
Room rentals	**80,152**	44,204
Food and beverage sales	**23,772**	13,639
Rendering of ancillary services	**4,227**	1,597
Properties rental, management and agency income	**163,102**	94,681
Travel and related services	**8,874**	11,832
	2,162,092	1,968,603

4 SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions; sales of properties, hotel operations, properties rental, management and agency services and provision of travel and related services.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

(a) Business segments

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue from external sales	**1,881,965**	1,802,650	**108,151**	59,440	**163,102**	94,681	**8,874**	11,832	**2,162,092**	1,968,603
Reportable segment profit/(loss) before tax expenses	**675,359**	1,236,496	**28,204**	(156,619)	**317,047**	(113,929)	**(207)**	87	**1,020,403**	966,035
Other information										
Interest income	**2,734**	7,627	**84**	104	**506**	467	**–**	2	**3,324**	8,200
Depreciation of property, plant and equipment	**3,022**	3,427	**15,301**	4,015	**1,031**	450	**43**	43	**19,397**	7,935
Amortisation of payment for leasehold land held for own use under operating leases	**–**	–	**16,525**	13,107	**–**	–	**–**	–	**16,525**	13,107
Reversal of impairment loss/ (impairment loss) on property, plant and equipment	**–**	–	**16,590**	(60,990)	**–**	–	**–**	–	**16,590**	(60,990)
Reversal of impairment loss/ (impairment loss) on payment for leasehold land held for own use under operating leases	**–**	–	**10,293**	(97,298)	**–**	–	**–**	–	**10,293**	(97,298)
Change in fair value of investment properties	**–**	–	**–**	–	**275,851**	(169,018)	**–**	–	**275,851**	(169,018)
Reversal of write-down/ (write-down) of property under development	**50,237**	(48,708)	**–**	–	**–**	–	**–**	–	**50,237**	(48,708)
Share of results of associates	**(25,950)**	44,793	**–**	–	**–**	–	**–**	–	**(25,950)**	44,793
Share of result of a jointly controlled entity	**–**	(779)	**–**	–	**–**	–	**–**	–	**–**	(779)
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**–**	371,875	**–**	–	**–**	–	**–**	–	**–**	371,875
Gain on deemed disposal of a subsidiary	**–**	127,986	**–**	–	**–**	–	**–**	–	**–**	127,986
Waiver of partial consideration on acquisition of subsidiaries	**20,437**	–	**–**	–	**–**	–	**–**	–	**20,437**	–
Written off of property, plant and equipment	**183**	306	**–**	605	**240**	295	**–**	–	**423**	1,206
Gain on disposal of assets classified as held for sale	**–**	18,548	**–**	–	**–**	–	**–**	–	**–**	18,548
Impairment of goodwill	**(580)**	(32,492)	**–**	–	**–**	–	**–**	–	**(580)**	(32,492)
Reportable segment assets	**6,883,799**	5,962,840	**909,204**	906,794	**1,822,799**	1,307,123	**2,487**	2,563	**9,618,289**	8,179,320
Expenditures for reportable segment non-current assets	**6,901**	5,123	**177**	833	**1,992**	1,476	**–**	–	**9,070**	7,432
Reportable segment liabilities	**3,031,256**	2,368,174	**183,916**	170,223	**448,942**	339,161	**2,137**	2,005	**3,666,251**	2,879,563

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	Group	
	2009	2008
	HK$'000	*HK$'000*
Profit before tax expenses		
Reportable segment profit before tax expenses	**1,020,403**	966,035
Interest income	**48**	2,913
Other revenue	**19**	2
Dividend income from financial assets at fair value through profit or loss	**–**	629
Gain on disposal of available-for-sale investments	**–**	136
Gain/(loss) on disposal of financial assets at fair value through profit or loss	**5,623**	(5,354)
Gain on repurchase of senior loan notes	**17,846**	17,784
Change in fair value of financial assets at fair value through profit or loss	**8,904**	(73,919)
Finance costs	**(171,133)**	(191,938)
Unallocated head office and corporate expenses	**(44,256)**	(12,287)
Profit before tax expenses	**837,454**	704,001

	Group	
	2009	2008
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**9,618,289**	8,179,320
Available-for-sale investments	**14,709**	14,709
Financial assets at fair value through profit or loss	**14,101**	21,582
Unallocated head office and corporate assets	**70,914**	27,548
Total assets	**9,718,013**	8,243,159

	Group	
	2009	2008
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**3,666,251**	2,879,563
Borrowings	**2,252,838**	2,048,454
Unallocated head office and corporate liabilities	**14,701**	15,100
Total liabilities	**5,933,790**	4,943,117

(c) Geographical segment

The Group's operations are principally located in Hong Kong and the People's Republic of China ("PRC"). Group administration is carried out in Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market and analysis of total assets and capital expenditure by the geographical area in which the assets are located.

