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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)

CONNECTED TRANSACTION

CAPITAL INJECTION TO A JOINT VENTURE COMPANY IN THE PRC

The Board is pleased to announce that on 31 July, 2008, Zendai Land entered into the Agreement with Shanghai Zendai Investment pursuant to which Zendai Land and Shanghai Zendai Investment agreed to increase HLCL's registered capital from RMB380,000,000 to RMB632,000,000 by contribution of RMB252,000,000 cash to HLCL as additional registered capital under the Capital Injection. Pursuant to the Agreement, the additional registered capital of RMB252,000,000 to HLCL will be shared by Shanghai Zendai Investment and Zendai Land in proportion to their respective interests in HLCL's registered capital. The additional registered capital of RMB252,000,000 to HLCL shall be satisfied by (1) the contribution of RMB176,400,000 in cash by Shanghai Zendai Investment and (2) the contribution of RMB75,600,000 in cash by Zendai Land subject to the passing by the Independent Shareholders of an ordinary resolution at the SGM.

The Board intends to finance the consideration under the ZL Capital Injection of RMB75,600,000 (equivalent to approximately HK\$86,390,000) by the Group's internal resources. Currently HLCL is owned as to 30% by Zendai Land and 70% by the Shanghai Zendai Investment. Upon completion of the Capital Injection, Zendai Land's proportionate interest in the registered capital of HLCL remains unchanged.

The ZL Capital Contribution is conditional and is subject to conditions set out in the paragraph headed "Conditions precedent of the ZL Capital Injection" below. Since the ZL Capital Injection constitutes connected transaction for the Company under the Listing Rules, the SGM will be convened as soon as practicable, at which ordinary resolution will be proposed to approve the ZL Capital Injection. In view of Mr. Dai's relationship with Shanghai Zendai Investment, Mr. Dai, Giant Glory, Jointex Investment and their respective associates will abstain from voting at the SGM in respect of the ordinary resolutions proposed to approve the ZL Capital Injection.

A circular containing, among other things, details of the ZL Capital Injection, a letter from the independent board committee of the Company giving recommendations to the Independent Shareholders in respect of the ZL Capital Injection, an independent property valuation report on HLCL, a letter from an independent financial adviser advising the independent board committee and the Independent Shareholders in respect of the ZL Capital Injection and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

THE AGREEMENT DATED 31 JULY 2008

On 31 July, 2008, Zendai Land entered into the Agreement with Shanghai Zendai Investment pursuant to which Zendai Land and Shanghai Zendai Investment agreed to increase HLCL's registered capital from RMB380,000,000 to RMB632,000,000 by contribution of RMB252,000,000 cash to HLCL as additional registered capital under the Capital Injection. Pursuant to the Agreement, the additional registered capital of RMB252,000,000 to HLCL will be shared by Shanghai Zendai Investment and Zendai Land in proportion to their respective interests in HLCL's registered capital. The additional registered capital of RMB252,000,000 to HLCL shall be satisfied by (1) the contribution of RMB176,400,000 in cash by Shanghai Zendai Investment and (2) the contribution of RMB75,600,000 in cash by Zendai Land subject to the passing by the Independent Shareholders of an ordinary resolution at the SGM.

Currently HLCL is owned as to 30% by Zendai Land and 70% by the Shanghai Zendai Investment. Upon completion of the Capital Injection, Zendai Land's proportionate interest in the registered capital of HLCL remains unchanged.

If the ZL Capital Injection is not approved by the Independent Shareholders at the SGM, Shanghai Zendai Investment will proceed with the Capital Injection by injecting a total of RMB252,000,000 cash as additional registered capital to HLCL and as a result, Zendai Land's interest in HLCL's registered capital will be diluted to approximately 18.0% from 30.0%.

1. Parties to the Agreement

- a. Zendai Land; and
- b. Shanghai Zendai Investment.

2. Consideration and payment terms

The amount of under the Capital Injection of RMB252,000,000 (equivalent to approximately HK\$287,967,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement. Zendai Land and Shanghai Zendai Investment will be responsible to contribute in cash of RMB75,600,000 and RMB176,400,000 respectively to HLCL. Such contribution was determined in proportion to their respective interests in HLCL's registered capital.

