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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Zendai Property Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF ADDITIONAL INTERESTS IN A JOINT VENTURE COMPANY IN THE PRC

*Independent financial adviser to the Independent Board Committee and
the Independent Shareholders*



新鴻基金融集團

SUN HUNG KAI FINANCIAL

A notice convening a special general meeting of the Company to be held at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong at 10:00 a.m. on Tuesday, 9 December 2008 is set out on pages 35 to 36 of this circular. A letter from Sun Hung Kai International Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 21 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's Hong Kong branch share registrars, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from subsequently attending and voting at the meeting or any adjournment thereof if you so wish.

* for identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of 15% of the registered capital of HLCL by Zendai Delta Land from Shanghai Zendai Investment pursuant to the Agreement
“Agreement”	a conditional agreement in relation to the Acquisition dated 5 November 2008 (in Chinese) entered into between Zendai Delta Land and Shanghai Zendai Investment
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the executive directors of the Company
“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 16.83% of the entire issued share capital of the Company as at the Latest Practicable Date
“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 Himalayas 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 Latest Practicable Date
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the committee of the Board comprising all independent non-executive Directors formed to advise the Independent Shareholders in respect of the Acquisition
“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 32.46% of the entire issued share capital of the Company as at the Latest Practical Date
“Latest Practicable Date”	21 November 2008, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained herein
“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 60% by Mr. Dai, 20% by Ms. Dai Mocado, daughter of Mr. Dai, 15% by Mr. Zhu Nansong and 5% by Mr. Dai Zhixiang, brother of Mr. Dai, as at the Latest Practicable Date

DEFINITIONS

“Share(s)”	share(s) of HK\$0.02 in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“SHKIL”	Sun Hung Kai International Limited, a licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
“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 Delta Land”	上海証大三角洲置業有限公司 (Shanghai Zendai Delta 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 Latest Practicable Date
“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 Latest Practicable Date
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“%”	per cent.

For the purpose of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB0.8819 = HK\$1.00. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

** for identification purpose only*

LETTER FROM THE BOARD



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 755)

Executive Directors:

DAI Zhikang

FANG Bin

ZHANG Wei

LU Puling

WANG Xiangang

TANG Jian

YE Wenbin

Independent non-executive Directors:

LO Mun Lam Raymond

LAI Chik Fan

TSE Hiu Tung, Sheldon

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Principal place of business
in Hong Kong:*

Unit 6108, The Center

99 Queen's Road Central

Hong Kong

24 November 2008

*To the Shareholders and for information only,
holders of options of the Company*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF ADDITIONAL INTERESTS IN A JOINT VENTURE COMPANY IN THE PRC

INTRODUCTION

On 5 November, 2008, Zendai Delta Land entered into the Agreement with Shanghai Zendai Investment pursuant to which Zendai Delta Land agreed to acquire from Shanghai Zendai Investment 15% of the registered capital of HLCL for a consideration of RMB112,000,000 (equivalent to approximately HK\$126,999,000) subject to the passing by the Independent Shareholders of an ordinary resolution at the SGM.

* for identification purpose only

LETTER FROM THE BOARD

Currently HLCL is owned as to 30% by Zendai Land and 70% by the Shanghai Zendai Investment. Upon completion of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment.

The Independent Board Committee has been set up to advise the Independent Shareholders in relation to the Acquisition. SHKIL has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect. The recommendation of the Independent Board Committee and the advice of SHKIL are also included in this circular.

The purpose of this circular is (i) to give you further information regarding, among other things, details of the Acquisition; (ii) to set out the advice of SHKIL to the Independent Board Committee and the Independent Shareholders, and the recommendation of the Independent Board Committee in respect of the terms of the Acquisition; and (iii) to give you notices of the SGM to be convened for the purpose of considering and, if thought fit, approving the ordinary resolution in relation to the Acquisition.

THE AGREEMENT

1. Date

5 November 2008

2. Parties to the Agreement

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

3. Consideration and payment terms

The consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement with reference to (i) the preliminary valuation amounted to approximately RMB1,280 million of the property interests held by HLCL as at 30 September 2008 and (ii) unaudited management account of HLCL as at 30 September 2008.

The Board intends to finance the consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) from the Group's internal resources by (i) cash payment of RMB15,478,000; (ii) setting off a receivable in the amount of RMB96,522,000 owed to the Group by Shanghai Zendai Investment, details of which was disclosed in the Company's announcement dated 29 April 2008.

LETTER FROM THE BOARD

4. Conditions precedent of the Acquisition

The Acquisition is conditional upon the following conditions being satisfied on or before 28 December, 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 Acquisition; and
- (b) the permissions and approvals in respect of the Acquisition having been obtained by HLCL (as the case may be) from the relevant PRC governmental authorities.

5. Completion of the Acquisition

Completion of the Acquisition 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 Delta 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 will cease and terminate.

INFORMATION ON HLCL

HLCL was incorporated in 2003 as a single project company intended for the development of a commercial property project called Himalayas Center in Shanghai. Principal assets of HLCL include land use right and construction in progress for the development of the Himalayas Center. HLCL is currently owned as to 30% by Zendai Land and 70% by Shanghai Zendai Investment.

Himalayas Center is located in Fangdian Road, Pudong New Area and is with close proximity to the Shanghai New International Expo Center, Century Park, Shanghai Metro line 2 Longyang Road Station and Maglev Train Station. The project has a total site area of 28,893 square metre and total gross floor area of about 163,300 square metre. Himalayas Center will comprise of hotels, shopping mall, office towers and theatre and museum targeted to the high end market. According to HLCL's development plan, completion of the project is scheduled to be in the first half of 2010. According to Jones Lang LaSalle Sallmanns Limited, an independent property valuer, the property interests held by HLCL as at 30 September 2008 has a value of approximately RMB1,280 million.