	Revenue from external customers		**Expenditure on non-current assets**	
Group	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**2,153,218**	1,956,771	**9,056**	7,414
Hong Kong	**8,874**	11,832	**14**	18
	2,162,092	1,968,603	**9,070**	7,432

(d) Information about major customers

Revenue from customers of the sales of properties segment in the PRC contributing over 10% of total turnover of the Group is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Customer A	**521,274**	–
Customer B	**–**	543,274
Customer C	**–**	253,994
Customer D	**–**	244,974

5 PROFIT BEFORE TAX EXPENSES

Profit before tax expenses is arrived at after charging:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Cost of sales	**1,305,299**	989,193
Staff costs	**105,578**	71,076
Depreciation of property, plant and equipment	**19,397**	7,935
Amortisation of payment for leasehold land held for own use under operating leases	**16,525**	13,107
Auditor's remuneration	**1,655**	2,706
Written off of property, plant and equipment	**423**	1,206
Share of tax of associates (included in share of results of associates)	**353**	546
Exchange loss, net	**806**	9,787
Direct operating expenses from investment properties that generated rental income during the year	**35,847**	8,315
Loss on disposal of financial assets at fair value through profit or loss	**–**	5,354

6 FINANCE COSTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**65,967**	73,593
Interest on bank loans repayable after five years	**15,060**	3,642
Interest on convertible notes	**–**	580
Interest on senior loan notes	**110,418**	117,000
Amortisation of issue cost of senior loan notes	**7,699**	7,699
Less: amount capitalised in properties under development	**(28,011)**	(10,576)
	171,133	191,938

Borrowing costs capitalised during the year, are calculated by applying a capitalisation rate of 7.5% (2008: 8.9%) to expenditure on qualifying assets.

7 TAX EXPENSES

The amount of tax expenses/(credit) in the consolidated statement of comprehensive income represents:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
– tax for the year	**172,909**	114,738
– (over)/under provision in respect of prior years	**(14,151)**	729
	158,758	115,467
Current tax – LAT		
– tax for the year	**187,942**	328,783
– tax attributable to sales of properties in prior years	**(12,643)**	–
	175,299	328,783
Deferred tax		
– current year	**53,076**	(81,953)
– effect of change in tax rate	**–**	37,116
	53,076	(44,837)
	387,133	399,413

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2009 and 2008.

PRC Enterprise Income Tax

PRC subsidiaries are subject to PRC Enterprise Income Tax at rate ranging from 20% to 25% (2008: 18% to 25%).

For subsidiaries which are located and operating in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the year ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively.

Profits of other subsidiaries established in the PRC are subject to an income tax of 25%, which is unified to both domestic enterprises and foreign-invested enterprises.

Pursuant to the new PRC tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors effective from 1 January 2008. However, a 5% withholding tax will be levied on dividends declared to Hong Kong investor under the tax treaty arrangement between PRC and Hong Kong. Further to the issuance of Guofa (2007) No. 39, the Ministry of Finance and the State Administration of Taxation released notice Caishui (2008) No. 1 on 22 February 2008, stating that the distributions of the pre-2008 earnings of a foreign invested enterprise to a foreign investor in 2008 or later will be exempted from any withholding taxes.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

8 DIVIDENDS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Final, proposed – HK0.34 cent (2008: HK Nil cent) per share	**42,472**	–

At a meeting held on 25 March 2010, the directors recommended a final dividend of HK0.34 cent per ordinary share. The proposed dividend in respect of the year ended 31 December 2009 is calculated based on 12,491,906,515 shares in issue as at the date of this announcement. Such dividend is to be approved by the shareholders at the Company's forthcoming Annual General Meeting. It is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2010.

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**421,262**	317,359
Weighted average number of ordinary shares in issue (thousands)	**10,291,374**	8,589,830
Basic earnings per share (HK cents per share)	**4.1**	3.7

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of shares in issue during the year after adjusting for the number of dilutive potential ordinary shares on convertible notes issued and share options granted.

	2009	2008
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**421,262**	317,359
Adjustments for interest on convertible notes	**–**	580
Profit attributable to owners of the Company for diluted earnings per share	**421,262**	317,939
Weighted average number of ordinary shares in issue (thousands)	**10,291,374**	8,589,830
Effect of dilutive potential ordinary shares on convertible notes (thousands)	**–**	39,329
Effect of dilutive potential ordinary shares on share options (thousands)	**11,809**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**10,303,183**	8,629,159
Diluted earnings per share (HK cents per share)	**4.1**	3.7

10 TRADE AND OTHER RECEIVABLES

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

The ageing analysis of trade receivables at the end of reporting period is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current (i)	**22,428**	28,308
Less than one month past due	**11,182**	3,936
1 to 3 months past due	**2,139**	14
More than 3 months but less than 12 months past due	**346**	1,615
More than 12 months past due	**4,184**	3,313
Amount past due at end of reporting period but not impaired (ii)	**17,851**	8,878
	40,279	37,186

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$17,851,000 (2008: HK$8,878,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on its accounting policies.

