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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

This announcement is made by Shanghai Zendai Property Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong).

Reference is made to the paragraph headed “litigation” in the section headed “Management Discussion and Analysis” of the interim report 2021 dated 28 September 2021 in relation to a dispute over the trust loan contract entered into by and between an indirect wholly-owned subsidiary of the Company, Nanjing Lifang Real Estate Co., Ltd. (南京立方置業有限公司) (the “**Defendant Subsidiary**”) and a financial institution (the “**Financial Institution**”). On 22 July 2021, the Group received a summons issued by the Intermediate People’s Court of Lanzhou (“**Lanzhou Court**”), in which the Financial Institution requested the repayment of the principal amount, interests, penalty interests and compound interests amounting to approximately RMB210,000,000 (equivalent to approximately HK\$252,000,000) in total (the “**Claim**”). Subsequently, Lanzhou Court ruled in favour of the Financial Institution and the Defendant Subsidiary was ordered to repay the loan principal of RMB180 million and interest thereon of RMB10.07 million to the Financial Institution, with a penalty interest of approximate RMB8.52 million (the interest after 30 April 2021 shall be calculated at an annualised rate of 24% until the actual payment date) (the “**Outstanding Sum**”). Since then, the management of the Group had been actively negotiating with the Financial Institution, but the parties failed to reach a mutually acceptable settlement.

The board of directors of the Company (the “**Board**”) has recently received and been informed of the enforcement order (the “**Order**”) from the Lanzhou Court against the Defendant Subsidiary, Nanjing Shuiqingmuhua Real Estate Co., Ltd. (南京水清木華置業有限公司), Shanghai Zendai Real Estate Co., Ltd. (上海証大置業有限公司) and Nanjing Thumb Commercial Development Co., Ltd. (南京証大大拇指商業發展有限公司), all of which are indirect wholly-owned subsidiaries of the Company (the “**Enforcees**”).

According to the Order,

- (i) the bank deposit of the Defendant Subsidiary amounting to approximately RMB200 million be frozen (凍結) and allocated (劃撥) to settle the Outstanding Sum;
- (ii) the Financial Institution has priority right for claim to the proceeds from any discounted disposal or auction or sale of the 100% equity interest of Nanjing Shuiqingmuhua Real Estate Co., Ltd. (南京水清木華置業有限公司) pledged by the Defendant Subsidiary;

- (iii) the Financial Institution has priority right for claim to the proceeds from discounted disposal or auction or sale of the land use right of a plot of land in Nanjing pledged by Nanjing Shuiqingmuhua Real Estate Co., Ltd. (南京水清木華置業有限公司);
- (iv) Shanghai Zendai Real Estate Co., Ltd. (上海証大置業有限公司) and Nanjing Thumb Commercial Development Co., Ltd. (南京証大大拇指商業發展有限公司) shall be jointly and severally liable for the Outstanding Sum;
- (v) the Lanzhou Court shall be entitled to seal, seize, auction, sell the equivalent assets of the Enforcees, if the bank deposit of the Defendant Subsidiary in item (i) is insufficient to settle the Outstanding Sum.

In view of the current financial position of the Group, the Group may not be able to repay the Outstanding Sum to the Financial Institution according to the Order. The Group will continue to negotiate with the Financial Institution and strive to reach a settlement over the Outstanding Sum. The Company is continuously assessing the legal, financial and operational impact of the Claim over the Group. The Board will closely monitor the development of the abovementioned matter and will make further announcement in accordance with the requirements of the Listing Rules to notify shareholders and potential investors of the Company of any significant update of the Claim.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Shanghai Zendai Property Limited
Mr. Huang Yuhui
Chairman

Hong Kong, 8 March 2022

As at the date of this announcement, the executive Directors are Mr. Huang Yuhui, Mr. Wang Letian, Mr. He Haiyang and Ms. Li Zhen. The non-executive Directors are Ms. Wang Zheng, Mr. Ma Yun and Mr. Wu Junao. The independent non-executive Directors are Dr. Guan Huanfei, Mr. Chen Shuang, Mr. Cao Hailiang, Dr. Lin Xinzhu and Mr. Wang Yuzhou.

* *For identification purpose only*