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\$394,284,000). According to the unaudited accounts of HLCL for the year ended 31 December 2007 (prepared in accordance with HKFRS), HLCL recorded an unaudited loss

LETTER FROM THE BOARD

before and after taxation attributable to equity holders of approximately RMB10,139,000 (equivalent to approximately HK\$11,497,000) and approximately RMB10,139,000 (equivalent to approximately HK\$11,497,000) respectively. The unaudited deficit attributable to equity holders of HLCL as at 31 December 2007 was approximately RMB9,525,000 (equivalent to approximately HK\$10,801,000). 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\$3,952,000) and approximately RMB3,485,000 (equivalent to approximately HK\$3,952,000) respectively. The unaudited equity attributable to equity holders of HLCL as at 31 December 2006 was approximately RMB614,000 (equivalent to approximately HK\$696,000). HLCL has completed a capital injection to increase its registered capital from RMB380,000,000 to RMB632,000,000, detail of which was disclosed in the Company's announcement dated 4 August 2008. The total investment made by Shanghai Zendai Investment for its 15% equity interests in HLCL was approximately RMB94.16 million.

Upon completion of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment. Therefore the Group's aggregate indirectly shareholding interests in HLCL will be 45% and HLCL will remain a subsidiary of Shanghai Zendai Investment.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property development and investment in the PRC and has established itself as a reputable property developer.

After a series of capital injection, HLCL has strengthen its capital base and its registered capital was increased from RMB10,000,000 since its inception to RMB632,000,000. The management of HLCL considers HLCL's capital base has now reached a satisfactory level for the development of the Himalayas Center and HLCL's strong capital base gives itself a good position for future business development. The Board is of the view that the Acquisition represents a good opportunity for the Group to increase its interest in HLCL and is in the interests of the Group and the Shareholders. In addition, the Board considers that the settlement of consideration partly by cash and partly by setting off a receivable owed to the Group by Shanghai Zendai Investment can minimize the Group's cash outflow and is in the interests of the Group and the Shareholders.

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.

The Board considers that the Acquisition will have no material effect on the earnings, assets and liabilities of the Company.

LETTER FROM THE BOARD

DISCLOSEABLE AND CONNECTED TRANSACTION

As at the Latest Practicable Date, Shanghai Zendai Investment was beneficially owned as to 60% by Mr. Dai, 20% by Ms. Dai Mocado, 15% by Mr. Zhu Nansong and 5% by Mr. Dai Zhixiang. Mr. Dai is an executive Director and the chairman of the Company.

Pursuant to the Listing Rules, the Acquisition constitutes discloseable and connected transaction for the Company and is subject to the approval of Independent Shareholders at the SGM by way of poll. In view of Mr. Dai's relationship with Shanghai Zendai Investment, Mr. Dai, Giant Glory, Jointex Investment and their respective associates, together interested in approximately 59% in the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting at the SGM in respect of the ordinary resolution proposed to approve the Acquisition.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been appointed to advise the Independent Shareholders on the terms of the Agreement and the transactions contemplated therein. SHKIL has been appointed to advise the Independent Board Committee and the Independent Shareholders accordingly.

SPECIAL GENERAL MEETING

A notice convening the SGM (to be held at 10:00 a.m. on Tuesday, 9 December 2008 at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong) at which ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Acquisition, is set out on pages 35 to 36 of this circular.

Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjourned meeting thereof) should you wish to do so.

The ordinary resolution as set out in the notice of the SGM will be put to the vote of the Independent Shareholders by poll.

An announcement will be made by the Company following the conclusion of the SGM to inform you of its results.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL

Pursuant to the Bye-laws of the Company, a poll may be demanded in relation to any resolution put to the vote of the special general meeting before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to attend and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

The Independent Board Committee comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition as set out in its letter on page 11 of this circular. Your attention is drawn to the letter of advice from SHKIL to the Independent Board Committee and the Independent Shareholders in respect of the Acquisitions set out on pages 12 to 21 of this circular.

The Independent Board Committee having taken into account the advice of SHKIL and the principal factors and reasons considered by SHKIL, considers that the Acquisition is on normal commercial terms, in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Board, including the Independent Board Committee, recommend the Independent Shareholders to vote in favour of the Acquisition at the SGM.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains its recommendation to the Independent Shareholders and the letter from SHKIL set out on pages 12 to 21 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons taken into consideration.

On behalf of the Board
Shanghai Zendai Property Limited
Dai Zhikang
Chairman



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 755)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF ADDITIONAL INTERESTS IN
A JOINT VENTURE COMPANY IN THE PRC**

24 November 2008

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular dated 24 November 2008 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established by the Board for the purpose of advising the Independent Shareholders in connection with the terms of the Acquisition, details of which are set out in the letter from the Board in the Circular. The Independent Board Committee comprises three independent non-executive Directors. SHKIL has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the advice from SHKIL together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 12 to 21 of the Circular.

Having considered the terms of the Acquisition, the interests of the Independent Shareholders, the principal factors and reasons considered by SHKIL and the advice of SHKIL, we consider that the terms of the Agreement and the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Acquisition.

Yours faithfully,

Independent Board Committee

Mr. Lo Mun Lam, Raymond

Mr. Lai Chik Fan

Dr. Tse Hiu Tung, Sheldon

Independent non-executive Directors

* for identification purpose only

LETTER FROM SHKIL

The following is the full text of a letter of advice from SHKIL to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition for the purpose of inclusion in this circular.



24 November 2008

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs and Madams,

DISCLOSEABLE AND CONNECTED TRANSACTIONS ACQUISITION OF ADDITIONAL INTERESTS IN A JOINT VENTURE COMPANY IN THE PRC

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in respect of the Acquisition of additional interests in HLCL, a joint venture company in the PRC, particulars of which are set out in the letter from the board (the “Letter”) contained in the circular of the Company dated 24 November 2008 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

The Company announced on 6 November 2008, Zendai Delta Land entered into an agreement with Shanghai Zendai Investment pursuant to which Zendai Delta Land agreed to acquire from Shanghai Zendai Investment 15% of the registered capital of HLCL for a consideration (the “Consideration”) of RMB112,000,000 (equivalent to approximately HK\$126,999,000). Upon completion (“Completion”) of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment.