11 TRADE AND OTHER PAYABLES

The ageing analysis of trade payables at the end of reporting period is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current or less than 1 month	**3,050**	430
1 – 3 months	**287,780**	78,297
More than 3 months but less than 12 months	**20,271**	28,364
More than 12 months	**109,897**	144,212
	420,998	251,303
Retention money	**45,595**	35,148
	466,593	286,451

The trade payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

12 TAX PAYABLE

	Group	
	2009	2008
	HK$'000	*HK$'000*
PRC Enterprise Income Tax payable	**71,985**	5,016
LAT provision	**998,668**	829,047
	1,070,653	834,063

13 EVENTS AFTER THE REPORTING PERIOD

(a) On 7 January 2010, the Company entered into subscription agreements with China Alliance Properties Limited ("China Alliance") and Grand Link Finance Limited ("Grand Link"), whereby China Alliance and Grand Link will subscribe for 1,550,000,000 and 400,000,000 new ordinary shares of the Company respectively at HK$0.31 per share, raising approximately HK$604,500,000 to fund future property acquisitions in the PRC.

(b) On 1 February 2010, the Group succeeded in the bid for acquisition of a land parcel with a site area of 45,471.9 square metres in Shanghai from Shanghai Huangpu District Bureau of Planning and Land Resources, a PRC Governmental Bureau in charge of management of the land resources in Shanghai, the PRC, at an aggregate price of RMB9,220,000,000. On 14 March, 2010, the Group signed the definitive land grant contract.

(c) On 28 February 2010, a share option holder, which was a former holder of the Company's convertible note, exercised the remaining 132,500,000 share options to subscribe for 132,500,000 ordinary shares of the Company at HK$0.24 per share with a total consideration of HK$31,800,000.

14 CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 1 June 2010 to Thursday, 3 June 2010, both days inclusive, during such period no transfer of shares of the Company will be registered.

In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 31 May 2010.

CHAIRMAN'S STATEMENT

Financial Results

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 ("the Period" or "Year under Review").

During the year under review, turnover of the Group amounted to approximately HK$2,162,092,000, an increase of 10% against approximately HK$1,968,603,000 last year. Profit attributable to shareholders of the Company increased by approximately 33% to approximately HK$421,262,000 as compared with approximately HK$317,359,000 last year. Basic earnings per share of the Company were HK4.1 cents (2008: HK3.7 cents). The Group's turnover and profit for the year were mainly the results of:

- Delivery of office buildings in "Wu Dao Kou Financial Center", Shanghai
- Delivery of villas in the premium residential project "Mandarin Palace", Shanghai
- Delivery of residential properties in "Zendai Quantland", Shanghai
- Delivery of residential properties in Haimen, Changchun and Jilin
- Revaluation gains on investment properties

Dividend

The Directors of the Company recommended a final dividend of 0.34 cent per share for the year ended 31 December 2009 (2008: nil).

Business Review

During the year under review, the global financial economy was bogged down in the US financial crisis. However, benefiting from the PRC Government's proactive fiscal policies (highlighted by the RMB4 trillion stimulus package) and moderate monetary policies, the impact on China's property sector was greatly relieved. Signs of recovery emerged in the second quarter of 2009 with both the transaction volume and price of properties rising notably since the third quarter. As a result, the Group was able to roll out residential and commercial properties which have delivered satisfactory performance riding on the rising trend.

The strategic acquisition of the entire interest in Giant Hope Investments Limited ("Giant Hope") in July 2008 has provided the Group with several premium integrated property projects and land, including 100% interest in the Radisson Hotel Pudong, Shanghai, 90% interest in a plot of land in Qingpu District, Shanghai, additional retail shop and car parking space in Zendai Thumb Plaza in Shanghai and the increment of the Group's interest in Qingdao Shangshi International Plaza, Shandong Province to 45%. These efforts subsequently strengthened the Group's position as an integrated property developer, improved its overall competitiveness and provided it with a wider income stream, which has been reflected in the Group's results in 2009. The Group has also adopted prudent strategies. In particular, the Group formed a joint venture with Shanghai Media & Entertainment Group ("SMEG") through its wholly-owned subsidiary Shanghai Zendai Real Estate Company Limited ("Shanghai Zendai Land") to acquire and develop two parcels of land in Nantong city, Jiangsu Province, the PRC. Acquisition and development carried out by the joint venture will boost the Group's new projects and land reserves while expand its business coverage.