3. Conditions precedent of the ZL Capital Injection

The ZL Capital Injection is conditional upon the following conditions being satisfied on or before 30 September, 2008 or such other date as the parties to the Agreement may otherwise agree:

- (a) the passing by the Independent Shareholders of an ordinary resolution at the SGM to approve the ZL Capital Injection; and
- (b) the permissions and approvals in respect of the Capital Injection having been obtained by HLCL (as the case may be) from the relevant PRC governmental authorities.

4. Completion of the ZL Capital Injection

Completion of the ZL Capital Injection will take place on the third Working Day after the satisfaction of all the abovementioned conditions or the waiver (except condition (a) above which cannot be waived) obtained from Zendai Land on the conditions. If the abovementioned conditions are not satisfied within the deadline set out above, all the obligations and liabilities of the parties to the Agreement in respect of the ZL Capital Injection will cease and terminate.

INFORMATION ON HLCL

HLCL was incorporated in 2003 as a single project company for the development of a commercial property project called Himalaya Centre in Pudong, Shanghai. Principal assets of HLCL include land use right and construction in progress for the development of the Himalaya Centre. HLCL is currently owned as to 30% by Zendai Land and 70% by Shanghai Zendai Investment. HLCL has a paid-up registered capital of RMB380,000,000.

According to the unaudited accounts of HLCL for the six months ended 30 June, 2008 (prepared in accordance with HKFRS), the unaudited equity attributable to equity holders of HLCL as at 30 June, 2008 was approximately RMB347,719,000 (equivalent to approximately HK\$397,348,000). According to the unaudited accounts of HLCL for the year ended 31 December, 2007 (prepared in accordance with HKFRS), HLCL recorded an unaudited loss before and after taxation attributable to equity holders of approximately RMB10,139,000 (equivalent to approximately HK\$11,586,000) and approximately RMB10,139,000 (equivalent to approximately HK\$11,586,000) respectively. The unaudited deficit attributable to equity holders of HLCL as at 31 December, 2007 was approximately RMB9,525,000 (equivalent to approximately HK\$10,884,000). According to the unaudited accounts of HLCL for the year ended 31 December, 2006 (prepared in accordance with HKFRS), HLCL recorded an unaudited loss before and after taxation attributable to equity holders of approximately RMB3,485,000 (equivalent to approximately HK\$3,982,000) and approximately RMB3,485,000 (equivalent to approximately HK\$3,982,000) respectively. The unaudited equity attributable to equity holders of HLCL as at 31 December, 2006 was approximately RMB614,000 (equivalent to approximately HK\$701,000).

Upon completion of the Capital Injection, the registered capital of HLCL will be increased to RMB632,000,000 and the registered capital of HLCL will be owned as to 30% by Zendai Land and 70% by Shanghai Zendai Investment respectively.

REASONS FOR THE ZL CAPITAL INJECTION

The Group is principally engaged in property development and investment in the PRC. Zendai Land, as an indirectly wholly-owned subsidiary of the Company, has established itself as a reputable property developer in the PRC.

The Board considers the Capital Injection will enable HLCL to further strengthen its capital base and will be beneficial to HLCL's business development in the future. The Board also considers the ZL Capital Injection an opportunity for the Group to preserve its proportionate interest in HLCL and is in the interests of the Group and the Shareholders. If the ZL Capital Injection is not approved by the Independent Shareholders at the SGM, Shanghai Zendai Investment will proceed with the Capital Injection by injecting a total of RMB252,000,000 cash as additional registered capital to HLCL and as a result, Zendai Land's interest in HLCL's registered capital will be diluted to approximately 18.0% from 30.0%.

The Board considers that the terms of the Agreement are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

APPROVAL BY INDEPENDENT SHAREHOLDERS IN RESPECT OF THE ZL CAPITAL INJECTION

As at the date of this announcement, Mr. Dai is interested in approximately 60% in Shanghai Zendai Investment. Mr. Dai is an executive Director and the chairman of the Company and is interested in approximately 58.74% interest in the issued share capital of the Company. Accordingly, the ZL Capital Injection constitutes connected transaction for the Company under the Listing Rules and is subject to the approval of Independent Shareholders at the SGM by way of poll.