Pursuant to the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company. As at the Latest Practicable Date, Shanghai Zendai Investment was beneficially owned as to 60% by Mr. Dai, 20% by Ms. Dai Mocado, 15% by Mr. Zhu Nansong and 5% by Mr. Dai Zhixiang. Mr. Dai is an executive Director and the chairman of the Company. Accordingly, the Acquisition constitutes a 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. In view of Mr. Dai’s relationship with Shanghai Zendai Investment, Mr. Dai, Giant Glory, Jointex Investment and their respective associates, together interested in approximately 59% in the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting at the SGM in respect of the ordinary resolution proposed to approve the Acquisition.

II. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan and Dr. Tse Hiu Tung, Sheldon, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Agreement.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms and whether the entering into of the Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

III. BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the statements, information, opinions, representations and facts supplied to us by the Company and its advisers. We have assumed that all information and representations contained or referred to in the Circular or otherwise supplied to us by the Company were true at the time they were made and continue to be true as at the date of this Circular. We have assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth and accuracy of the information and facts provided to us. The Directors have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our review and analyses were based upon the information provided by the Company which include, among others, (i) the Agreement; (ii) the annual reports of the Company for three years ended 31 December 2007; (iii) the interim report of the Company for the six months ended 30 June 2008 (the “Interim Report 2008”); (iv) the announcement of the Company dated 6 November 2008 in relation to the Acquisition; (v) the valuation report (the “Valuation Report”) in respect of property interests held by HLCL issued by Jones Lang LaSalle Sallmanns Limited (“Sallmanns”) dated 24 November 2008; (vi) the PRC legal opinion (the “PRC Legal Opinion”) in respect of property interests held by HLCL issued by 上海匯衡律師事務所 (HHP Attorneys-At Law) dated 24 November 2008; and (vii) the public information posted on the websites of the National Bureau of Statistics of China, the Shanghai Municipal Statistics Bureau and China Central Television.

We consider that we have been provided with sufficient information to reach an informed view regarding the terms of the Agreement, and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our recommendations. We have no reason to suspect that the Company has withheld any relevant information. We have not, however, carried out any independent verification of the information, nor have we conducted any form of investigation into the businesses, operational aspects, financial standing and affairs of the Group, Shanghai Zendai Investment or the properties and land to be acquired by the Group.

LETTER FROM SHKIL

Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as at the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

IV. PRINCIPAL FACTORS TAKEN INTO ACCOUNT

A. Information on the Group

The Group is a diversified property development company in the PRC, which is focusing on the development, investment and management of residential and commercial properties and to hold property investments for medium to long-term capital appreciation purpose. As disclosed in the Interim Report 2008, the Group launched various residential and commercial projects as scheduled and continued to develop other projects to meet market demand. Moreover, the Group also completed a number of acquisitions in Zhejiang Province and Jiangsu Province to develop new projects and increase land reserves to consolidate the Group's position in the PRC property market.

The Group has two principal operating divisions, namely sale of properties and properties investment accounting for approximately 96.9% and 2.1% of the Group's total revenue for the year ended 31 December 2007 respectively. As disclosed in the annual report of Company for the year ended 31 December 2007, the Group has been actively pursuing potential residential and commercial property projects in Shanghai and other cities in the PRC to expand its market coverage. It is noted that as a result of this expansion strategy, the audited consolidated net asset value of the Group has increased by approximately 218.1% from approximately HK\$795.1 million to approximately HK\$2,529.5 million between 31 December 2005 and 2007.

For the six months ended 30 June 2008, turnover of the Group amounted to approximately HK\$934,991,000, representing an increase of approximately 42% as compared to approximately HK\$657,624,000 in the corresponding period last year. Profit attributable to shareholders grew by approximately 37% to approximately HK\$138,665,000 against approximately HK\$101,202,000 in the corresponding period last year. The Group derived its turnover and profit mainly from sale and delivery of office units; gain on deemed disposal of a subsidiary and revaluation gain on investment properties.

As disclosed in the Interim Report 2008, in April 2008, the Group agreed to acquire the entire issued share capital and shareholder's loan of Giant Hope Investments Limited from its controlling shareholder to obtain a number of quality property projects and land, including "Radisson Hotel Pudong" in Shanghai, a parcel of land in Qingpu District in Shanghai and a parcel of land in Qingdao, Shandong, and also more retail shops and car park spaces in Zendai Thumb Plaza for rent. With the deal completed in July 2008, the Group has stronger overall competitiveness in the property market, a boosted land reserve including sites in major prosperous cities in the PRC and assurance of stable rental income.

B. Background to and reasons for the Agreement

1. The Acquisition

a. Information on HLCL

As disclosed in the Letter, HLCL was incorporated in 2003 as a single project company which is intended for the development of a commercial property project called Himalayas Center in Shanghai. Principal assets of HLCL include land use right and construction in progress for the development of the Himalayas Center. HLCL is currently owned as to 30% by Zendai Land and 70% by Shanghai Zendai Investment.

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\$394,284,000). 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\$11,497,000) and approximately RMB10,139,000 (equivalent to approximately HK\$11,497,000) respectively. The unaudited deficit attributable to equity holders of HLCL as at 31 December 2007 was approximately RMB9,525,000 (equivalent to approximately HK\$10,801,000). 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\$3,952,000) and approximately RMB3,485,000 (equivalent to approximately HK\$3,952,000) respectively. The unaudited equity attributable to equity holders of HLCL as at 31 December 2006 was approximately RMB614,000 (equivalent to approximately HK\$696,000).

As at the Latest Practicable Date, HLCL has completed a capital injection (the “Capital Injection”) to increase its registered capital from RMB380,000,000 to RMB632,000,000, detail of which was disclosed in the Company’s announcement dated 4 August 2008 and the Company’s circular dated 21 August 2008. The total investment made by Shanghai Zendai Investment for its 15% equity interests in HLCL was approximately RMB94.16 million.