Commercial Property Projects

Shanghai

Wu Dao Kou Financial Centre

"Wu Dao Kou Financial Centre", a grade A commercial project of the Group in Pudong, Shanghai comprises a south tower and a north tower, with a total salable area of 83,265 square metres. The south tower, with a total floor area of 25,865 square metres, was acquired by Evergreen Group of Taiwan as its Asia Pacific headquarters and was delivered in 2008; while the north tower, which had a total floor area of 57,400 square metres together with its ancillary commercial space, sold out 31,784 square metres as of 31 December 2009, among which, 31,470 square metres were delivered (with 14,343 square metres delivered during the period). The contract value, totaling RMB498,900,000 (equivalent to approximately HK$565,300,000) was recognised as turnover.

Zendai Cube Tower

"Zendai Cube Tower", another grade A office building of the Group, comprises office and commercial spaces with a total floor area of 33,149 square metres. As at 31 December 2009, a cumulative floor area of 30,704 square metres was sold, among which, 30,475 square metres in total were delivered, and 1,949 square metres were delivered during the period. A contract value totaling RMB73,300,000 (equivalent to approximately HK$83,100,000) was recognised as turnover.

Zendai Thumb Plaza

After the acquisition of Giant Hope in 2008, the area of retail shops in "Zendai Thumb Plaza" owned by the Group increased to 47,382 square metres and 447 underground car parking spaces were secured. Zendai Thumb Plaza is a modern integrated commercial complex in a prime location near Century Park and the Lujiazui financial district. As at 31 December 2009, more than 90% of the commercial spaces in the plaza were leased. Rental income recognised during the period was RMB56,400,000 (equivalent to approximately HK$63,900,000).

Radisson Hotel Pudong

The acquisition of Giant Hope also added the five-star hotel Radisson Hotel Pudong in Zendai Thumb Plaza to the Group's portfolio. The 18-storey hotel has a gross floor area of 31,826 square metres and 361 guest rooms, a 4-storey ancillary building and one level of basement. It has been in operation since March 2006 and is managed under the "Radisson" brand by Carlson Companies. The average occupancy rate of the hotel was 62% in 2009. Total income of the hotel during the period was RMB95,500,000 (equivalent to approximately HK$108,200,000).

Zendai Yuanshan Financial Building

"Zendai Yuanshan Financial Building" of the Group, located in Pudong, Shanghai, has a total saleable area of approximately 47,400 square metres. It is comprised of a 17-storey office building embedded with two additional floors of commercial spaces, two 18-storey serviced apartments with the first floor serving as commercial areas, and two floors in underground serving for entertainment and leisure-related purposes and used as car park. "Zendai Yuanshan Financial Building" was completed by the end of 2009. The office building is being planned for sale.

Parcel of Land in Qingpu District

Through the acquisition of Giant Hope, the Group secured 90% interest in a parcel of land in the tourist site of Zhujiajiao Town, Qingpu District, Shanghai. Together with the 10% interest in the land it already owned, the Group has now secured the entire interest in this approximately 140,099-square-metre land. It is intended to develop the land into an integrated project comprising mid- to high-end service type apartments, retail shops, a hotel and club house. Construction of the project with an estimated gross floor area of approximately 121,000 square metres, will commence in the second half of 2010.

Himalayas Center

"Himalayas Center" is an integrated commercial property project 45%-owned by the Group. It is located at Fangdian Road, Pudong New Area, near the Shanghai New International Expo Center, Century Park, Metro Line 2's Long Yang Road Station and Shanghai Meglev Train Station. The project occupies an area of 28,893 square metres with a total gross floor area of approximately 164,500 square metres. 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. Construction is expected to be completed in phases between September 2010 and late 2011. The hotel section (with a total gross floor area of approximately 75,088 square metres) will have 388 guest rooms. It will commence operation in September 2010 to accommodate visitors for the World Expo in Shanghai which starts in May 2010.

Other Cities

Qingdao "Zendai Thumb Plaza"

When the acquisition of Giant Hope was completed by the Group, a wholly-owned subsidiary of Giant Hope was applying for transfer of land use rights for another site in Lao Shan District, Qingdao City, Shandong Province, the PRC. The relevant transfer was completed in February 2009. The approximately 40,000-square-metre site is located northwest to the junction of Haier Road and Tongan Road and is intended to be developed into an integrated project named Qingdao "Zendai Thumb Plaza". The project will comprise retail shops, a hotel, serviced apartments and a conference centre with a gross floor area of approximately 181,700 square metres. The project was started in November 2009 and is expected to be completed in the first half of 2012.

