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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)

SUPPLEMENTAL ANNOUNCEMENT PROPOSED MANDATE IN RELATION TO THE POSSIBLE VERY SUBSTANTIAL DISPOSAL OF THE ENTIRE EQUITY INTEREST IN A SUBSIDIARY IN HAIMEN AND THE SALE LOANS

Reference is made to the announcement of Shanghai Zendai Property Limited (the “**Company**”, or collectively with its subsidiaries, the “**Group**”) dated 2 February 2020 in relation to the proposed mandate regarding the possible very substantial disposal of the entire equity interest in a subsidiary in Haimen and the sale loans (the “**Announcement**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information mentioned in the Announcement, the Board would like to provide supplemental information on the Proposed Disposal as below.

THE DETERMINATION OF IMPLEMENTING THE PROPOSED DISPOSAL THROUGH PUBLIC TENDER

As set out in the Announcement, the Group continued to adhere to its development strategy to extensively develop the first and second tier cities in the PRC while gradually stripping off its business from the third and fourth tier cities by focusing on key development areas in first and second tier cities such as Shanghai and Nanjing. Based on this development strategy and the current market conditions of Haimen, the Group has had the intention to dispose of the Disposal Group and the related work including the seeking of potential buyers was initiated. Prior to seeking the Proposed Mandate, no explicit potential buyers have been identified. The Company has made reference to its previous proposed major transaction in relation to the disposal of the Disposal Company and its subsidiaries, where the underlying subject to be disposed of and the structure were similar to those of the Proposed Disposal, to a private company established in the PRC, the relevant resolution of which was subsequently voted down by the majority of the Shareholders at the special general meeting, further details of which are set out in the circular of the Company dated 24 February 2017 and the announcement of the Company dated 14 March 2017. Taking into account that SUAEE is a property rights trading service institution approved by the Shanghai People’s Government and is specialised in providing a platform for the transfer of enterprise property rights, the Company is of the view that implementing the Proposed Disposal by public tender through SUAEE would allow the Group to, on one hand, leverage on the platform and network of SUAEE in order to attract more interested buyers to participate in the bid and therefore enhance the transparency and competitiveness, and on the other hand, to ensure that the identity of the final buyer as well as the Consideration would be determined on a fair and competitive basis governed by SUAEE. Therefore, the Company is of the view that public tender would be the only practical way to dispose of the Disposal Group, which is in line with the Group’s strategic focus.

THE SEEKING OF THE PROPOSED MANDATE

On the basis that public tender is the only practical way to implement the Proposed Disposal based on the current circumstances as disclosed above, it would be impossible for the Company to seek Shareholders' approval except by a prior mandate. As advised by the PRC lawyer of the Company, based on the relevant rules for tendering non-state-owned property rights of SUAEE, transferor of the asset in the bid, being Myway Developments and Zendai Real Estate in respect of the Proposed Disposal, is required to submit its internal decision documents including the shareholders' approval at the time of submitting its tender application through SUAEE, and therefore the Shareholders' approval shall be obtained by the Company by then. Further, according to the standard sales and purchase contract in respect of property rights transfer through SUAEE, all procedures required for the purpose of executing the agreement being those relating to, among others, authorisations, approvals and internal decision-making of the transferor and the purchaser shall be legally valid at the time of executing the sales and purchase contract by the purchaser.

In light of the above, the Company considers that in order to implement the Proposed Disposal by public tender through SUAEE, the submission of the tender application and the signing of the SPA shall not be conditional on the obtaining of the Shareholders' approval, and hence the seeking of the Proposed Mandate represents the only possible way for the Company to seek the approval from the Shareholders.

THE EXPECTED TIMETABLE

The timing of the public tender and the entering into of the SPA, subject to changes arising from certain factors including the number of interested bidders and further negotiations with the successful bidders, shall be announced based on the Company's estimates upon the despatch of the circular for the Proposed Disposal and/or the date of the SGM.

As at the date of this announcement, the Company has not yet submitted the relevant tender notice in relation to the Proposed Disposal and the entering into of the Proposed Disposal will be conditional upon, among others, the Company having obtained the approval from the Shareholders. Accordingly, the Proposed Disposal may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By order of the Board
Shanghai Zendai Property Limited
Mr. Wang Letian
Chairman

Hong Kong, 13 February 2020

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

* *For identification purposes only*