Upon Completion of the Acquisition, HLCL will be owned as to 15% by Zendai Delta Land, 30% by Zendai Land and 55% by the Shanghai Zendai Investment. Therefore, the Group’s aggregate indirectly shareholding interests in HLCL will increase to 45% and HLCL will remain a subsidiary of Shanghai Zendai Investment.

LETTER FROM SHKIL

b. Consideration

As stated in the Letter, the Consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) was arrived at after arms' length negotiations and on normal commercial terms between the parties to the Agreement with reference to:

- (i) the valuation amounted to approximately RMB1,280 million of the property interests held by HLCL as at 30 September 2008; and
- (ii) unaudited management account of HLCL as at 30 September 2008 (prepared in accordance with HKFRS) (the "HLCL Account").

The Directors also take into account the financial impact of the Capital Injection and the estimated revaluation surplus arising from the revaluation of the property interests held by HLCL in assessing the fairness and reasonableness of the Consideration.

We have reviewed the HLCL Account and, as confirmed by the Directors, the book value of the properties as at 30 September 2008 covered in the Valuation Report is approximately RMB450 million and the total value of the same properties disclosed in the Valuation Report is approximately RMB1,280 million.

In reviewing the fairness and reasonableness of the bases for determining the valuation of the market value of property interests attributable to HLCL, we have reviewed the Valuation Report, details of which are set out in Appendix I to the Circular. We have also discussed with Sallmanns regarding the methodology adopted, the bases and assumptions used in arriving at the valuation of the property interests held by HLCL as at 30 September 2008.

Based on our review of the Valuation Report, our discussions with Sallmanns and review of the PRC Legal Opinion, we consider the methodologies, bases and assumptions adopted for such valuation acceptable.

In view of the above, we are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

c. Payment terms

The Directors intend to finance the Consideration under the Acquisition of RMB112,000,000 (equivalent to approximately HK\$126,999,000) from the Group's internal resources by (i) cash payment of RMB15,478,000; (ii) setting off a receivable in the amount of RMB96,522,000 owed to the Group by Shanghai Zendai Investment, details of which was disclosed in the Company's announcement dated 29 April 2008. Hence, there is only approximately 13.8% of the total Consideration will be financed by cash payment of the Group.

Based on the above, we concur with the Directors that as approximately 86.2% of the Consideration to be satisfied by setting off a receivable owed to the Group by Shanghai Zendai Investment, this can minimize the Group's cash outflow and is in the interests of the Group and the Shareholders as a whole.

LETTER FROM SHKIL

d. Conditions precedent of the Acquisition

As disclosed in the Letter, the Acquisition is conditional upon the following conditions being satisfied on or before 28 December 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 Acquisition; and
- (b) the permissions and approvals in respect of the Acquisition having been obtained by HLCL (as the case may be) from the relevant PRC governmental authorities.

e. Completion of the Acquisition

As disclosed in the Letter, Completion of the Acquisition 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 Delta 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 will cease and terminate.

We have reviewed the Agreement and have obtained confirmation from the Directors that the Agreement is arrived after arms length negotiation and the terms of the Agreement are normal commercial terms.

2. Reasons for the Acquisition

The Group is principally engaged in property development and investment in the PRC and has established itself as a reputable property developer.

As disclosed in the Interim Report 2008, aspiring to become an integrated property developer, the Group has placed equal emphasis on development of quality residential and commercial projects and also sought to diversify its market from Shanghai to other high-growth cities in the PRC.

As disclosed in the Letter, after a series of capital injection, HLCL has strengthen its capital base and its registered capital was increased from RMB10,000,000 since its inception to RMB632,000,000. The management of HLCL considers HLCL's capital base has now reached a satisfactory level for the development of the Himalayas Center and HLCL's strong capital base gives itself a good position for future business development.

LETTER FROM SHKIL

Himalayas Center is located in Fangdian Road, Pudong New Area and is with close proximity to the Shanghai New International Expo Center, Century Park, Shanghai Metro line 2 Longyang Road Station and Maglev Train Station. The project has a total site area of 28,893 square metre and total gross floor area of about 163,300 square metre. Himalayas Center will comprise of hotels, shopping mall, office towers and theatre and museum targeted to the high end market. According to the Directors, completion of the HLCL's development plan is scheduled to be in the first half of 2010.

In light of the foregoing and the discussion on section IV(A) "Information on the Group" above, we consider that the Acquisition is in line with the business strategy of the Group.

Prospect of the property market in Shanghai

Shanghai has experienced a rapid economic growth since 1992, its gross domestic product ("GDP") has grown double-digit for 16 consecutive years. In 2007, Shanghai's GDP reached approximately RMB1,200.1 billion (equivalent to approximately HK\$1,360.8 billion) according to the public information in the websites of the National Bureau of Statistics of China and the Shanghai Municipal Statistics Bureau.

The Shanghainese government predicted that by 2012, its GDP is expected to increase to RMB2,000 billion (equivalent to approximately HK\$2,267.8 billion). In 2007 and the third quarter of 2008, Shanghai's total retail sales of consumer goods and disposable income per capital of urban residents grew tremendously at double-digit rates year-on-year.

On the other hand, Shanghai's tourism industry also experienced a continuous growth. In 2007, revenue generated from graded hotels reached to approximately RMB16.0 billion (equivalent to approximately HK\$18.1 billion), up approximately RMB6.3 billion from approximately RMB9.7 billion (equivalent to approximately HK\$11.0 billion) in 2003.

According to the information cited on the website of China Central Television, China's successful bid to host the 2010 World Expo in Shanghai will bring great benefits to its economic development and promote urbanization. The Expo will create job opportunities in the areas of transportation, hydropower and venue building. It is expected that the service and construction industries, including tourism, hotel, catering, transportation, communications, advertising, shops and architecture, would progress rapidly in the next decade.

With a view to the continuous economic growth in Shanghai and with Shanghai hosting the Expo in 2010, the growth in business and leisure travelers is expected to sustain.