A Parcel of Land in Lao Shan District, Qingdao City

The Giant Hope acquisition brought to the Group 25% interest in another parcel of land in Lao Shan District of Qingdao City, Shandong Province. Together with the 20% interest in the land it already owned, the Group now has 45% interest in total. This approximately 43,613-square-metre site in south-western Lao Shan District of Qingdao City is bounded by Hongkong Road to its south and Songling Road to its west. The site is intended for development of an integrated project named "Qingdao Shangshi International Plaza" which comprises service type apartments, apartments and an underground car park. The project with total gross floor area of approximately 143,000 square metres, will be constructed in phases. Phase I consists of five 28- to 30-storey high-end residential buildings, with a gross floor area of approximately 84,310 square metres. It is expected to be completed and delivered in the first quarter of 2010. The pre-sale of the residential units was started in late May of 2009 and 56,977 square metres have been sold as of 31 December 2009, generating RMB1,490,500,000 (approximately HK$1,688,800,000) in terms of total contract value. Other parts of the project are still under planning stage.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City. The project has a total saleable area of approximately 81,200 square metres, including a cultural sightseeing area and a commercial district. It will be developed in two phases. Phase I will have 12 blocks and 243 units, which will be reserved for leasing, with a gross area of approximately 20,089 square metres. Construction of phase I was completed in the third quarter of 2009. As at 31 December 2009, the contracted leased area was 11,221 square metres. Trial operation commenced in January 2010 while planning of phase II is underway.

Haikou Project

The Group owns a project under development with a gross floor area of approximately 73,000 square metres and a parcel of land of approximately 7,745 square meters in Haikou City, Hainan Province. The project under development named "Hainan Zendai Wu Dao Kou Financial Centre" will have a total saleable office space of approximately 55,214 square metres. Construction of the project began in the first quarter of 2009. By now, main structures have been topped out and the wall building is in progress. Pre-sale is scheduled to start in the second quarter of 2010 with delivery expected to take place in the first quarter of 2011. Another parcel of land of approximately 7,745 square metres is intended for sale.

A Parcel of Land in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan which has a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities. Related layout and concrete design are currently on the drawing board.

"Zhongke Langfang Techonology Valley" in Langfang City

The Group and Shan Shan Investment Holdings Co., Limited ("Shan Shan Investment") are jointly developing the "Zhongke Langfang Technology Valley" in Langfang City, Hebei Province. The project has a total site area of approximately 3,100,000 square metres, around 30% of which will be used for developing commercial properties. The project aspires to become a technology research and development centre resembling the Silicon Valley in the United States. Construction of infrastructures is already underway. The strategic cooperation will allow the Group to gain a foothold and seize business opportunities in the Bohai Rim.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, one of which is designated for commercial use, with a total site area of approximately 45,718 square metres. The other, with a total site area of approximately 103,750 square metres, is intended to be developed into a residential project. Development planning for the two sites is underway.

Land Parcels in Nantong City, Jiangsu

The Group has formed a joint venture with SMEG through its wholly-owned subsidiary Shanghai Zendai Land to acquire and develop two parcels of land in Nantong City, Jiangsu Province, the PRC in December 2009. The total site area of the land parcels is 281,912 square metres. Shanghai Zendai Land will assume a leading role in the management of the project. The joint venture will have a registered capital of RMB100,000,000 and will be owned in equal share by Shanghai Zendai Land and SMEG (or their respective subsidiaries).

The two parcels of land are located in the southern part of Chongchuan District in Nantong City, Jiangsu Province and is adjacent to the east side of Langshan Scenic Region, one of the major tourist sites in Jiangsu Province, and is within close proximity to the major commercial and government administration districts of Nantong City. A number of high-end entertainment facilities and a golf course were also established in this area. This part of Chongchuan District is expected to be developed into a prestigious commercial area and residential community in Nantong City. Land parcel one, with a total gross floor area of approximately 128,567 square metres, will be developed into a large scale commercial project using Shanghai Zendai Thumb Plaza as a model. Land parcel two, with total gross floor area of approximately 75,000 square metres, is intended to be developed into a high end residential project. Planning for the design of the two land parcels is in progress.

Residential Projects

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, is comprised of 54 villas with a total saleable area of approximately 39,696 square metres. As at 31 December 2009, a cumulative 45 villas with total saleable area of 32,355 square metres have been sold, generating RMB1,533,800,000 (equivalent to approximately HK$1,737,800,000) of total contract value for the Group. During the period, seven villas with total saleable area of 4,891 square metres were sold, with a total contract value of RMB370,900,000. Six villas with area of 4,340 square metres have been delivered and total contract value of RMB310,900,000 (equivalent to approximately HK$352,300,000) has been recorded in the period.