SGM

Since the ZL Capital Injection constitutes connected transaction for the Company under the Listing Rules, the SGM will be convened as soon as practicable, at which ordinary resolutions will be proposed to approve the ZL Capital Injection. In view of Mr. Dai's relationship with Shanghai Zendai Investment, Mr. Dai, Giant Glory, Jointex Investment and their respective associates will abstain from voting at the SGM in respect of the ordinary resolutions proposed to approve the ZL Capital Injection.

An independent board committee of the Company will be set up to advise the Independent Shareholders on the terms of the Agreement and the transaction contemplated therein. In this regard, an independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders accordingly.

A circular containing, among other things, further information of the ZL Capital Injection, details of the Agreement and the transaction contemplated therein, a letter from the independent board committee of the Company giving recommendations to the Independent Shareholders in respect of the Agreement and the transaction contemplated therein, an independent property valuation report on HLCL, a letter from an independent financial adviser advising the independent board committee and the Independent Shareholders in respect of the Agreement and the transaction contemplated therein and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement”	a conditional agreement in relation to the Capital Injection dated 31 July, 2008 (in Chinese) entered into between Zendai Land and Shanghai Zendai Investment
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the executive directors of the Company
“Capital Injection”	the contribution of RMB252,000,000 in cash as additional registered capital of HLCL pursuant to the Agreement

“Company”	Shanghai Zendai Property Limited, an exempt company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Giant Glory”	Giant Glory Assets Limited, a limited company incorporated in the British Virgin Islands and is holding approximately 26.42% of the entire issued share capital of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HKFRS”	The Hong Kong Financial Reporting Standards promulgated by the Hong Kong Institute of Certified Public Accountants which include Hong Kong Accounting Standards and their interpretations
“HLCL”	上海証大喜瑪拉雅置業有限公司 (Shanghai Zendai Himalaya Real Estate Company Limited*), a company established in the PRC with limited liability which is principally engaged in property development in the PRC and is owned as to 30% by Zendai Land and 70% by Shanghai Zendai Investment as at the date of this announcement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Mr. Dai, Giant Glory, Jointex Investment and their respective associates
“Jointex Investment”	Jointex Investment Holdings Limited, a limited company incorporated in the British Virgin Islands owned beneficially as to 85% by Mr. Dai and as to 15% by Mr. Zhu Nansong and, is holding approximately 32.32% of the entire issued share capital of the Company as at the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dai”	Mr. Dai Zhikang, an executive Director and the chairman of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Agreement and the transaction contemplated therein

“Shanghai Zendai Investment”	上海証大投資發展有限公司 (Shanghai Zendai Investment Development Company Limited*), a company established in the PRC with limited liability which is an investment holding company and is beneficially owned as to approximately 60% by Mr. Dai, approximately 20% by Ms. Dai Mocao, daughter of Mr. Dai, approximately 15% by Mr. Zhu Nansong and approximately 5% by Mr. Dai Zhixiang, brother of Mr. Dai, as at the date of this announcement
“Share(s)”	share(s) of HK\$0.02 in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Working Day”	a day other than a Saturday or Sunday or any public holidays in the PRC
“Zendai Land”	上海証大置業有限公司 (Shanghai Zendai Real Estate Company Limited*), an indirectly wholly-owned subsidiary of the Company, established in the PRC with limited liability which is principally engaged in property development in the PRC as at the date of this announcement
“ZL Capital Injection”	the contribution of RMB75,600,000 in cash to HLCL by Zendai Land as additional registered capital pursuant to the Agreement
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“%”	per cent.

By Order of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman

Hong Kong, 4 August, 2008

As at the date of this announcement, the executive Directors are Mr. Dai Zhikang, Mr. Fang Bin, Mr. Zhang Wei, Mr. Lu Puling, Mr. Wang Xiangang, Mr. Tang Jian and Mr. Ye Wenbin. The independent non-executive Directors are Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon.

* For identification purpose only

For the purpose of this announcement, unless otherwise specifies, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.8751= HK\$1.00.