LETTER FROM SHKIL

Nevertheless, as disclosed in the Interim Report 2008, in the first half of 2008, affecting by the fluctuating economy and government macroeconomic austerity measures, the prices of properties in the PRC dropped at different rates and transaction volumes shrank. Under the tight macroeconomic austerity measures and uncertain external economic situations, property buyers adopted a wait-and-see attitude. Investors also became conservative when making property investments.

We also wish to draw the attention of the Independent Shareholders that the current turmoil in the international financial and capital markets and the current global credit crisis may have an adverse impact on the economy of the PRC, especially in the developed coastal areas, such as Shanghai.

In view of the abovementioned, we are of the opinion that, on balance, the Acquisition is in the interests of the Company and the Shareholders as a whole.

3. *Financial effects of the Acquisition*

As referred to in the Letter, immediately after Completion, the aggregate shareholdings of the Group in HLCL will increase from 30% to 45%. As advised by the Directors, the Acquisition would bring the following financial effects on the Group:

a. Earnings

The unaudited loss before and after tax attributable to HLCL for the year ended 31 December 2007 were both approximately RMB10,139,000. The unaudited loss before and after tax attributable to the HLCL for the year ended 31 December 2006 were both approximately RMB3,485,000. The additional losses to be shared by the Group upon Completion will be only 15% of the total losses of HLCL, which is minimal comparing to the earnings base of the Group.

Based on the above accounts, the Acquisition will have no material negative impact on the profitability of the Group.

b. Net assets value

There will have an improvement on the net assets value of the Group immediately after Completion.

LETTER FROM SHKIL

c. Working capital

Upon Completion, the consolidated cash and bank balances of the Group would decrease by the cash payment of approximately RMB15,478,000 (equivalent to approximately HK\$17,551,000) in respect of the Consideration, which accounted for approximately 1.5% of the unaudited consolidated cash and bank balances of the Group of approximately HK\$1,187.4 million as at 30 June 2008. The Directors consider that the Consideration will not have significant impact on the working capital of the Group.

We would like to draw the attention of the Independent Shareholders that upon Completion, the aggregate shareholdings of the Group in HLCL will increase from 30% to 45% and the Group will bear an additional 15% of any future financing commitments to be incurred by HLCL if HLCL is unable to obtain any external financing.

In view of the above, on balance, we consider that there is no material adverse impact on financial position of the Group. Therefore, we consider that the Acquisition is in the interest of the Company and Shareholders as a whole.

V. RECOMMENDATION

In the course of the Independent Shareholders' evaluation of their decision as to whether or not to approve the Acquisition at the SGM, we recommend the Independent Shareholders to weigh carefully as to their acceptances between the contemplated benefits and unfavourable factors inherent in the Acquisition as discussed above.

Weighing between the contemplated merits and unfavourable factors inherent in the Acquisition as mentioned above and having taken into account the principal factors and reasons referred to above in this letter, in particular:

- (1) the Acquisition is in line with the business strategy of the Group;
- (2) the terms of the Agreement are arrived after arm's length negotiation;
- (3) the assessment of the Consideration;
- (4) the prospect of the economy and the property market in Shanghai; and
- (5) no material adverse impact on financial position of the Group,

we consider that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms and entering into of the Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

LETTER FROM SHKIL

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Acquisition at the SGM.

Yours faithfully,

For and on behalf of

Sun Hung Kai International Limited

Eric Shum

Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 September 2008 of the property interests.



Jones Lang LaSalle Sallmanns Limited
22nd Floor Siu On Centre
188 Lockhart Road
Wanchai Hong Kong
tel +852 2169 6000 fax +852 2169 6001

24 November 2008

The Board of Directors
Shanghai Zendai Property Limited
Unit 6108, 61/F, The Center
99 Queen's Road Central
Central, Hong Kong

Re: A Proposed Development Project to be known as, Himalayas Center located at Yinghua Road and Fangdian Road, Pudong New District, Shanghai, The PRC

Dear Sirs,

In accordance with your instructions to value the captioned property in which Shanghai Zendai Himalayas Real Estate Company Limited ("HLCL"), an associated company of the Shanghai Zendai Property Limited (the "Company"), has interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interest as at 30 September 2008 (the "date of valuation").

Our valuation of the property interest represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

In valuing the property interest which is currently under construction, we have assumed that it will be developed and completed in accordance with the Company's development proposal provided to us. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have taken into account the expended development costs and the costs that will be expended to complete the development.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest. According to the Company, the land premium in respect of the site of the property interest and approved development scheme thereof has been fully paid and settled. For the purpose of this valuation, we have accordingly assumed that the land premium has been fully paid and settled.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, proposed development details and all other relevant matters.

We have been shown copies of various title documents including a Shanghai Certificate of Real Estate Ownership and official plans relating to the property interest located in the PRC and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrances that might be attached to the property interest or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal advisers – HHP Attorney-At-Law concerning the validity of the property interest in the PRC.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigations to determine the suitability of the ground conditions and the services etc for any development. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