Zendai Yuanshan Financial Building – Zendai Quantland

"Zendai Yuanshan Financial Building" located in Pudong, Shanghai. It has a total saleable area of approximately 47,400 square metres which is planned to be developed into an office building of 17 floors with two levels of commercial spaces and two 18-storey serviced apartment blocks with the ground floor as commercial spaces. In addition, there will be two levels of underground space for entertainment and leisure-related uses and parking cars. The "Zendai Quantland" residential units in Zendai Yuanshan Financial Building have a total saleable area of approximately 22,100 square metres. Construction of the ancillary commercial spaces has been completed at the end of 2009 and the pre-sale commenced in January 2009. Approximately 19,623 square metres were sold for a total contract value of RMB542,600,000 (equivalent to approximately HK$614,800,000). During the period, 13,650 square metres were delivered and a total contract value of RMB369,200,000 (equivalent to approximately HK$418,300,000) was recognised as turnover.

Other Cities

"Valley International" in Jilin

Occupying a 191,100-square-metre site, the total saleable area of the residential project "Valley International" is approximately 202,000 square metres. The project will be developed in four phases.

"楓林別墅", the first phase of the project, comprises 118 town houses and 11 villas with saleable area of 39,252 square metres. As at 31 December 2009, a cumulative 116 town houses and seven villas with total saleable area of 36,464 square metres were sold, generating RMB153,200,000 (equivalent to approximately HK$173,600,000) of total contract value. All of these were delivered, among which, 1,760 square metres carrying a total contract value of RMB13,300,000 (equivalent to approximately HK$15,100,000) was recognised as turnover during the period.

The second phase of the project will comprise four low-rise blocks and seven high-rise residential blocks, providing 503 residential units and ancillary commercial facilities in aggregate, with saleable area of about 83,348 square metres (79,543 square metres of which will be for residential use and 3,805 square metres will be for commercial use). Construction of the 11 buildings will take place and be delivered in three batches as scheduled.

Construction of the first batch, comprising four low-rise blocks with 209 residential units and ancillary commercial units of saleable area 22,987 square metres was completed in late 2008 and will be delivered in the second half of 2010. Sale of the units commenced in November 2007 and as at 31 December 2009, a cumulative 197 residential units with a total saleable area of 21,447 square metres have been sold, generating RMB76,263,000 (equivalent to approximately HK$86,400,000) in contract value. During the period under review, a total of 145 units with total saleable area of about 16,371 square metres were sold, generating RMB56,800,000 (equivalent to approximately HK$64,400,000) of total contract value.

Construction of the second batch, comprising five high-rise blocks and providing 250 residential units with saleable area of 42,258 square metres, commenced in the third quarter of last year. It is expected to be completed and delivered in late 2010. Pre-sale started in October 2009. As at 31 December 2009, 18 units with a total saleable area of 2,610 square metres have been sold, generating RMB12,100,000 (equivalent to approximately HK$13,700,000) in contract value.

The third batch will comprise two high-rise blocks with 44 residential units of saleable area approximately 14,298 square metres. Construction has commenced in the second quarter of 2009. Pre-sale of the units will commence in the second quarter of 2010 and the units will be delivered in the fourth quarter of 2010.

The third phase of the project will provide 117 villas and town houses with saleable area of approximately 44,500 square metres. Construction has started in May 2008 and it is expected to be completed in the second quarter of 2010. Pre-sale has begun in October 2008. As at 31 December 2009, 81 units with total saleable area of 30,436 square metres were sold, generating a total contract value of RMB164,300,000 (equivalent to approximately HK$186,500,000) for the Group. During the period under review, saleable area of approximately 23,845 square metres was sold, generating RMB128,800,000 (equivalent to approximately HK$145,900,000) of contract value.

Specific planning is still under progress for phase four of the project. It will offer villas with saleable area of approximately 34,920 square metres.

"Zendai Ideal City" in Changchun

Located in Changchun, "Zendai Ideal City" will be comprised of residential properties and ancillary commercial spaces on a 308,800-square-metre site, with total saleable area of 413,000 square metres. The project is being constructed in five phases. The first phase will have a total saleable area of approximately 111,500 square metres on an approximately 77,300-square-metre site, comprising 23 multi-storey residential buildings and three high-rise residential buildings, offering a total of 1,210 units and related ancillary commercial facilities. Construction was completed in October 2009. As at 31 December 2009, 1,175 residential units with total saleable area of 102,983 square metres in the first phase were sold, generating a total contract value of RMB348,300,000 (equivalent to approximately HK$394,600,000). During the period under review, the Group delivered 378 residential units with area of 28,458 square metres and recognised contract value of RMB95,800,000 (equivalent to approximately HK$108,500,000) as turnover.

