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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)

INSIDE INFORMATION: SETTLEMENT OF ARBITRATION

SETTLEMENT AGREEMENT

Shanghai Zendai Land Company Limited (“**Shanghai Zendai Land**”, or the “**Claimant**”, an indirect wholly-owned subsidiary of Shanghai Zendai Property Limited (the “**Company**”), and Shanghai Changye Investment Management Co., Ltd* (“**Shanghai Changye**”) and Shanghai Changsheng Investment Management Co., Ltd* (“**Shanghai Changsheng**”) (together, the “**Respondents**”), have entered into a settlement agreement (the “**Settlement Agreement**”) for the purpose of settling disputes which are subject to an arbitration proceeding at the Shanghai Arbitration Commission. The disputes arose from the performance of an agreement related to the Disposals (the “**Agreement**”), the details of which were set out in the circular issued by the Company on 28 February 2012 (the “**Circular**”).

Pursuant to the Settlement Agreement, the Claimant and the Respondents agreed to offset each other’s claims such that no party is obliged to make any future payment to any other party under the Agreement. Further, Shanghai Changsheng will transfer 100% of the equity interest in Shanghai Zendai Wudaokou Property Company Limited* (“**Shanghai Zendai Wudaokou**”) to the Claimant for the consideration which is equivalent to its net asset value (approximately RMB310 million), as contemplated in the Agreement. Shanghai Zendai Land will take up the obligation of paying the debt owed by Shanghai Changsheng to Shanghai Zendai Wudaokou which is equivalent to the consideration in value, so that no further payment needs to be made by Shanghai Zendai Land to Shanghai Changsheng in this respect.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Circular.

This announcement is made by the Company pursuant to the inside information provisions under part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

Reference is made to the Circular and the announcements of the Company dated 31 May 2012, 5 June 2012, 2 August 2012, 29 November 2012, 30 November 2012, 24 April 2013 and 10 November 2015 in relation to the litigation initiated by Zhejiang Fosun.

1. INTRODUCTION

- 1.1. Reference is made to the Circular, where the Company announced the Agreement among Shanghai Zendai Land, Greentown Jiahe and Shanghai Changye in relation to the Disposals, which included the Zendai Disposal and the Greentown Disposal.
- 1.2. The Consideration payable by Shanghai Changye under the Agreement comprises the Zendai Consideration and the Greentown Consideration which in aggregate amounted to RMB4 billion, of which the Zendai Consideration was RMB2.96 billion. The Consideration was payable in 6 instalments, the last instalment being RMB100 million.
- 1.3. Zhejiang Fosun filed a civil lawsuit against, among others, Shanghai Changye, Shanghai Changsheng, Shanghai Zendai Land and Shanghai Zendai Wudaokou on 30 May 2012 to protect its pre-emptive rights over certain equity interests (the “**Disputed Equity Interests**”) which were the subject matter of the Disposals, and a judgement was issued on 24 April 2013 by the Shanghai People’s Court of First Intermediate Level* that, amongst other things, the Agreement shall be invalidated. Shanghai Changye and Shanghai Changsheng then lodged an appeal on 7 May 2013 against the judgement.
- 1.4. Shanghai Changye subsequently entered into arrangements to transfer the Disputed Equity Interests to Zhejiang Fosun. Zhejiang Fosun later withdrew all of its claims related to the Disputed Equity Interests, and the Shanghai People’s Court of Senior Level* revoked the judgement of the Shanghai People’s Court of First Intermediate Level* accordingly. Please see the announcement of the Company dated 10 November 2015 for further details.

- 1.5. Shanghai Changye failed to make the last instalment of payment (RMB100 million) under the Agreement to Shanghai Zendai Land, which then sought to recover the amount by initiating an arbitration process on 6 March 2018 at the Shanghai Arbitration Commission. The Respondents raised a counterclaim on 20 April 2018 for approximately RMB185 million comprising mainly of its tax liabilities arising from its transfer of the Disputed Equity Interests to Zhejiang Fosun.
- 1.6. The Claimant and the Respondents settled their dispute which was subject to the arbitration on 5 September 2018 by entering into the Settlement Agreement.

2. SETTLEMENT AGREEMENT

Set out below is a summary of the principal terms of the Settlement Agreement and the relevant information.

2.1. Date

5 September 2018.

2.2. Parties

The parties to the Settlement Agreement are:

- (a) Shanghai Zendai Land Company Limited;
- (b) Shanghai Changye Investment Management Co., Ltd; and
- (c) Shanghai Changsheng Investment Management Co., Ltd.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shanghai Changsheng, Shanghai Changye and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

2.3. Principal Terms

Pursuant to the Settlement Agreement:

- (a) The Claimant and the Respondents agree to offset their monetary claims against each other (RMB100 million by the claimant and approximately RMB185 million by the Respondents) such that neither party is obliged to make any further payment to the other party;

- (b) Shanghai Changsheng will transfer 100% of shares in Shanghai Zendai Wudaokou to the Claimant for the consideration which is equivalent to its net asset value (approximately RMB310 million), as contemplated in the Agreement. Shanghai Zendai Land will take up the obligation of paying the debt owed by Shanghai Changsheng to Shanghai Zendai Wudaokou which is equivalent to the consideration in value, so that no further payment needs to be made by Shanghai Zendai Land to Shanghai Changsheng in this respect; and
- (c) All parties to the arbitration process agree not to bring up any other claims or raise any other disputes in connection with the matter in question.

3. FINANCIAL IMPACT OF THE SETTLEMENT AGREEMENT

Upon the implementation of the Settlement Agreement, Shanghai Zendai Land will incur a financial loss of approximately RMB100 million.

4. INFORMATION ON THE CLAIMANT

The Claimant is an investment holding company of property-development project companies in the PRC and is an indirect wholly-owned subsidiary of the Company.

By Order of the Board
Shanghai Zendai Property Limited*
Qiu Haibin
Chairman of the Board

Hong Kong, 6 September 2018

As at the date of this announcement, the executive Directors are Mr. Qiu Haibin, Mr. Qin Renzhong, Mr. Zhang Huagang and Mr. Tang Jian. The non-executive Directors are Ms. Wang Zheng, Mr. Gong Ping and Ms. Jiang Zhengyan. The independent non-executive Directors are Mr. Chow Alexander Yue Nong, Dr. Xu Changsheng, Mr. Ng Man Kung, Mr. How Sze Ming and Dr. Di Ruipeng.

* For identification purpose only