The continued turmoil and instability in the financial markets is continuing to cause volatility and uncertainty in the world's capital markets and real estate markets. There are low levels of liquidity in the real estate market and transaction levels are significantly reduced, resulting in a lack of clarity as to pricing levels and the market drivers. This, combined with a general weakening of sentiment towards real estate, has resulted in a continual reappraisal of local property prices. Many transactions that are occurring involve vendors who are more compelled to sell, or purchasers who will only buy at discounted prices. In this environment, prices and values are going through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. As a result there is less certainty with regard to valuations with the result that market values can change rapidly in the current market conditions. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property. We would recommend that users of this report to seek our latest opinion on the market for their real estate decisions.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 25 years' experience in the valuation of properties in the PRC and 28 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held under development by HLCL in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value
			in existing state as at 30 September 2008 RMB
The Proposed Development Project, to be known as Himalayas Center located at Yinghua Road and Fangdian Road Pudong New District Shanghai The PRC	The property comprises a proposed composite commercial and cultural complex to be known as Himalayas Center occupying a site with an area of approximately 28,893 sq.m. There will be a 8-storey Artist Creative Center, 17-storey Arts Hotel erected on a 3-storey underground podium for car parking and ancillary areas.	The property is currently under construction.	1,280,000,000
	As advised by HLCL and the Company, the development is scheduled to be completed in the first half 2010. The total permissible gross floor area of the property is approximately 164,549 sq.m., the gross floor area of the above ground development, which is for artist creative center with ancillary retail shops and office, hotel and arts center uses, is approximately 92,521 sq.m., the gross floor area of the underground portions is approximately 72,028 sq.m..		
	As advised by HLCL and the Company, the estimated development cost to completion of the property is about RMB1,761,000,000 (excluding marketing, finance and other indirect costs), of which about RMB534,000,000 has been incurred up to date of valuation.		
	The land use rights of the property have been granted for a term expiring on 15 January 2053 for composite use.		

Notes:

1. Shanghai Zendai Himalayas Real Estate Company Limited (“HLCL”, 上海証大喜瑪拉雅置業有限公司) is a 30% associated company of the Company.
2. Pursuant to a State-owned Land Use Rights Transfer Contract dated 20 April 2001 entered into between the Shanghai Pudong Land Development (Holding) Corp. and Shanghai Zendai Real Estate Company Limited (上海証大置業有限公司, “Zendai Land”), the land use rights of a parcel of land with a site area of approximately 31,500 sq.m. were contracted to be transferred to Zendai Land for a term of 50 years for commercial and office use at a consideration of RMB14,000,000. According to the transfer contract, Zendai Land will establish a project company to be responsible for the development of this land parcel, all interests and obligations in respect of this land parcel will be transferred to the project company.
3. Pursuant to a Supplemental State-owned Land Use Rights Transfer Contract dated 27 October 2003 entered into between Shanghai Pudong Land Development (Holding) Corp., Zendai Land and Zendai Yi Zhong Real Estate Development Ltd. (証大藝中房地產開發有限公司, now known as HLCL), both Shanghai Pudong Land Development (Holding) Corp. and Zendai Land were agreed to transfer all interests and obligations in respect of the land parcel stated in note 2 to Zendai Yi Zhong Real Estate Development Ltd. in accordance with the State-owned Land Use Rights Transfer Contract stated in note 2 with no consideration. The title certificate of this land parcel is finally under the name of HLCL (see note 4).
4. Pursuant to a Shanghai Certificate of Real Estate Ownership – Hu Fang Di Pu Zi (2007) No. 059821 dated 18 July 2007 issued by the Shanghai Housing and Land Resources Administration Bureau, the land use rights of a parcel of land with a site area of approximately 28,893 sq.m. have been granted to HLCL for a term commencing from 16 January 2003 and expiring on the 15 January 2053 for composite use.
5. Pursuant to a Construction Work Commencement Permit – No. 0502PD0176D01 dated 28 May 2007 issued by Shanghai Pudong New District Construction and Communications Committee, permission has been given to commence the foundation piling works of the development.
6. Pursuant to a Shanghai Construction Work Planning Permission Permit – Hu Pu Jian No. (2007)15071106F03072 dated 2 November 2007 issued by the Shanghai Pudong New District Planning Administration Bureau, the underground gross floor area of approximately 72,028 sq.m. have been approved.
7. Pursuant to a Shanghai Construction Work Planning Permission Permit – Hu Pu Jian No. (2008)15080827F02115 dated 27 August 2008 issued by the Shanghai Pudong New District Planning Administration Bureau, the above ground gross floor area of approximately 70,776 sq.m. (accountable gross floor area is 67,936 sq.m. and non-accountable gross floor area is 2,840 sq.m.) for the Artist Creative Center with ancillary office (藝術家創作中心), Contemporary Arts Center (當代藝術中心) and Arts Hotel (藝術酒店) have been approved. Out of the accountable gross floor area, floor space of approximately 20,000 sq.m. (allocated at Level 1 of approximately 1,777 sq.m., Mezzanine Floor of approximately 1,178 sq.m., Level 2 of approximately 2,849 sq.m., Level 3 of approximately 11,720 sq.m., Equipments & Plants Floor of approximately 712 sq.m. and Level 4 of approximately 1,260 sq.m.) is restricted for the exclusive usage as Zendai Arts Center (証大藝術中心) as its the land premium has not been accounted and its Real Estate Title Certificate has to be applied separately.

With reference to the legal opinion provided by the Company’s PRC legal advisor (note 9), we have taken the advice that no extra land premium is required for the exclusive usage of the Zendai Arts Center for the said 20,000. sq.m. floor area.