The second phase of the project will be developed into 19 multi-storey residential buildings, 10 high-rise residential buildings and ancillary commercial facilities, with a total saleable area of about 115,200 square metres. Pre-sale of the multi-storey residential buildings and six 9 to 11-storey high-rise residential buildings of 91,745 square metres has commenced in the first quarter of 2009. An area of approximately 54,740 square metres was sold during the period, bringing a total contract value of RMB202,400,000 (equivalent to approximately HK$229,300,000). The units will be delivered in August 2010. Presale of units in another four 15-storey high-rise residential buildings has commenced in the first quarter of 2010 and units will be delivered in the fourth quarter of 2010. Other developments are still under planning stage.

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,388,872 square metres.

The first parcel has an area of 577,336 square metres and will be developed into two parts. "Zendai-Dong Zhou Mansion", the first part of the parcel, is being developed in three phases with Phase I offering 52 villas with saleable area of approximately 17,457 square metres. As at 31 December 2009, a cumulative 43 units with a total saleable area of 14,666 square metres were sold, generating RMB69,400,000 (equivalent to approximately HK$78,600,000) of contract value. Two blocks with area of 763 square metres were sold during the period, generating a total contractual value of RMB4,880,000 (equivalent to approximately HK$5,530,000). During the period under review, the Group delivered two units with area of 763 square metres and recognised from them a total contract sum of RMB4,880,000 (equivalent to approximately HK$5,530,000). Phases II and III of the "Zendai-Dong Zhou Mansion" are still in planning stage. "Multiflora Garden", on the second part of the parcel of land, will be developed in two phases into an integrated residential area comprising low-density town houses. Phase I offered 212 units with saleable area of approximately 57,500 square metres. As at 31 December 2009, a cumulative 160 units with a total saleable area of 41,933 square metres were sold, generating a total contract value of RMB189,400,000 (equivalent to approximately HK$214,600,000). During the period under review, the Group delivered 65 units of 16,592 square metres and recognised their contract sum of RMB76,100,000 (equivalent to approximately HK$86,200,000) as turnover.

The second parcel with an area of approximately 811,536 square metres will be developed into residential properties in phases. The construction of the first phase, "清華園生態花園洋房", with area of approximately 43,551 square metres and saleable area of approximately 65,400 square metres, has commenced and pre-sale of units will start in the first quarter of 2010. Other parts of development are under planning.

Huzhou in Zhejiang Province

The Group owns a parcel of land with an area of approximately 59,935 square metres in Huzhou, Zhejiang Province. The project with a total gross floor area of approximately 119,000 square metres will be developed into a project with residential properties and ancillary commercial spaces. Specific plan of the project is underway.

Prospects

The Central Government of the PRC has initiated adjustments to the policies on macro economy in late 2009 to rein the easy credit so as to prevent the formation of a potential bubble in the property market. Policies were launched to suppress property speculation and land hoarding by developers, which is expected to calm down the soaring property market in the PRC. Uncertainties in foreign markets may cause short term instability in the property market. However, the prosperous economy and rising living standards in the PRC, on top of a speedy urbanization continue to power a huge demand for properties. These positive factors, together with a close monitoring and flexibility in adjusting economic control measures by the Central Government to avoid fluctuation in the property market, provide us with the confidence that the PRC property market will maintain its healthy development as a whole in 2010. The 2010 World Expo is to be held in Shanghai and the PRC Central Government determines to continue to boost the development of value-added services and manufacturing sectors in Shanghai, transforming the city into an international financial hub and maritime logistics centre. These developments are all favorable factors for Shanghai's long-term economic development and bring a bright prospect to its real estate market.

In February 2010, the Group has succeeded in its bid for the land parcel of 外灘國際金融中心(8-1) ("the Land Parcel") in Shanghai. On 14 March, 2010, the Group signed the definitive land grant contract. This acquisition is a milestone in the history of development of the Group. The Land Parcel is located at the Bund in dynamic Huangpu District and is located between Yu Garden and the Shiliupu EXPO Pier, the prestigious central financial and commercial area within Shanghai. The Land Parcel offers a panoramic view from the bank of the Huangpu River taking the Shanghai World Financial Center and Jin Mao Tower in Pudong district. It is designated for integrated office, commercial, financial and cultural use. The Land Parcel has a total site area of 45,471.9 square metres with the total gross floor area in the planned above-ground spaces covering approximately 270,000 square metres and an additional 100,000 square metres of underground spaces. Upon the completion of development, the total gross floor area of office and commercial units above-ground spaces is expected to be greater than 70% and 15% of the developed area respectively. With highly promising development potential, the Land Parcel will not only boost the Group's land reserve in Shanghai, but consolidate its leading position as a major integrated real estate developer and enhance its profitability. Based on its successful track record in developing large-scale office and commercial complex, the Group is confident of launching a landmark project in Shanghai on the Land Parcel.