8. Pursuant to a Shanghai Construction Work Planning Permission Permit – Hu Pu Jian No. (2008)1508091902312 dated 8 September 2008 by the Shanghai Pudong New District Planning Administration Bureau, the above ground gross floor area approximately 21,745 sq.m. for the Arts Hotel (藝術酒店) has been approved.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the followings:
- (a) A Shanghai Certificate of Real Estate Ownership of the property is legal, valid and enforceable and the site area of the whole land parcel is approximately 28,893 sq.m;
 - (b) The Group has obtained requisite relevant certificates and permits in respect of the development of the property as followings:
 - (i) A In-Principal Approval Letter – Pu Jian Wei Jian Guan 2007 No.13 dated 12 March 2007 issued by the Shanghai Pudong New District Construction and Communications Committee, the preliminary design of Himalayas Center of total gross floor area of approximately 162,270 sq.m. comprise the above-ground portion of approximately 90,413 sq.m. and the underground portion of approximately 71,857 sq.m. As informed by HLCL and the Company, all the relevant fees and land grant premium has been paid.
 - (ii) A Shanghai Construction Work (Underground) Planning Permission Letter – Hu Pu Jian Ji No. 15070508101248 dated 30 April 2007 issued by the Shanghai Pudong New District Planning Administration Bureau, the foundation piling works of the development have been approved.
 - (iii) A Construction Work Commencement Permit – No. 0502PD0176D01 dated 28 May 2007 issued by the Shanghai Pudong New District Construction and Communication Committee, permission has been issued to commence the foundation piling workings of the development.
 - (iv) A Shanghai Construction Work Planning Permission Permit – Hu Pu Jian No. (2007)15071106F03072 dated 2 November 2007 issued by the Shanghai Pudong New District Planning Administration Bureau, the underground gross floor area of approximately 72,028 sq.m. have been approved.
 - (v) A Shanghai Construction Work Planning Permission Permit – Hu Pu Jian No. (2008)15080827F02115 dated 27 August 2008 issued by the Shanghai Pudong New District Planning Administration Bureau, the above ground gross floor area of approximately 70,776 sq.m. (accountable gross floor area is 67,936 sq.m. and non-accountable gross floor area is 2,840 sq.m.) for the Artist Creative Center with ancillary office (藝術家創作中心), Contemporary Arts Center (當代藝術中心) and Arts Hotel (藝術酒店) have been approved.
- Out of the accountable gross floor area, floor space of approximately 20,000 sq.m. (allocated at Level 1 of approximately 1,777 sq.m., Mezzanine Floor of approximately 1,178 sq.m., Level 2 of approximately 2,849 sq.m., Level 3 of approximately 11,720 sq.m., Equipments & Plants Floor of approximately 712 sq.m. and Level 4 of approximately 1,260 sq.m.) is restricted for the exclusive usage as Zendai Arts Center (証大藝術中心) as its the land premium has not been accounted and its Real Estate Title Certificate has to be applied separately. As informed by HLCL and the Company, HLCL has no intention to change the usage of the said 20,000 sq.m. exclusive area after the completion of the construction; under the perquisite assumption that the exclusive area for the Zendai Arts Center will not be used for other purposes, its Real Estate Title Certificate can be applied separately without paying any extra land use right premium under the law.
- (vi) HLCL has obtained all requisite construction approvals in respect of construction of the foundation works and the underground portion of the development project and all requisite Construction Work Planning Permission Permits in respective of the above ground portion of the development project.
 - (c) HLCL can develop, occupy, use, transfer, lease or otherwise dispose of the property under the PRC law and in accordance with the terms stipulated in the relevant land use rights contracts.
10. Our estimated Gross Development Value of the property assuming it had been completed and ready for immediately occupancy as at the date of valuation and all outstanding development costs have been fully paid and settled, is the sum of RMB3,360,000,000.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires that to the best of their knowledge and belief, there are no other facts the omission of which would made any statement herein misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital
Mr. Dai	6,077,990,000 (L)	Interests of controlled corporation (<i>Note</i>)	59.00%
Mr. Fang Bin	50,000,000 (L)	Beneficial owner	0.49%
Mr. Zhang Wei	50,000,000 (L)	Beneficial owner	0.49%
Mr. Lu Puling	30,000,000 (L)	Beneficial owner	0.29%
Mr. Wang Xiangang	20,000,000 (L)	Beneficial owner	0.19%
Mr. Tang Jian	10,000,000 (L)	Beneficial owner	0.10%
Mr. Ye Wenbin	5,000,000 (L)	Beneficial owner	0.05%

(L) denotes long position

Note: Mr. Dai is deemed to be interested in an aggregate of 6,077,990,000 Shares held by Giant Glory, Jointex Investment and Dorsing Star Limited, respectively, as follows:

- (a) 1,733,990,000 Shares are held by Giant Glory in which is wholly-owned by Mr. Dai;
- (b) 3,344,000,000 Shares are held by Jointex Investment in which is 85% owned by Mr. Dai;
- (c) 1,000,000,000 Shares are held by Dorsing Star Limited in which 100% is owned by Master Faith Group Limited. All shares of Master Faith Group Limited are held by DBS Trustee H.K. (Jersey) Limited in its capacity as trustee of the DLD Trust, the beneficiaries of which include Liu Qiong Yu and Dai Mo Cao, both are family members of Mr. Dai. Mr. Dai is the settlor of the DLD Trust and therefore is deemed to be interested in the 1,000,000,000 Shares held by Dorsing Star Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

3. PERSONS WITH 5% OR MORE SHAREHOLDING

As at the Latest Practicable Date, the persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any options in respect of such capital were:

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Giant Glory (Note 1)	The Company	Beneficial owner	1,733,990,000 Shares (L)	16.83%
Jointex Investment (Note 1)	The Company	Beneficial owner	3,344,000,000 Share (L)	32.46%
Dorsing Star Limited (Note 1)	The Company	Beneficial owner	1,000,000,000 Shares (L)	9.71%
Master Faith Group Limited (Note 1)	The Company	Interests of controlled corporation	1,000,000,000 Shares (L)	9.71%
DBS Trustee H.K. (Jersey) Limited (Note 1)	The Company	Trustee	1,000,000,000 Shares (L)	9.71%

APPENDIX II

GENERAL INFORMATION

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
China Alliance Properties Limited <i>(Note 2)</i>	The Company	Beneficial owner	658,095,000 Shares (L)	6.39%
Shanghai Forte Land Co., Ltd. <i>(Note 2)</i>	The Company	Interests of controlled corporation	658,095,000 Shares (L)	6.39%
Shanghai Fosun High Technology (Group) Company Limited <i>(Note 2)</i>	The Company	Interests of controlled corporation	658,095,000 Shares (L)	6.39%
Fosun International Limited <i>(Note 2)</i>	The Company	Interests of controlled corporation	658,095,000 Shares (L)	6.39%
Fosun Holdings Limited <i>(Note 2)</i>	The Company	Interests of controlled corporation	658,095,000 Shares (L)	6.39%
Fosun International Holdings Limited <i>(Note 2)</i>	The Company	Interests of controlled corporation	658,095,000 Shares (L)	6.39%
Guo Guangchang <i>(Note 2)</i>	The Company	Interests of controlled corporation	658,095,000 Shares (L)	6.39%
Honour Great Holdings Limited <i>(Note 3)</i>	The Company	Beneficial owner	556,540,000 Shares (L)	5.40%
Ms. Liu Lijuan <i>(Note 3)</i>	The Company	Interests of controlled corporation	556,540,000 Shares (L)	5.40%

(L) denotes long position

Notes:

1. These Shares are the same as the deemed interest of Mr. Dai as referred to in the note under the section headed “Directors’ interests” above.

The table below shows the position of the Directors in Giant Glory as at the Latest Practicable Date:

Name	Position
Mr. Dai	director
Tang Jian	director

The table below shows the position of the Directors in Jointex Investment as at the Latest Practicable Date:

Name	Position
Mr. Dai	director
Tang Jian	director

The table below shows the position of the Directors in Dorsing Star Limited as at the Latest Practicable Date:

Name	Position
Mr. Dai	director

2. Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 78.24% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which has 72.12% control of Shanghai Forte Land Co., Limited, which has 100% control of China Alliance Properties Limited.
3. Ms. Liu Lijuan is the beneficial owner of the entire issued share capital of Honour Great Holdings Limited and therefore is deemed to be interested in the Shares held by Honour Great Holdings Limited pursuant to the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company were aware of any person (other than a Director or the chief executive of the Company or members of the Group) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any options in respect of such capital as at the Latest Practicable Date.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or had proposed to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation). In addition, none of the Directors had any existing nor proposed service contract, with the Company or its subsidiaries or associated companies:

- (i) which (including both continuous and fixed term contract) had been entered into or amended within six months before the Latest Practicable Date;
- (ii) which are continuous contracts with a notice period of twelve months or more; or
- (iii) which are fixed term contracts with more than twelve months to run irrespective of the notice period.

5. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited consolidated accounts of the Group had been made up.

6. EXPERTS

The qualification of the experts who have given opinion in this circular are as follows:

Name	Qualification
SHKIL	licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Jones Lang LaSalle Sallmanns Limited	An Independent professional property valuer

As at the Latest Practicable Date, SHKIL and Jones Lang LaSalle Sallmanns Limited did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of SHKIL and Jones Lang LaSalle Sallmanns Limited had any interest, direct or indirect in any assets which had been, since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. CONSENTS

SHKIL and Jones Lang LaSalle Sallmanns Limited have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their letters or reports (as the case may be) and references to their names included herein in the form and context in which they are included.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. COMPETING INTERESTS

Shanghai Zendai Investment was beneficially owned as to approximately 60% by Mr. Dai, an executive Director and the chairman of the Company, approximately 20% by Ms. Dai Mocao, approximately 15% by Mr. Zhu Nansong and approximately 5% by Mr. Dai Zhixiang, as at the Latest Practicable Date. Mr. Dai is also a director of Shanghai Zendai Investment.

Shanghai Zendai Investment is principally engaged in investment management and property related business. In view of the nature of business of Shanghai Zendai Investment, it may potentially compete with the Group's business.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group.

As the Board is independent of the board of Shanghai Zendai Investment, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from the business of Shanghai Zendai Investment.

10. GENERAL

- (a) The secretary of the Company is Mr. Tso Shiu Kei Vincent, a solicitor of the High Court of the Hong Kong. The qualified accountant of the Company is Mr. Wong Ngan Hung, who is a member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its head office and principal place of business in Hong Kong is at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

11. INTEREST IN ASSETS AND CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, save for the Agreement in which Mr. Dai was interested, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group.

As at the Latest Practicable Date, save for the Agreement in which Mr. Dai was interested, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2007 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

12. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the following documents will be available for inspection during normal business hours at the Company's head office and principal place of business in Hong Kong of the Company at Unit 6108, The Center, 99 Queen's Road Central, Hong Kong from the date of this circular up to the date of the special general meeting of the Company to be held on 9 December 2008:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Agreement;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 11 of this circular;
- (d) the letter of advice from SHKIL to the Independent Board Committee and the Independent Shareholders dated 24 November 2008, the text of which is set out on pages 12 to 21 of this circular;
- (e) the letter, summary of values and valuation certificates dated 24 November 2008 from Jones Lang LaSalle Sallmanns Limited for the purpose of incorporation in this circular, the texts of which is set out in Appendix I to this circular;
- (f) the annual reports of the Company for the two years ended 31 December 2007 and the interim report for the six months ended 30 June 2008;
- (g) the written consents as referred to under the section headed "Consents" in this Appendix; and
- (h) this circular.



SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 755)

NOTICE IS HEREBY GIVEN that a special general meeting of Shanghai Zendai Property Limited (the “**Company**”) will be held at Unit 6108, The Center, 99 Queen’s Road Central, Hong Kong at 10:00 a.m. on Tuesday, 9 December 2008, to consider and, if thought fit, pass, with or without modification, the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the agreement dated 5 November 2008 (the “**Agreement**”, a copy of which has been produced to this meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification) entered into between 上海証大三角洲置業有限公司 (Shanghai Zendai Delta Real Estate Company Limited)* as purchaser and 上海証大投資發展有限公司 (Zendai Investment Developments Limited)* as vendor in relation to the sale and purchase of the 15% of the registered capital of 上海証大喜馬拉雅置業有限公司 (Shanghai Zendai Himalayas Real Estate Company Limited)* (the “**Acquisition**”) and the performance and implementation of the transactions contemplated thereunder in relation to the Acquisition be and are hereby confirmed, approved and ratified; and
- (b) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents as they in their absolute discretion consider necessary or to give effect to the relevant provisions in respect of the transactions mentioned in (a) above of the Agreement and the implementation of all relevant transactions contemplated thereunder.”

By order of the Board

Dai Zhikang

Chairman

Hong Kong, 24 November 2008

* *for identification purpose only*

NOTICE OF SGM

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business in Hong Kong:

Unit 6108 The Center
99 Queen's Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the meeting or any adjournment(s) thereof.
3. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.