The Group has set a 10-year development strategy. In the first five years, it will focus on the brand development of the "Zendai Thumb Plaza" residential and commercial complex, the "Mandarin Palace" premium residential project and the "Himalayas Center" integrated commercial property series. The Group will replicate the successful experience thereby gained in similar projects in second and third-tier cities as well as coastal areas, while boosting its brand recognition and business scale through focusing on providing quality products. In the next five years, the Group will focus on enhancing its real estate business and expanding into property-related finance activities, with an aim to become a leading property developer in the PRC.

In addition, the Group will strive to quickly adapt to trends within the dynamic property market, and accelerate project development and sales for faster return on capital and investment while initiating and facilitating the development of new projects. While adhering to an aggressive yet prudent development strategy leveraging its strengths and advantages on its brand name, it will continue to explore potential investment opportunities in districts with promising prospects for development potential, and thus generate better returns for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The results of the Group for the year under review was satisfactory. The turnover and profit for the year were mainly attributable to sales and delivery of office units of Wu Dao Kou Financial Centre, villas of Mandarin Palace, residential units in Zendai Quantland, Zendai Ideal City and revaluation surplus of investment properties. During the year under review the Group continued to offer both residential and commercial properties for sale. For commercial projects, they were office premises in Zendai Cube Tower and Wu Dao Kou Financial Centre. In respect of residential projects, they were villas in Mandarin Palace, apartments in Zendai Quantland, villas and detached houses in Haimen, villas and apartments in Jilin and apartments in Changchun.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31 December 2009 the Group had a healthy financial position with net assets increased from approximately HK$3,300 million in 2008 to approximately HK$3,784 million. Net current assets amounted to approximately HK$3,373 million (2008: approximately HK$2,850 million) with current ratio of approximately 2.13 times (2008: 2.12 times). The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2009, the Group had consolidated bank loans of approximately HK$1,391 million in which HK$282 million was repayable within one year and HK$1,109 million was repayable more than one year. As at 31 December 2009, the Group's bank balances and cash are approximately HK$600 million. The gearing ratio of the Group improved from 0.69 times in 2008 to 0.70 times in 2009 (basis: total of amounts due to related companies, bank loans, notes payable and convertible notes divided by Shareholders' funds).

Segment Information

Sales of properties

The turnover of this segment for the year amounted to HK$1,881,965,000 (2008: HK$1,802,650,000) and remained stable.

Travel and related business

The turnover of this segment for the year reached approximately HK$8,874,000 (2008: HK$11,832,000).

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$163,102,000 (2008: HK$94,681,000). The increase was due to the income from the investment properties and management and agency services companies acquired in July 2008 was fully booked in 2009.

Hotel operations

The turnover of this segment for the year was HK$108,151,000 (2008: 59,440,000). The increase was due to the income from Radisson Hotel acquired in 2008 was fully booked in 2009.

Foreign Currency Exposures

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

Employees

As at 31 December 2009, the Group employed approximately 1,110 employees (2008: 1,150 employees) in Hong Kong and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

Major Acquistion

In December 2009, the Group cooperated with Shanghai Media & Entertainment Group ("SMEG") to form a joint venture company to acquire and develop two parcels of land in Nantong city, Jiangsu Province in the PRC. The two parcels of land have a total site area of 281,912 square metres and the cost is RMB532,812,508.20.

Charge on Assets

As at 31 December 2009, the Group's hotel buildings, investment properties and properties for development and sales of approximately HK$348 million, HK$1,333 million and HK$1,323 million respectively had been pledged to banks to secure bank loans granted to the Group.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the Code during the year. The Company's annual results for the year ended 31 December 2009 has been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company purchased 15,200,000 of its own shares for cancellation. Except for the above, neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

On behalf of the board of
Shanghai Zendai Property Limited
Ma Chengliang
Chairman

Hong Kong, 25 March 2010

As at the date of this announcement, the executive Directors are Mr. Ma Chengliang, Mr. Wang Fujie, Mr. Dai Zhikang, Mr. Zhu Nansong, Mr. Fang Bin, Mr. Wu Yang, Ms. Zhou Yan and Mr. Tang Jian. The non-executive Directors are Mr. Wang Zhe, Mr. Zhang Hua and Mr. Liu Zhiwei. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

* *For identification purposes only*